ALLIED

Annual Report December 31, 2025

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ALLIED

Annual Report

December 31, 2025

Contents

Management's Discussion and Analysis of Results of Operations and Financial Condition as at December 31, 2025

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–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 year ended December 31, 2025. 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 February 10, 2026, and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2025. 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 IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "GAAP") and includes certain forward-looking statements within the meaning of applicable securities law. Refer to Non-GAAP Measures and Forward-Looking Statements on pages 18 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		YEAR ENDED		
	DECEMBER 31, 2025	DECEMBER 31, 2024	**DECEMBER 31, 2025**	DECEMBER 31, 2024	DECEMBER 31, 2023
Leased area [1]	**87.4%**	87.2%	**87.4%**	87.2%	87.3%
Occupied area [1]	**85.3%**	85.9%	**85.3%**	85.9%	86.4%
Average in-place net rent per occupied square foot [1]	**25.23**	25.41	**25.23**	25.41	24.10
Retention rate [1][2]	**60.2%**	68.8%	**69.4%**	69.3%	61.2%
Rent (decrease) increase on renewal [1]	**(1.2)%**	2.0%	**0.5%**	1.9%	6.8%
Investment properties [3]	**8,443,045**	9,448,363	**8,443,045**	9,448,363	9,387,032
Unencumbered investment properties [4]	**7,510,485**	7,817,543	**7,510,485**	7,817,543	8,757,510
Total assets [3]	**9,257,404**	10,603,979	**9,257,404**	10,603,979	10,609,285
Cost of PUD as % of GBV [4]	**7.6%**	10.1%	**7.6%**	10.1%	11.6%
NAV per unit [5]	**29.87**	41.25	**29.87**	41.25	45.60
Debt [3]	**4,681,763**	4,403,375	**4,681,763**	4,403,375	3,659,611
Total indebtedness ratio [4]	**50.7%**	41.7%	**50.7%**	41.7%	34.7%
Annualized Adjusted EBITDA [4][8]	**355,536**	393,404	**371,399**	389,239	416,019
Net debt as a multiple of Annualized Adjusted EBITDA [4][8]	**12.9x**	10.8x	**12.3x**	10.9x	8.1x
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - three months trailing [4][8]	**1.9x**	2.3x	**1.9x**	2.3x	2.9x
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - twelve months trailing [4][8]	**2.1x**	2.4x	**2.1x**	2.4x	2.5x
Rental revenue [3]	**148,766**	155,120	**592,379**	592,040	563,980
Property operating costs [3]	**(73,714)**	(70,737)	**(275,415)**	(263,566)	(246,949)
Operating income [3]	**75,052**	84,383	**316,964**	328,474	317,031
Net loss and comprehensive loss [3][8]	**(1,011,743)**	(257,652)	**(1,327,532)**	(342,530)	(420,716)
Net income excluding fair value adjustments, transaction costs, financing prepayment costs, impairment and expected credit loss on loans and notes receivable [4][6][8]	**42,243**	56,694	**197,039**	233,307	221,833

($000's except per-square foot, per-unit and financial ratios)	THREE MONTHS ENDED		YEAR ENDED		
	DECEMBER 31, 2025	DECEMBER 31, 2024	**DECEMBER 31, 2025**	DECEMBER 31, 2024	DECEMBER 31, 2023
Adjusted EBITDA (4)(8)	**88,884**	98,351	**371,399**	389,239	416,019
Same Asset NOI - rental portfolio (4)(7)	**80,930**	84,351	**303,611**	307,356	N/A
Same Asset NOI - total portfolio (4)(7)	**80,443**	85,515	**316,945**	320,686	N/A
FFO (4)(8)	**60,475**	72,395	**264,277**	303,278	332,578
FFO per unit (diluted) (4)(8)	**0.433**	0.518	**1.891**	2.170	2.380
FFO payout ratio (4)(8)	**83.20%**	86.9%	**90.40%**	83.0%	75.6%
All amounts below are excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation (4)(8):					
FFO	**58,571**	74,747	**265,026**	303,806	332,622
FFO per unit (diluted)	**0.419**	0.535	**1.896**	2.174	2.380
FFO payout ratio	**85.90%**	84.1%	**90.20%**	82.8%	75.6%
AFFO	**50,488**	66,626	**240,572**	273,434	304,225
AFFO per unit (diluted)	**0.361**	0.477	**1.721**	1.956	2.177
AFFO payout ratio	**99.70%**	94.4%	**99.30%**	92.0%	82.7%

(1) This metric excludes assets held for sale based on the 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. Refer to User Retention on page 51 for further details.

(3) This measure is presented on a GAAP basis. For the year ended December 31, 2023, rental revenue, operating expenses and operating income are from continuing operations. Net loss and comprehensive loss, contains both continuing operations and discontinued operations.

(4) This is a non-GAAP measure, as defined on page 18.

(5) Net asset value per unit ("NAV per unit") is calculated as total equity plus the value of 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.

(6) For the year ended December 31, 2023, the net income excluding fair value adjustments, transaction costs, financing prepayment costs, impairment, and expected credit loss on loans and notes receivable is from continuing operations.

(7) The Same Asset NOI for the year ended December 31, 2023, is not applicable as the composition of properties is different from the years ended December 31, 2024 and 2025.

(8) For the three months ended December 31, 2025, includes interest income and interest income per unit on loans receivable on KING Toronto and 150 West Georgia of $9,700 and $0.069 (2024 - $8,504 and $0.061), respectively. For the year ended December 31, 2025, includes interest income and interest income per unit on loans receivable on KING Toronto and 150 West Georgia of $36,415 and $0.261 (2024 - $36,035 and $0.258), respectively. An expected credit loss on loans receivable of $128,000 and $128,000 (2024 - $nil and $nil) was recognized for the three months and year ended December 31, 2025, respectively.

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.

Q4 2025 Operating Results [1]

LEASED AREA

87.4%

OCCUPIED AREA

85.3%

AVERAGE IN-PLACE NET RENT PER OCCUPIED SQUARE FOOT

$25.23

2024: $25.41

↓ 0.7% from Q4 2024

RENT DECREASE ON RENEWAL

(1.2)%

WEIGHTED AVERAGE REMAINING LEASE TERM IN YEARS

5.7

Q4 2025 Financial Results

SAME ASSET NOI - RENTAL PORTFOLIO [2]

↓ 4.1%

from Q4 2024

FFO PER UNIT [2][3]

$0.419

↓ 21.7% from Q4 2024

AFFO PER UNIT [2][3]

$0.361

↓ 24.3% from Q4 2024

Q4 2025 Balance Sheet

LIQUIDITY [4]

$836.4M

$936.4M including accordion

UNENCUMBERED INVESTMENT PROPERTIES [2]

$7.5B

89.0% of investment properties

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

12.9x

TOTAL INDEBTEDNESS RATIO [2]

50.7%

INTEREST COVERAGE RATIO [2][5]

1.9x

ESG Results [6]

2025 GRESB SCORE FOR STANDING INVESTMENTS

87/100 Up from 84/100 in 2024

	2024 TARGET RELATIVE TO 2019 BASELINE	2024 ACTUAL RELATIVE TO 2019 BASELINE
2024 ENERGY USE INTENSITY (“EUI”)	↓ 9% reduction	↓ 19% reduction
2024 GREENHOUSE GAS INTENSITY (“GHGI”)	↓ 7% reduction	↓ 20% reduction
2024 WATER USE INTENSITY (“WUI”)	↓ 12% reduction	↓ 28% reduction
2024 WASTE DIVERSION	↑ 64% diversion	↑ 64% diversion

(1) *These metrics are for the rental portfolio which excludes the assets held for sale and properties under development based on the classification at the end of the period.*
(2) *This is a non-GAAP measure, as defined on page 18.*
(3) *FFO per unit and AFFO per unit exclude 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 and the amount available on Allied’s unsecured revolving operating facility as at December 31, 2025.*
(5) *This interest coverage ratio, including capitalized interest, is for the three months trailing period.*
(6) *For more information, refer to Allied’s 2024 Environmental, Social and Governance Report published on June 9, 2025, available on www.alliedreit.com.*

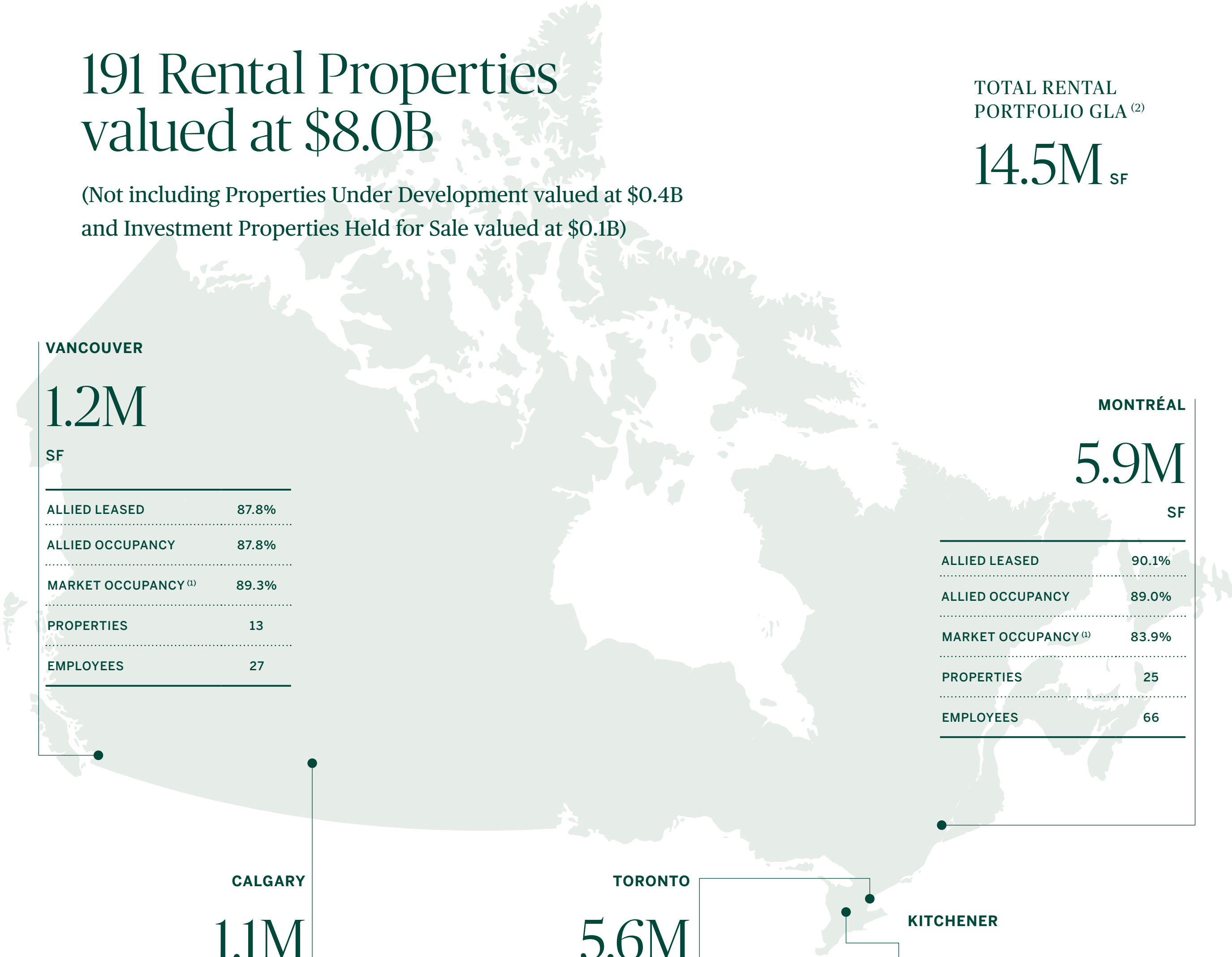
SUMMARY OF RENTAL PROPERTIES

191 Rental Properties valued at $8.0B

(Not including Properties Under Development valued at $0.4B and Investment Properties Held for Sale valued at $0.1B)

TOTAL RENTAL PORTFOLIO GLA (2)

14.5M SF



VANCOUVER

1.2M SF

ALLIED LEASED	87.8%
ALLIED OCCUPANCY	87.8%
MARKET OCCUPANCY (1)	89.3%
PROPERTIES	13
EMPLOYEES	27

MONTRÉAL

5.9M SF

ALLIED LEASED	90.1%
ALLIED OCCUPANCY	89.0%
MARKET OCCUPANCY (1)	83.9%
PROPERTIES	25
EMPLOYEES	66

CALGARY

1.1M SF

ALLIED LEASED	85.1%
ALLIED OCCUPANCY	82.3%
MARKET OCCUPANCY (1)	77.0%
PROPERTIES	30
EMPLOYEES	24

TORONTO

5.6M SF

ALLIED LEASED	86.4%
ALLIED OCCUPANCY	83.0%
MARKET OCCUPANCY (1)	77.5%
PROPERTIES	107
ANCILLARY PARKING FACILITIES	9
EMPLOYEES	229

KITCHENER

0.7M SF

ALLIED LEASED	75.5%
ALLIED OCCUPANCY	74.6%
MARKET OCCUPANCY (1)	58.0%
PROPERTIES	6
ANCILLARY PARKING FACILITY	1
EMPLOYEES	4

(1) *Source: cbre.ca, CBRE Office Figures reports for Allied's sub-markets.*
(2) *Excludes 790 suites in Allied's rental-residential portfolio. See Section X - Property Table - Rental Residential.*

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 recycling 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

The Board is responsible for the oversight of the ESG Strategy and ESG initiatives developed by management, including the integration of sustainability into Allied's overall business strategy, the development of Allied's Net Zero Carbon Plan and emissions reduction targets. The Governance, Compensation and Nomination Committee (the "GC&NC") oversees and monitors Allied's ESG performance, including performance against Allied's emissions reduction targets, and reviews Allied's ESG Report, ESG Policy and other governance policies and practices annually. Allied's Executive ESG Committee assists management and the Board in defining, designing, implementing, expanding and evaluating Allied's ESG Strategy and ESG initiatives.

In June 2025, Allied published its 2024 ESG Report in accordance with the Global Reporting Initiative ("GRI") 2021 Universal Standards, the SASB Real Estate Standard, the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and the United Nations Sustainable Development Goals ("UN SDGs").

Management reports to the Board at least once annually with respect to: (i) Allied's ESG Strategy and ESG initiatives, including Allied's progress in advancing its Net Zero Carbon Plan and performance against its emissions reduction targets; and (ii) climate risks and opportunities, Allied's strategy for mitigating and addressing climate risks, and the status of Allied's climate-related risk management measures. The overview of relevant climate-related risks and opportunities, and the results of management's scenario analysis, inform the Board's review of Allied's strategy, risk management and operating performance.

NET ZERO CARBON PATHWAY

As part of its continuing decarbonization efforts, in 2024 Allied established near- and long-term greenhouse gas ("GHG") emissions reduction targets for its rental and development portfolios in line with the Science Based Targets initiative ("SBTi") and a 1.5°C decarbonization pathway. These targets were validated by the SBTi in May 2025. Allied is implementing its multi-year plan to achieve its near- term targets by 2030.

ESG HIGHLIGHTS

Set Science-Based Emissions Reduction Targets [1]

Allied's near- and long-term GHG emissions reduction targets were validated by the SBTi in May 2025.

Received Global Recognition for ESG Performance

Allied was recognized in 2025 among Sustainalytics' ESG Top-Rated Companies.

In its 2025 GRESB assessment, Allied achieved a score of 87 for its standing investments, three points above the prior year and eight points above the GRESB average.

Achieved Green Financing

In February 2025 and September 2025, Allied issued green bonds under its Green Financing Framework totaling $900 million, raising a total of $2.0 billion in green bonds to date.

Exceeded Environmental Reduction Targets [1]

In 2024, Allied exceeded its five-year environmental reduction targets for energy use intensity, greenhouse gas intensity, and water use intensity.

Increased Portfolio Certification from 48% to 54%

Increased the percentage of Allied's portfolio certified to LEED and/or BOMA BEST from 48% in 2024 to 54% in 2025, with an aim to certify 56% of its portfolio by 2028.

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

Allied completed its inaugural EDI Roadmap in 2023 and developed its second EDI Roadmap in 2024. Feedback from Allied's 2025 User Experience Assessment indicated that 96% of users are satisfied with its commitment to EDI.

Outperformed Peers in User Experience Assessment Ratings Score

Sustained focus on user experience has led to an increase in Allied's Net Promoter Score [2] by 31% compared to 2024, achieving 130% higher than the industry average in 2025.

Supported over 4,000 Artists

Allied has provided affordable workspace for over 4,000 artists in Calgary, Toronto and Montréal since 2022.

Recognized as a Canadian "Best Employer" in 2025

Since 2020, Allied has engaged Mercer (formerly Kincentric) to conduct a third-party employee engagement survey. Allied was recognized as a "Best Employer" by Mercer in 2025, which is the fourth time Allied has received this recognition.

(1) For details of these targets, see Allied's 2024 ESG Report, available on www.alliedreit.com.
(2) Net Promoter Score is a widely-used metric of user satisfaction and loyalty.

BUSINESS ENVIRONMENT AND OUTLOOK

OUTLOOK

A strengthened balance sheet from execution of the Action Plan creates the foundation from which expected higher occupancy can drive improved financial performance, support ongoing deleveraging, and position Allied for long-term growth as market fundamentals recover. The below outlook is provided to help stakeholders understand management's expectations for the periods indicated and may not be appropriate for other purposes.

Looking beyond 2026, as the Action Plan is fully executed and 2026 targets are achieved, Allied anticipates improved operating metrics driven by occupancy rates approaching historical averages. The table below details management's outlook for year-end 2026, 2027 and 2028 (the "Outlook"). All figures assume that the proposed $350 million marketed public offering of Units (the "Offering") and the proposed $150 million concurrent private placement of Units (the "Concurrent Private Placement") will raise aggregate gross proceeds of $500 million with proceeds to be allocated to debt repayment.

METRIC	2026 OUTLOOK	2027 OUTLOOK/ TARGET	2028 OUTLOOK/ TARGET
Occupied area by year-end	84% to 86% (1)	86% to 88%	88% to 90%
NOI (2)	$310 million to $320 million	-	-
Growth/(decline) in Same Asset NOI (2) (rental portfolio)	(5.5%) to (6.5%)	12% to 16%	9% to 13%
FFO (2)(3)	$185 million to $200 million (4)	Growth of 7% to 10% (5)	Growth of 5% to 8%
Interest expense (6)	$145 million to $155 million	-	-
Capital expenditures	$180 million to $190 million (development, residential inventory, recurring rental portfolio)	-	-
Non-core, low-yielding property dispositions	~ $500 million aggregate gross proceeds	-	-
Net debt to EBITDA (2)(7)	Mid-11x range	Low 10x range	Low 9x range

(1) *~82% at the end of Q2 due to non-renewals.*
(2) *This is a non-GAAP measure. Refer to the "Non-GAAP Measures" section below.*
(3) *Excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation.*
(4) *This includes $20 million of interest income from loans receivable on KING Toronto and 150 West Georgia.*
(5) *Excluding the $20 million of interest income from loans receivable on KING Toronto and 150 West Georgia in 2026, growth in 2027 is expected to be 18%-22%.*
(6) *Interest expense before capitalized interest and excluding distributions on Exchangeable LP Units is expected to be $175 million to $185 million.*
(7) *Net debt as a multiple of Annualized Adjusted EBITDA by year-end.*

FORECAST ASSUMPTIONS

A comprehensive analysis of all aspects of the business was conducted by management in determining the Outlook. Below are the key assumptions considered reasonable at this time:

KEY ASSUMPTIONS	
Operating fundamentals	• Allied conducted a review on a unit-by-unit basis • Vacant suites were assessed for timing of lease up and occupancy taking into account the state of the space and capital requirements, feedback from brokers, tour activity and lead time associated with lease negotiations • No new development projects initiated • No additional equity offering other than the Offering and Concurrent Private Placement in February 2026
Non-core, low-yielding property dispositions	• Allied continues to execute on its property disposition program totaling ~$500 million of gross proceeds • $29 million closed in Q1 2026, $17 million is under firm agreement and expected to close by the end of Q1 2026, and ~$454 million is at various stages of marketing and targeted to close by year-end 2026 • Management is continuously evaluating additional properties for sale to support deleveraging objectives
General and administrative expenses	• Between $25 million and $30 million
Loans receivable	• Partial repayment of the 150 West Georgia loan receivable in December 2026 ($125 million) • The KING Toronto loan will be settled through a partial cash payment and conversion of equity in the commercial component resulting in Allied owning 100%

KING Toronto condo sale proceeds	• KING Toronto condo development project is ~92% pre-sold by unit count (405 units)
	• Condo closings expected to occur between August 2026 and March 2027, with proceeds forecasted to be received in March 2027
	    • Allied's share of expected condo proceeds of $245 million (net of HST and deposits)
	    • Proceeds used to fully repay construction loan

Financing	• The Offering and Concurrent Private Placement in February 2026 with proceeds to repay maturity of the $600 million Series H debentures, remainder to be funded with proceeds from non-core asset sales • Net proceeds from the remaining non-core dispositions will be used to repay indebtedness • Remaining debenture maturities forecasted to be refinanced at maturity based on market interest rates
Distribution	• $0.72/unit per year

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. 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 Accounting Standards and, therefore, should not be construed as alternatives to net income, cash flow from operating activities, or any other measure prescribed under IFRS Accounting Standards. These terms are defined in the following table and reconciliations to the most comparable IFRS Accounting Standards measure are referenced, as applicable. The following terms do not have a standardized meaning prescribed by IFRS Accounting Standards 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, the 7th Avenue Sky Partnership (the "TELUS Sky Partnership"), as prescribed under IFRS Accounting Standards. 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 VI - Liquidity and Capital Resources
Funds from Operations ("FFO") [1]	FFO is a non-GAAP financial measure used by most Canadian real estate investment trusts based on a standardized definition established in REALPAC's "Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS" issued in January 2022. FFO is defined as net income and comprehensive income 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, distributions on Exchangeable LP Units as they are puttable instruments classified as financial liabilities, expected credit loss on loans and notes receivable, 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, which is the most directly comparable GAAP 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 [1]	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, which is the most directly comparable GAAP measure. Management believes this is a useful measure as these condominium and financing prepayment items are not indicative of recurring operating performance, and the mark-to-market adjustments of unit-based compensation can fluctuate widely with the market.	Section II - Operations - Other Financial Performance Measures

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
Adjusted Funds from Operations (“AFFO”)[1]	AFFO is a non-GAAP financial measure used by most Canadian real estate investment trusts based on a standardized definition established in REALPAC's “Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS” issued in January 2022. 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, which is the most directly comparable GAAP measure. Management considers AFFO to be a useful measure of recurring economic earnings and relevant in understanding Allied's ability to service its debt, fund capital expenditures and provide distributions to Unitholders.	Section II - Operations - Other Financial Performance Measures
AFFO excluding condominium-related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation [1]	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, which is the most directly comparable GAAP 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 excluding fair value adjustments, transaction costs, financing prepayment costs, impairment and expected credit loss on loans and notes receivable [2]	Net income excluding fair value adjustments, transaction costs, financing prepayment costs, impairment and expected credit loss on loans and notes receivable is a non-GAAP financial measure that starts with net income 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, impairment and expected credit loss on loans and notes receivable on a GAAP 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, impairment and expected credit loss on loans and notes receivable are non-recurring in nature.	Section II - Operations
Net Rental Income (“NRI”)	NRI is a non-GAAP financial measure defined as rental revenue less property operating costs on a proportionate basis. It excludes condominium revenue and condominium cost of sales. The most directly comparable GAAP 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”)	NOI 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 rents on a proportionate basis. The most directly comparable GAAP measure to NOI 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

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
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 GAAP 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 GAAP 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.	N/A
Unencumbered investment properties	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 GAAP measure to unencumbered investment properties is investment properties. Management believes unencumbered investment properties is a useful measure to assess the borrowing capacity of Allied.	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.	N/A
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") (1) **and** **Annualized Adjusted EBITDA**(1)	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, expected credit loss on loans and notes receivable, transaction costs, 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. Annualized Adjusted EBITDA is a non-GAAP measure calculated as the Adjusted EBITDA for the current period annualized. The most directly comparable GAAP measure to Adjusted EBITDA and Annualized Adjusted EBITDA is net income and comprehensive income. Management believes Adjusted EBITDA and Annualized Adjusted EBITDA are useful metrics to determine Allied's ability to service its debt, finance capital expenditures and provide distributions to its Unitholders.	Section II - Operations - Other Financial Performance Measures
Net debt	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 GAAP measure to net debt is debt. Management considers net debt a useful measure for evaluating debt levels.	Section VI - Liquidity and Capital Resources - Debt

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
Net debt as a multiple of Annualized Adjusted EBITDA[1]	Net debt as a multiple of Annualized Adjusted EBITDA is a non-GAAP measure of Allied's financial leverage and is defined as net debt divided by Annualized Adjusted EBITDA. This measure indicates the number of years required for Allied's Annualized Adjusted EBITDA to repay all outstanding debts, taking into consideration the cash on hand to decrease debt. Management considers this metric a useful measure for evaluating Allied's ability to service its debt.	N/A
FFO and AFFO Payout Ratios [1] **and** **FFO and AFFO Payout Ratios excluding condominium-related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation**[1]	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. These payout ratios are calculated by dividing the actual distributions declared (excluding any special distributions declared in cash or Units, as applicable) 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. Management considers these metrics a useful way to evaluate Allied's distribution paying capacity.	N/A
Interest Coverage Ratio [1] **and** **Interest Coverage Ratio including interest capitalized** [1] **and** **Interest Coverage Ratio including interest capitalized and excluding financing prepayment costs**[1]	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. 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. Interest coverage ratio including interest capitalized is defined as Adjusted EBITDA divided by interest expense with interest capitalized included. The interest expense excludes the distributions on the Exchangeable LP Units, which are recognized as interest expense. 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.	N/A
Total Indebtedness Ratio **or** **Total Debt Ratio**	Total indebtedness ratio or total debt 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

(1) The composition of this non-GAAP financial measure changed from the prior period to adjust for expected credit loss on loans and notes receivable as they are non-recurring.

(2) The label and composition of this non-GAAP financial measure changed from the prior period to adjust for expected credit loss on loans and notes receivable as they are non-recurring.

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 the Outlook, economic conditions, market conditions, market trends, Allied's growth or financial targets to achieve in 2026, 2027 and 2028, statements with respect to management of Allied'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", "goals", "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 II - Operations, under the heading "Other Financial Performance Measures", 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. Forward-looking statements in this MD&A include, but are not limited to, statements regarding: the anticipated completion of the Offering and Concurrent Private Placement and the intended use of its net proceeds; timing for successful execution of the Action Plan and the results of the Action Plan; market recovery in 2026 and beyond; increases to Allied's annual NOI due to development activities; Allied's ability to maintain its distribution commitment at current levels; expected timing and results of the non-core property dispositions in its portfolio and the closings thereof; anticipated use of proceeds from the non-core property dispositions; 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; completion of construction and lease-up in connection with Properties Under Development ("PUDs"); the creation of future value; expected occupied area; estimated gross leasable area ("GLA"), expected same asset NOI; expected NOI; expected FFO per unit and AFFO per unit; expected timing and amount on the repayment of the 150 West Georgia loan receivable; expected net debt to annualized adjusted EBITDA; expected interest expense; expected general and administrative expenses; expected capital expenditures; timing of the KING Toronto condominiums closing and the forecasted proceeds; KING Toronto loan receivable's settlement through a partial cash payment and conversion to equity in the commercial component resulting in Allied owning 100%; 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; estimated GLA on completion of PUDs; anticipated rental rates; lease up of our intensification projects; timing of PUDs transferring to the rental portfolio; targets for LEED and/or BOMA certification; targets on its GHG emissions; 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 joint arrangements and partnerships, availability of cash flow and distributions, execution of the Action Plan and Financial Outlook, financing, covenant and interest rate risk, access to capital, general and adverse global market, economic and political conditions including tariffs and other trade protection measures and the effect an economic slowdown may have on market conditions and lease rates in the jurisdictions in which we operate, development and construction, the financial condition of residential tenants and condominium purchasers, demand for condominiums and rental residential, condominium purchasers defaulting on their obligations to close, unexpected costs or liabilities related to acquisitions, lease roll-over, user terminations and financial stability, competition for users, unit-based compensation liabilities, potential volatility of Unit prices, credit ratings, dilution from issuance or future sales of securities, reliance on key personnel, valuation of properties, unexpected or ongoing geopolitical events, data and privacy, cybersecurity, taxation and legislative changes, general uninsured losses, environmental and climate change, and public health crises. 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 II - Operations, 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 February 10, 2026, 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 consolidated statements of loss and comprehensive loss from a GAAP basis to a proportionate basis, which is a non-GAAP measure, for the three months and years ended December 31, 2025, and December 31, 2024, as defined on page 18.

There is an additional table to reconcile net loss and comprehensive loss to net income excluding fair value adjustments, transaction costs, financing prepayment costs, impairment and expected credit loss on loans and notes receivable, a non-GAAP measure, for the three months and years ended December 31, 2025, and December 31, 2024, as defined on page 18.

On December 19, 2024, the TELUS Sky Partnership (in which Allied owns a one-third interest) sold the commercial component of TELUS Sky and Calgary House - 655 Centre Street SW, which was previously known as the residential component of TELUS Sky. Accordingly, the TELUS Sky Partnership no longer owns any interest in TELUS Sky after this disposition. Refer to notes 4 and 7 in Allied's audited consolidated financial statements for the years ended December 31, 2025, and December 31, 2024, for further details.

	THREE MONTHS ENDED					
	DECEMBER 31, 2025			DECEMBER 31, 2024		
	GAAP BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	GAAP BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Rental revenue	**$148,766**	**$—**	**$148,766**	$155,120	$2,064	$157,184
Property operating costs	**(73,714)**	**—**	**(73,714)**	(70,737)	(1,246)	(71,983)
Operating income	**$75,052**	**$—**	**$75,052**	$84,383	$818	$85,201
Interest income	**10,632**	**—**	**10,632**	10,393	14	10,407
Interest expense	**(36,464)**	**—**	**(36,464)**	(31,743)	—	(31,743)
General and administrative expenses	**(4,527)**	**—**	**(4,527)**	(8,374)	—	(8,374)
Condominium marketing expenses	**(21)**	**—**	**(21)**	(17)	—	(17)
Amortization of other assets	**(504)**	**—**	**(504)**	(388)	(43)	(431)
Transaction costs	**(3,690)**	**—**	**(3,690)**	(1,586)	(80)	(1,666)
Net income from joint venture	**—**	**—**	**—**	105	(105)	—
Fair value loss on investment properties and investment properties held for sale	**(1,014,137)**	**—**	**(1,014,137)**	(346,035)	(604)	(346,639)
Fair value gain on Exchangeable LP Units	**87,034**	**—**	**87,034**	36,254	—	36,254
Fair value gain (loss) on derivative instruments	**2,882**	**—**	**2,882**	(644)	—	(644)
Expected credit loss on loans and notes receivable	**(128,000)**	**—**	**(128,000)**	—	—	—
Impairment of residential inventory	**—**	**—**	**—**	—	—	—
Net loss and comprehensive loss	**$(1,011,743)**	**$—**	**$(1,011,743)**	$(257,652)	$—	$(257,652)

	THREE MONTHS ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Net loss and comprehensive loss	**$(1,011,743)**	$(257,652)
Fair value loss on investment properties and investment properties held for sale	**1,014,137**	346,035
Fair value gain on Exchangeable LP Units	**(87,034)**	(36,254)
Fair value (gain) loss on derivative instruments	**(2,882)**	644
Mark-to-market adjustment on unit-based compensation	**(1,925)**	1,834
Transaction costs	**3,690**	1,586
Financing prepayment costs	**—**	501
Expected credit loss on loans and notes receivable	**128,000**	—
Impairment of residential inventory	**—**	—
Net income excluding fair value adjustments, transaction costs, financing prepayment costs, impairment and expected credit loss on loans and notes receivable	**$42,243**	$56,694

On a GAAP basis, operating income for the three months ended December 31, 2025, decreased by $9,331 or 11.1% from the comparable period. The decrease was primarily attributable to dispositions and non-renewals. These decreases were partially offset by rent commencement from development completions at 1001 Boulevard Robert-Bourassa, RCA Building - 1001 Lenoir and Toronto House, net of decapitalization of operating costs as space became ready for its intended use.

On a GAAP basis, net loss and comprehensive loss for the three months ended December 31, 2025, increased by $754,091 from the comparable period. The increase was driven primarily by a higher fair value loss on investment properties and investment properties held for sale of $668,102 and an expected credit loss on loans and notes receivable of $128,000. Additional contributing factors included lower operating income of $9,331, and higher interest expense of $4,721. These increases were partially offset by a higher fair value gain on Exchangeable LP Units of $50,780, a higher fair value gain on derivative instruments of $3,526, and lower general and administrative expenses of $3,847 (including a higher mark-to-market recovery on unit-based compensation of $3,759).

	YEAR ENDED					
	DECEMBER 31, 2025			DECEMBER 31, 2024		
	GAAP BASIS	**INVESTMENT IN JOINT VENTURE**	**PROPORTIONATE BASIS**	GAAP BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Rental revenue	**$592,379**	**$—**	**$592,379**	$592,040	$7,716	$599,756
Property operating costs	**(275,415)**	**—**	**(275,415)**	(263,566)	(5,239)	(268,805)
Operating income	**$316,964**	**$—**	**$316,964**	$328,474	$2,477	$330,951
Interest income	**41,402**	**—**	**41,402**	45,069	40	45,109
Interest expense	**(135,453)**	**—**	**(135,453)**	(116,467)	—	(116,467)
General and administrative expenses	**(24,666)**	**—**	**(24,666)**	(24,333)	—	(24,333)
Condominium marketing expenses	**(39)**	**—**	**(39)**	(134)	—	(134)
Amortization of other assets	**(1,879)**	**—**	**(1,879)**	(1,538)	(204)	(1,742)
Transaction costs	**(5,349)**	**—**	**(5,349)**	(1,722)	(80)	(1,802)
Net income from joint venture	**—**	**—**	**—**	1,842	(1,842)	—
Fair value loss on investment properties and investment properties held for sale	**(1,408,235)**	**—**	**(1,408,235)**	(557,569)	(391)	(557,960)
Fair value gain on Exchangeable LP Units	**44,639**	**—**	**44,639**	35,782	—	35,782
Fair value loss on derivative instruments	**(2,996)**	**—**	**(2,996)**	(13,675)	—	(13,675)
Expected credit loss on loans and notes receivable	**(128,000)**	**—**	**(128,000)**	—	—	—
Impairment of residential inventory	**(23,920)**	**—**	**(23,920)**	(38,259)	—	(38,259)
Net loss and comprehensive loss	**$(1,327,532)**	**$—**	**$(1,327,532)**	$(342,530)	$—	$(342,530)

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Net loss and comprehensive loss	**$ (1,327,532)**	$(342,530)
Fair value loss on investment properties and investment properties held for sale	**1,408,235**	557,569
Fair value gain on Exchangeable LP Units	**(44,639)**	(35,782)
Fair value loss on derivative instruments	**2,996**	13,675
Mark-to-market adjustment on unit-based compensation	**(24)**	(107)
Transaction costs	**5,349**	1,722
Financing prepayment costs	**734**	501
Expected credit loss on loans and notes receivable	**128,000**	—
Impairment of residential inventory	**23,920**	38,259
Net income excluding fair value adjustments, transaction costs, financing prepayment costs, impairment and expected credit loss on loans and notes receivable	**$197,039**	$233,307

On a GAAP basis, operating income for the year ended December 31, 2025, decreased by $11,510 or 3.5% from the comparable period. The decrease was primarily attributable to dispositions, non-renewals, and lower development fees from the completion of the The Well project. These decreases were partially offset by rent commencement from development completions at 1001 Boulevard Robert-Bourassa, QRC West Phase II and Toronto House, net of decapitalization of operating costs as space became ready for its intended use. In addition, there were contributions from acquisition of incremental interests in 19 Duncan, 400 West Georgia, Calgary House and Toronto House.

On a GAAP basis, net loss and comprehensive loss for the year ended December 31, 2025, increased by $985,002 from the comparable period. The increase was driven primarily by a higher fair value loss on investment properties and investment properties held for sale of $850,666 and an expected credit loss on loans and notes receivable of $128,000. Additional contributing factors included higher interest expense of $18,986, lower operating income of $11,510, lower interest income of $3,667, and higher transaction costs of $3,627. These increases were partially offset by a lower impairment loss on residential inventory of $14,339, a lower fair value loss on derivative instruments of $10,679, and a higher fair value gain on Exchangeable LP Units of $8,857.

NET OPERATING INCOME

Allied operates in five urban markets, which are Montréal, Toronto, Kitchener, Calgary and Vancouver. On December 18, 2024, Allied disposed of its Ottawa properties. On April 30, 2025, Allied disposed of its Edmonton property. For the purpose of analyzing NOI, Allied groups the cities by geographic location.

The following table reconciles operating income to net operating income, a non-GAAP measure, as defined on page 18:

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024	**DECEMBER 31, 2025**	DECEMBER 31, 2024
Operating income, GAAP basis	**$75,052**	$84,383	**$316,964**	$328,474
Add: investment in joint venture	**—**	818	**—**	2,477
Operating income, proportionate basis	**$75,052**	$85,201	**$316,964**	$330,951
Amortization of improvement allowances (1)	**9,673**	9,300	**37,762**	37,753
Amortization of straight-line rent (1)	**(1,370)**	(1,702)	**(3,409)**	(7,600)
Total NOI	**$83,355**	$92,799	**$351,317**	$361,104

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three months and year ended December 31, 2025: amortization improvement allowances of $nil and $nil, respectively (December 31, 2024 - $189 and $778, respectively), and amortization of straight-line rent of $nil and $nil, respectively (December 31, 2024 - $(38) and $(190), respectively).

The following tables set out the NOI by segment and space type for the three months and years ended December 31, 2025, and 2024:

SEGMENT	THREE MONTHS ENDED				CHANGE	
	DECEMBER 31, 2025		DECEMBER 31, 2024		$	%
Montréal & Ottawa [1]	**$27,907**	**33.5%**	$28,804	31.0%	$(897)	(3.1)%
Toronto & Kitchener	**41,387**	**49.6**	48,090	51.9	(6,703)	(13.9)
Calgary & Edmonton [2]	**3,237**	**3.9**	4,209	4.5	(972)	(23.1)
Vancouver	**10,824**	**13.0**	11,696	12.6	(872)	(7.5)
Total NOI	**$83,355**	**100.0%**	$92,799	100.0%	$(9,444)	(10.2)%

(1) On December 18, 2024, Allied disposed of its Ottawa properties.
(2) On April 30, 2025, Allied disposed of its Edmonton property.

TYPE OF SPACE	THREE MONTHS ENDED				CHANGE	
	DECEMBER 31, 2025		DECEMBER 31, 2024		$	%
Office	**$67,169**	**80.5%**	$75,288	81.1%	$(8,119)	(10.8)%
Retail	**10,800**	**13.0**	11,707	12.6	(907)	(7.7)
Parking	**5,386**	**6.5**	5,804	6.3	(418)	(7.2)
Total NOI	**$83,355**	**100.0%**	$92,799	100.0%	$(9,444)	(10.2)%

The NOI for the three months ended December 31, 2025, decreased by $9,444 or 10.2% from the comparable period. Of this decrease, $10,863 was due to dispositions, non-renewals, lower development fees from the completion of The Well project, and re-assessment on The Well and Toronto House's supplementary realty taxes. This was partially offset by $1,865 due to rent commencement from development completions at 20 Breithaupt, 1001 Boulevard Robert-Bourassa, RCA Building - 1001 Lenoir and Toronto House, net of decapitalization of operating costs as space became ready for its intended use.

SEGMENT	YEAR ENDED				CHANGE	
	DECEMBER 31, 2025		DECEMBER 31, 2024		$	%
Montréal & Ottawa [1]	**$113,143**	**32.2%**	$117,227	32.5%	$(4,084)	(3.5)%
Toronto & Kitchener	**179,058**	**51.0**	184,401	51.1	(5,343)	(2.9)
Calgary & Edmonton [2]	**15,830**	**4.5**	18,550	5.1	(2,720)	(14.7)
Vancouver	**43,286**	**12.3**	40,926	11.3	2,360	5.8
Total NOI	**$351,317**	**100.0%**	$361,104	100.0%	$(9,787)	(2.7)%

(1) On December 18, 2024, Allied disposed of its Ottawa properties.
(2) On April 30, 2025, Allied disposed of its Edmonton property.

TYPE OF SPACE	YEAR ENDED				CHANGE	
	DECEMBER 31, 2025		DECEMBER 31, 2024		$	%
Office	**$283,725**	**80.7%**	$294,148	81.4%	$(10,423)	(3.5)%
Retail	**45,543**	**13.0**	43,970	12.2	1,573	3.6
Parking	**22,049**	**6.3**	22,986	6.4	(937)	(4.1)
Total NOI	**$351,317**	**100.0%**	$361,104	100.0%	$(9,787)	(2.7)%

The NOI for the year ended December 31, 2025, decreased by $9,787 or 2.7% from the comparable period. Of this decrease, $25,268 was due to dispositions, non-renewals, and lower development fees from the completion of The Well project. This was partially offset by $7,399 of rent commencement from development completions at 20 Breithaupt, 700 Saint-Hubert, 1001 Boulevard Robert-Bourassa, RCA Building - 1001 Lenoir, QRC West Phase II, and Toronto House, net of decapitalization of operating costs as space became ready for its intended use. In addition, there were contributions related to the acquisition of incremental interests of $7,706 from 19 Duncan, 400 West Georgia, Calgary House and Toronto House, and $2,080 from a lease termination fee received to accommodate an expansion of a long-term user at 1001 Boulevard Robert-Bourassa.

SAME ASSET NOI

Same Asset NOI, a non-GAAP measure shown in the table below, refers to investment properties that were owned by Allied from October 1, 2024, to December 31, 2025, as defined on page 18. Same Asset NOI of the development portfolio for the three months ended December 31, 2025, consists of 108 East 5th Avenue, 185 Spadina, 422-424 Wellington W, KING Toronto, Kipling Square, and portions of 375 Water, 469 King West, 700 Saint-Hubert, 747 Square-Victoria, 1001 Boulevard Robert-Bourassa, RCA Building - 1001 Lenoir Street, The Well, and Toronto House.

	THREE MONTHS ENDED		CHANGE	
	DECEMBER 31, 2025	DECEMBER 31, 2024	$	%
Montréal	**$26,651**	$26,137	$514	2.0%
Toronto & Kitchener	**40,933**	43,743	(2,810)	(6.4)
Calgary	**3,074**	3,107	(33)	(1.1)
Vancouver	**10,272**	11,364	(1,092)	(9.6)
Rental portfolio - Same Asset NOI	**$80,930**	$84,351	$(3,421)	(4.1)%
Assets held for sale - Same Asset NOI	**289**	633	(344)	(54.3)
Rental portfolio and assets held for sale - Same Asset NOI	**$81,219**	$84,984	$(3,765)	(4.4)%
Development portfolio - Same Asset NOI	**(776)**	531	(1,307)	(246.1)
Total portfolio - Same Asset NOI	**$80,443**	$85,515	$(5,072)	(5.9)%
Acquisitions	**540**	335	205	
Dispositions	**950**	3,244	(2,294)	
Lease terminations	**90**	—	90	
Development fees and corporate items	**1,332**	3,705	(2,373)	
Total NOI	**$83,355**	$92,799	$(9,444)	(10.2)%

Same Asset NOI of the total portfolio decreased by $5,072 or 5.9% and Same Asset NOI of the rental portfolio decreased by $3,421 or 4.1% for the three months ended December 31, 2025. Of this decrease, $3,938 was due to non-renewals, primarily at QRC West - 134 Peter and 555 Richmond in Toronto, and collection of a bad debt in the comparable period in Vancouver. This was partially offset by rent commencement at 700 Saint-Hubert, 1001 Boulevard Robert-Bourassa and the RCA Building - 1001 Lenoir Street in Montréal of $1,196.

Same Asset NOI of the development portfolio decreased by $1,307 or 246.1%, primarily due to lower NOI during periods of development activity within the portfolio and decapitalization of operating costs as space became ready for its intended use.

Same Asset NOI, a non-GAAP measure shown in the table below, refers to investment properties owned by Allied from January 1, 2024, to December 31, 2025. Same Asset NOI of the development portfolio for the year ended December 31, 2025, consists of 108 East 5th Avenue, 185 Spadina, 422-424 Wellington W, KING Toronto, Kipling Square, QRC West Phase II, Toronto House, and portions of 375 Water, 469 King West, 700 Saint-Hubert, 747 Square-Victoria, 1001 Boulevard Robert-Bourassa, RCA Building - 1001 Lenoir Street and The Well.

	YEAR ENDED		CHANGE	
	DECEMBER 31, 2025	DECEMBER 31, 2024	$	%
Montréal	**$103,522**	$100,947	$2,575	2.6%
Toronto & Kitchener	**158,834**	163,801	(4,967)	(3.0)
Calgary	**14,474**	13,756	718	5.2
Vancouver	**26,781**	28,852	(2,071)	(7.2)
Rental portfolio - Same Asset NOI	**$303,611**	$307,356	$(3,745)	(1.2)%
Assets held for sale - Same Asset NOI	**2,027**	2,660	(633)	(23.8)
Rental portfolio and assets held for sale - Same Asset NOI	**$305,638**	$310,016	$(4,378)	(1.4)%
Development portfolio - Same Asset NOI	**11,307**	10,670	637	6.0
Total portfolio - Same Asset NOI	**$316,945**	$320,686	$(3,741)	(1.2)%
Acquisitions	**20,679**	12,973	7,706	
Dispositions	**5,469**	17,641	(12,172)	
Lease terminations	**2,244**	28	2,216	
Development fees and corporate items	**5,980**	9,776	(3,796)	
Total NOI	**$351,317**	$361,104	$(9,787)	(2.7)%

Same Asset NOI of the total portfolio decreased by $3,741 or 1.2% and Same Asset NOI of the rental portfolio decreased by $3,745 or 1.2% for the year ended December 31, 2025. Of this decrease, $7,815 due to non-renewals, primarily at QRC West - 134 Peter and 555 Richmond in Toronto, and collection of a bad debt in the comparable period in Vancouver. This was partially offset by rent commencement at 700 Saint-Hubert, 1001 Boulevard Robert-Bourassa and the RCA Building - 1001 Lenoir Street in Montréal, totalling $4,060.

Same Asset NOI of the development portfolio increased by $637 or 6.0%. Of this increase, $3,748 was due to rent commencement at QRC West Phase II and Toronto House, net of decapitalization of operating costs as space became ready for its intended use. This was partially offset by $3,111 of lower NOI during periods of development activity within the portfolio.

INTEREST EXPENSE

Interest expense for the three months and years ended December 31, 2025 and 2024, is as follows:

	THREE MONTHS ENDED		CHANGE	
	DECEMBER 31, 2025	DECEMBER 31, 2024	$	%
Interest on debt:				
Mortgages payable	**$5,975**	$1,894	$4,081	215.5%
Construction loans payable	**1,003**	8,417	(7,414)	(88.1)
Unsecured revolving operating facility	**972**	2,464	(1,492)	(60.6)
Senior unsecured debentures	**35,277**	22,122	13,155	59.5
Unsecured term loans	**912**	7,093	(6,181)	(87.1)
Interest on lease liabilities	**354**	691	(337)	(48.8)
Amortization, net financing costs	**1,283**	848	435	51.3
Distributions on Exchangeable LP Units (1)	**4,252**	5,314	(1,062)	(20.0)
	$50,028	$48,843	$1,185	2.4%
Interest capitalized to qualifying investment properties and residential inventory	**(13,564)**	(17,601)	4,037	22.9
Interest expense excluding financing prepayment costs	**$36,464**	$31,242	$5,222	16.7%
Financing prepayment costs (2)	**—**	501	(501)	(100.0)
Interest expense, GAAP basis	**$36,464**	$31,743	$4,721	14.9%

(1) *The distributions declared on Exchangeable LP Units are recognized as interest expense as Allied is an open-end trust.*
(2) *For the three months ended December 31, 2025, Allied incurred $nil financing prepayment costs (December 31, 2024 - $501 for an accelerated amortization of deferred financing costs in connection with the disposition of a property).*

For the three months ended December 31, 2025, interest expense increased by $4,721 or 14.9% from the comparable period.

The increase was primarily driven by a $13,155 rise in interest expense on senior unsecured debentures, reflecting 2025 refinancing activities which included the issuance of Series K, L, M, and N debentures to repay the Series C debentures and other debt. In addition, mortgage interest increased by $4,081 due to new mortgages placed at the end of 2024.

These increases were partially offset by lower interest on construction loans payable of $7,414 and lower interest on unsecured term loans of $6,181 primarily due to 2025 refinancing activities mentioned above and a construction loan repayment in 2024. There was also lower interest expense of $1,492 on the unsecured revolving operating facility and lower distributions on Exchangeable LP Units of $1,062.

Capitalized interest decreased by $4,037, or 22.9%, for the three months ended December 31, 2025. Of this decrease, $4,915 is due to lower capitalized interest from the completion of development projects, partially offset by $878 due to a higher weighted average interest rate.

	YEAR ENDED		CHANGE	
	DECEMBER 31, 2025	DECEMBER 31, 2024	$	%
Interest on debt:				
Mortgages payable	**$22,956**	$4,864	$18,092	372.0%
Construction loans payable	**9,406**	32,853	(23,447)	(71.4)
Unsecured revolving operating facility	**6,009**	13,127	(7,118)	(54.2)
Senior unsecured debentures	**118,860**	78,300	40,560	51.8
Unsecured term loans	**12,602**	28,175	(15,573)	(55.3)
Interest on lease liabilities	**1,373**	3,016	(1,643)	(54.5)
Amortization, net premium on debt	**—**	(231)	231	(100.0)
Amortization, net financing costs	**4,652**	3,046	1,606	52.7
Distributions on Exchangeable LP Units (1)	**20,194**	21,256	(1,062)	(5.0)
	$196,052	$184,406	$11,646	6.3%
Interest capitalized to qualifying investment properties and residential inventory	**(61,333)**	(68,440)	7,107	10.4
Interest expense excluding financing prepayment costs	**$134,719**	$115,966	$18,753	16.2%
Financing prepayment costs (2)	**734**	501	233	46.5
Interest expense, GAAP basis	**$135,453**	$116,467	$18,986	16.3%

(1) The distributions declared on Exchangeable LP Units are recognized as interest expense as Allied is an open-end trust.

(2) For the year ended December 31, 2025, Allied incurred $734 for accelerated amortization of deferred financing costs in connection with the early repayment of an unsecured term loan and the refinancing of its unsecured revolving operating facility (December 31, 2024 - $501 for an accelerated amortization of deferred financing costs in connection with the disposition of a property).

For the year ended December 31, 2025, interest expense increased by $18,986 or 16.3% from the comparable period.

The increase was primarily driven by higher senior unsecured debenture interest of $40,560, mainly related to the issuance of Series J debentures in September 2024 and issuance of Series K, L, M, and N debentures to repay the Series C debentures and other debt, which reflects 2025 refinancing activities. In addition, mortgage interest increased by $18,092, due to new mortgages placed at the end of 2024.

These increases were partially offset by lower interest on construction loans of $23,447 and lower unsecured term loan interest of $15,573, primarily due to 2025 refinancing activities mentioned above and a construction loan repayment in 2024. There was also lower interest expense of $7,118 on the unsecured revolving operating facility resulting from lower average balances.

Capitalized interest decreased by $7,107, or 10.4%, for the year ended December 31, 2025. Of this decrease, $11,591 is due to lower capitalized interest from the completion of development projects, partially offset by $4,484 due to a higher weighted average interest rate.

In accordance with IAS 23 - *Borrowing Costs,* interest is capitalized on qualifying assets in connection with all costs 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, 2025, 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.

Qualifying assets include those properties in the development portfolio as well as areas of properties in the rental portfolio where capital investment is taking place to upgrade and/or reposition space (such as conversions from office to retail use, major floorplate reconfigurations, system infrastructure upgrades, or significant user build-outs/lobby transformations associated with repositioning initiatives). Interest is capitalized on the cost base of the property at the rate applicable to property-specific debt. If no property-specific debt exists, Allied's weighted average cost of debt is applied.

The cost base of qualifying assets includes predevelopment costs to acquire the land and building as well as incremental capital. Capitalization commences when the activities necessary to prepare an asset for development or redevelopment begin, ceases once the asset is substantially complete or if the development of the asset is suspended. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where applicable. Where borrowings are associated with specific developments, the amount capitalized is the interest incurred on those specific borrowings. If there are no borrowings specific to the project, a weighted average cost of borrowings is applied to eligible expenditures after adjusting for borrowings associated with specific developments. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. 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 months and years ended December 31, 2025 and 2024, are as follows:

	THREE MONTHS ENDED		CHANGE	
	DECEMBER 31, 2025	DECEMBER 31, 2024	$	%
Salaries and benefits	**$4,557**	$5,774	$(1,217)	(21.1)%
Mark-to-market (recovery) expense on unit-based compensation plans	**(1,925)**	1,834	(3,759)	(205.0)
Professional and trustees fees	**1,652**	1,639	13	0.8
Office and general expenses	**1,736**	1,804	(68)	(3.8)
	$6,020	$11,051	$(5,031)	(45.5)%
Capitalized to qualifying investment properties	**(1,493)**	(2,677)	1,184	44.2
Total general and administrative expenses, GAAP basis	**$4,527**	$8,374	$(3,847)	(45.9)%

For the three months ended December 31, 2025, general and administrative expenses decreased by $3,847 or 45.9% from the comparable period. Of this decrease, $3,759 is due to higher mark-to-market recovery on unit-based compensation plans (as Allied's unit price decreased). Excluding the mark-to-market adjustment on unit-based compensation, the total general and administrative expenses for the three months ended December 31, 2025, would be $6,452 (December 31, 2024 - $6,540). The mark-to-market adjustment 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.

	YEAR ENDED		CHANGE	
	DECEMBER 31, 2025	DECEMBER 31, 2024	$	%
Salaries and benefits	**$19,122**	$21,479	$(2,357)	(11.0)%
Mark-to-market recovery on unit-based compensation plans	**(24)**	(107)	83	77.6
Professional and trustees fees	**6,131**	6,783	(652)	(9.6)
Office and general expenses	**6,357**	6,583	(226)	(3.4)
	$31,586	$34,738	$(3,152)	(9.1)%
Capitalized to qualifying investment properties	**(6,920)**	(10,405)	3,485	33.5
Total general and administrative expenses, GAAP basis	**$24,666**	$24,333	$333	1.4%

For the year ended December 31, 2025, general and administrative expenses increased by $333 or 1.4% from the comparable period. Of this increase, $1,128 is due to net lower capitalization to qualifying investment properties as development and upgrade activities were completed, partially offset by dispositions of investment properties closed. This was partially offset by $652 of lower legal expenses and consulting expenses. Excluding the mark-to-market adjustment on unit-based compensation, the total general and administrative expenses for the year ended December 31, 2025, would be $24,690 (December 31, 2024 - $24,440). The mark-to-market adjustment 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.

INTEREST INCOME

Interest income for the three months and years ended December 31, 2025 and 2024, are as follows:

	THREE MONTHS ENDED		CHANGE	
	DECEMBER 31, 2025	DECEMBER 31, 2024	$	%
Interest on loans and notes receivable	**$9,877**	$8,686	$1,191	13.7%
Guarantee fees	**252**	665	(413)	(62.1)
Interest on cash, cash equivalents and deposit	**503**	1,042	(539)	(51.7)
Interest income, GAAP basis	**$10,632**	$10,393	$239	2.3%

For the three months ended December 31, 2025, interest income increased by $239 or 2.3% from the comparable period, primarily due to $1,191 of higher interest income earned on loans receivable, partially offset by $413 lower guarantee fees primarily due to the full repayment of the Breithaupt Phase III construction loan in April 2025 and $539 lower interest income on a deposit that was fully repaid in July 2025.

	YEAR ENDED		CHANGE	
	DECEMBER 31, 2025	DECEMBER 31, 2024	$	%
Interest on loans and notes receivable	**$37,840**	$36,771	$1,069	2.9%
Guarantee fees	**1,320**	3,023	(1,703)	(56.3)
Interest on cash, cash equivalents and deposit	**2,242**	5,275	(3,033)	(57.5)
Interest income, GAAP basis	**$41,402**	$45,069	$(3,667)	(8.1)%

For the year ended December 31, 2025, interest income decreased by $3,667 or 8.1% from the comparable period, primarily due to $3,033 lower interest on a deposit that was fully repaid in July 2025, and $1,703 lower guarantee fees due to the full repayment of the Breithaupt Phase III construction loan in April 2025 and the full settlement of the Adelaide & Duncan and Telus Sky guarantee fees receivable in December 2024. This is partially offset by higher interest income earned on loans receivable of $1,069.

Based on Allied's assessment of expected credit losses on an individual loan basis, a portion of the loans receivable experienced a significant increase in credit risk since initial recognition. Therefore, Allied has recognized an expected credit loss equal to the lifetime expected credit losses on the loans receivable. The expected credit loss is measured as a probability-weighted estimate of the expected present value of cash shortfalls. Cash shortfalls represent the difference between the cash flows owed to Allied (including future interest income until maturity of each loan) and the cash flows expected to be received by Allied. Allied's assessment took into consideration the borrower's financial position, status of corporate guarantees, construction and leasing status on development projects, status of principal and interest payments, and the underlying value of the borrower's security or collateral. As a result of the assessment based on the factors described above, Allied recorded an expected credit loss on loans receivable for the year ended December 31, 2025 of $128,000 (December 31, 2024 - $nil).

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 REALPAC's "Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS" issued in January 2022. 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 18.

For the three months ended December 31, 2025, FFO per unit excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled $0.419. This is a decrease of $0.116 or 21.7% over the comparable period in the prior year. The decrease was primarily due to lower operating income of $10,149 and higher interest expense excluding financing prepayment costs and distributions on Exchangeable LP Units of $6,284.

For the year ended December 31, 2025, FFO per unit excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled $1.896. This is a decrease of $0.278 or 12.8% over the comparable period in the prior year. The decrease was primarily due to higher interest expense excluding financing prepayment costs and distributions on Exchangeable LP Units of $19,815, lower operating income of $13,987, and lower interest income of $3,707.

For the three months and year ended December 31, 2025, the FFO payout ratio excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation was 85.9% and 90.2%, respectively.

AFFO AND 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 REALPAC's "Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS" issued in January 2022. 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 18.

For the three months ended December 31, 2025, AFFO per unit excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled $0.361. This represents a decrease of $0.116 or 24.3% over the comparable period in the prior year. The decrease was primarily due to the changes in FFO discussed above and higher maintenance capital expenditures of $1,042, partially offset by lower regular leasing expenditures of $497 and lower amortization of straight-line rent of $294.

For the year ended December 31, 2025, AFFO per unit excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled $1.721. This represents a decrease of $0.235 or 12.0% over the comparable period in the prior year. The decrease was primarily due to the changes in FFO discussed above, partially offset by lower amortization of straight-line rent of $4,001, lower regular leasing expenditures of $704, lower incremental leasing costs of $626, and lower maintenance capital expenditures of $389.

For the three months and year ended December 31, 2025, the AFFO payout ratio excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation was 99.7% and 99.3%, respectively.

RECONCILIATION OF FFO AND AFFO

The following tables reconcile 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 on a non-GAAP basis, for the three months and years ended December 31, 2025, and December 31, 2024, as defined on page 18.

	THREE MONTHS ENDED		
	DECEMBER 31, 2025	DECEMBER 31, 2024	CHANGE
Net loss and comprehensive loss [1]	**$(1,011,743)**	$(257,652)	$(754,091)
Adjustment to fair value of investment properties and investment properties held for sale	**1,014,137**	346,035	668,102
Adjustment to fair value of Exchangeable LP Units	**(87,034)**	(36,254)	(50,780)
Adjustment to fair value of derivative instruments	**(2,882)**	644	(3,526)
Expected credit loss on loans and notes receivable	**128,000**	—	128,000
Impairment of residential inventory	**—**	—	—
Transaction costs	**3,690**	1,586	2,104
Incremental leasing costs	**2,281**	2,640	(359)
Amortization of improvement allowances	**9,673**	9,111	562
Amortization of property, plant and equipment [2]	**101**	98	3
Distributions on Exchangeable LP Units	**4,252**	5,314	(1,062)
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**—**	604	(604)
Amortization of improvement allowances	**—**	189	(189)
Transaction costs	**—**	80	(80)
FFO	**$60,475**	$72,395	$(11,920)
Condominium marketing costs	**21**	17	4
Financing prepayment costs	**—**	501	(501)
Mark-to-market adjustment on unit-based compensation	**(1,925)**	1,834	(3,759)
FFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$58,571**	$74,747	$(16,176)
FFO	**$60,475**	$72,395	$(11,920)
Amortization of straight-line rent	**(1,370)**	(1,664)	294
Regular leasing expenditures [3]	**(2,860)**	(3,357)	497
Regular and recoverable maintenance capital expenditures	**(2,256)**	(1,214)	(1,042)
Incremental leasing costs (related to regular leasing expenditures)	**(1,597)**	(1,847)	250
Adjustment relating to joint venture:			
Amortization of straight-line rent	**—**	(38)	38
Regular leasing expenditures	**—**	(1)	1

	THREE MONTHS ENDED		
	DECEMBER 31, 2025	DECEMBER 31, 2024	CHANGE
AFFO	**$52,392**	$64,274	$(11,882)
Condominium marketing costs	**21**	17	4
Financing prepayment costs	**—**	501	(501)
Mark-to-market adjustment on unit-based compensation	**(1,925)**	1,834	(3,759)
AFFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$50,488**	$66,626	$(16,138)
Weighted average number of units [4]			
Basic and diluted	**139,765,128**	139,765,128	—
Per unit - basic and diluted [1]			
FFO	**$0.433**	$0.518	$(0.085)
FFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.419**	$0.535	$(0.116)
AFFO	**$0.375**	$0.460	$(0.085)
AFFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.361**	$0.477	$(0.116)
Payout Ratio			
FFO	**83.2%**	86.9%	(3.7)%
FFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**85.9%**	84.1%	1.8%
AFFO	**96.0%**	97.9%	(1.9)%
AFFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**99.7%**	94.4%	5.3%

(1) Includes interest income and interest income per unit on loans receivable on KING Toronto and 150 West Georgia for the three months ended December 31, 2025, of $9,700 and $0.069 (2024 - $8,504 and $0.061), respectively. An expected credit loss on loans receivable of $128,000 (2024 - $nil) was recognized for the three months ended December 31, 2025.

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

(3) Refer to Capital Expenditures on page 46 for a description of regular leasing expenditures.

(4) The weighted average number of units includes Units and Exchangeable LP Units.

	YEAR ENDED		
	DECEMBER 31, 2025	DECEMBER 31, 2024	CHANGE
Net loss and comprehensive loss [1]	**$(1,327,532)**	$(342,530)	(985,002)
Adjustment to fair value of investment properties and investment properties held for sale	**1,408,235**	557,569	850,666
Adjustment to fair value of Exchangeable LP Units	**(44,639)**	(35,782)	(8,857)
Adjustment to fair value of derivative instruments	**2,996**	13,675	(10,679)
Expected credit loss on loans and notes receivable	**128,000**	—	128,000
Impairment of residential inventory	**23,920**	38,259	(14,339)
Transaction costs	**5,349**	1,722	3,627
Incremental leasing costs	**9,591**	10,487	(896)
Amortization of improvement allowances	**37,762**	36,975	787
Amortization of property, plant and equipment [2]	**401**	398	3
Distributions on Exchangeable LP Units	**20,194**	21,256	(1,062)
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**—**	391	(391)
Amortization of improvement allowances	**—**	778	(778)
Transaction costs	**—**	80	(80)
FFO	**$264,277**	$303,278	$(39,001)
Condominium marketing costs	**39**	134	(95)
Financing prepayment costs	**734**	501	233
Mark-to-market adjustment on unit-based compensation	**(24)**	(107)	83
FFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$265,026**	$303,806	$(38,780)
FFO	**$264,277**	$303,278	$(39,001)
Amortization of straight-line rent	**(3,409)**	(7,410)	4,001
Regular leasing expenditures [3]	**(10,056)**	(10,760)	704
Regular and recoverable maintenance capital expenditures	**(4,275)**	(4,664)	389
Incremental leasing costs (related to regular leasing expenditures)	**(6,714)**	(7,340)	626
Adjustment relating to joint venture:			
Amortization of straight-line rent	**—**	(190)	190
Regular leasing expenditures	**—**	(8)	8
AFFO	**$239,823**	$272,906	$(33,083)
Condominium marketing costs	**39**	134	(95)
Financing prepayment costs	**734**	501	233
Mark-to-market adjustment on unit-based compensation	**(24)**	(107)	83
AFFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$240,572**	$273,434	$(32,862)

	YEAR ENDED		
	DECEMBER 31, 2025	DECEMBER 31, 2024	CHANGE
Weighted average number of units [4]			
Basic and diluted	**139,765,128**	139,765,128	—
Per unit - basic and diluted [1]			
FFO	**$1.891**	$2.170	$(0.279)
FFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$1.896**	$2.174	$(0.278)
AFFO	**$1.716**	$1.953	$(0.237)
AFFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$1.721**	$1.956	$(0.235)
Payout Ratio			
FFO	**90.4%**	83.0%	7.4%
FFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**90.2%**	82.8%	7.4%
AFFO	**99.7%**	92.2%	7.5%
AFFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**99.3%**	92.0%	7.3%

(1) Includes interest income and interest income per unit on loans receivable on KING Toronto and 150 West Georgia for the year ended December 31, 2025, of $36,415 and $0.261 (2024 - $36,035 and $0.258), respectively. An expected credit loss on loans receivable of $128,000 (2024 - $nil) was recognized for the year ended December 31, 2025.

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

(3) Refer to Capital Expenditures on page 46 for a description of regular leasing expenditures.

(4) The weighted average number of units includes Units and Exchangeable LP Units.

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		YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024	**DECEMBER 31, 2025**	DECEMBER 31, 2024
Revenue-enhancing capital and development costs	**$43,167**	$80,202	**$182,815**	$270,842
Regular and recoverable maintenance capital expenditures	**2,256**	1,214	**4,275**	4,664
Total capital expenditures	**$45,423**	$81,416	**$187,090**	$275,506
Revenue-enhancing and development leasing expenditures	**$46,164**	$10,334	**$80,206**	$82,751
Regular leasing expenditures	**2,860**	3,357	**10,056**	10,760
Total improvement allowances and leasing commissions	**$49,024**	$13,691	**$90,262**	$93,511

During the three months ended December 31, 2025, Allied incurred $45,423 of capital expenditures, consisting of $21,089 in the development portfolio and $24,334 in the rental portfolio. Revenue-enhancing capital in the rental portfolio primarily related to close-out costs for completed developments transferred to the rental portfolio and upgrades at select properties to support higher future revenues. Allied incurred $49,024 of leasing costs to investment properties, including costs for the full build-out of three floors at 400 West Georgia to support a 15-year lease at materially higher rents, construction and system upgrades for a new user at La Cité - 111 Robert-Bourassa Boulevard, and the expansion of an existing user at 1001 Boulevard Robert-Bourassa.

During the year ended December 31, 2025, Allied incurred $187,090 of capital expenditures, consisting of $126,661 in the development portfolio and $60,429 in the rental portfolio. Allied incurred $90,262 of leasing costs to investment properties, including costs for the full build-out of three floors at 400 West Georgia to support a 15-year lease at materially higher rents, construction and system upgrades for a new user at La Cité - 111 Robert-Bourassa Boulevard, and the expansion of existing and new users at 1001 Boulevard Robert-Bourassa.

ADJUSTED EBITDA

The following table reconciles Allied's net loss and comprehensive loss to Adjusted EBITDA, a non-GAAP measure, for the three months and years ended December 31, 2025, and December 31, 2024, as defined on page 18:

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024	**DECEMBER 31, 2025**	DECEMBER 31, 2024
Net loss and comprehensive loss for the period (1)	**$(1,011,743)**	$(257,652)	**$(1,327,532)**	$(342,530)
Interest expense	**36,464**	31,743	**135,453**	116,467
Amortization of other assets	**504**	431	**1,879**	1,742
Amortization of improvement allowances	**9,673**	9,300	**37,762**	37,753
Expected credit loss on loans and notes receivable	**128,000**	—	**128,000**	—
Impairment of residential inventory	**—**	—	**23,920**	38,259
Transaction costs	**3,690**	1,666	**5,349**	1,802
Fair value loss on investment properties and investment properties held for sale 21)	**1,014,137**	346,639	**1,408,235**	557,960
Fair value gain on Exchangeable LP Units	**(87,034)**	(36,254)	**(44,639)**	(35,782)
Fair value (gain) loss on derivative instruments	**(2,882)**	644	**2,996**	13,675
Mark-to-market adjustment on unit-based compensation	**(1,925)**	1,834	**(24)**	(107)
Adjusted EBITDA	**$88,884**	$98,351	**$371,399**	$389,239

(1) For the three months ended December 31, 2025, includes interest income on loans receivable on KING Toronto and 150 West Georgia of $9,700 (2024 - $8,504), respectively. For the year ended December 31, 2025, includes interest income on loans receivable on KING Toronto and 150 West Georgia of $36,415 (2024 - $36,035). An expected credit loss on loans receivable of $128,000 and $128,000 (2024 - $nil and $nil) was recognized for the three months and year ended December 31, 2025, respectively.

(2) Includes Allied's proportionate share of the equity accounted investment's fair value loss on investment properties of $nil and $nil for the three months and year ended December 31, 2025, respectively (December 31, 2024 - $604 and $391, respectively).

Section III
–Leasing

Allied strives to maintain high levels of occupancy and leased area and to increase net rent per occupied square foot. At December 31, 2025, Allied's rental portfolio was 87.4% leased, and net rent per occupied square foot decreased by 0.7%, from $25.41 to $25.23 over the comparable period.

STATUS

Leasing status for the rental portfolio, which excludes properties under development, investment properties held for sale, and residential GLA, as at December 31, 2025, is summarized below:

	GLA (SF)	AS A % OF TOTAL GLA
Leased area (occupied & committed) - December 31, 2024	12,478,526	87.2%
Vacancy committed for future leases	(173,988)	
Occupancy - December 31, 2024	12,304,538	85.9%
Previously committed vacant space now occupied	173,988	
New leases and expansions on vacant space	454,302	
New vacancies during the period	(650,728)	
Suite additions, remeasurements and removals	(8,859)	
Occupancy before transfers from/(to) the rental portfolio	12,273,241	85.7%
Occupancy related to transfers from/(to) the rental portfolio	100,680	
Occupancy - December 31, 2025	**12,373,921**	**85.3%**
Vacancy committed for future leases	297,236	
Leased area (occupied & committed) - December 31, 2025	**12,671,157**	**87.4%**

Of the 14,499,715 square feet total GLA in Allied's rental portfolio, 12,373,921 square feet were occupied on December 31, 2025. Another 297,236 square feet were subject to contractual lease commitments with users whose leases commence after December 31, 2025, bringing the leased area to 12,671,157 square feet, representing 87.4% of Allied's total rental portfolio GLA.

The table below outlines the timing of the contractual lease commitments:

	Q1 2026	Q2 2026	Q3 2026	Q4 2026	THEREAFTER	TOTAL
Fixturing Commencement (Occupancy)						
Lease commitments - GLA	75,716	15,183	30,348	—	175,989	297,236
% of lease commitments	25.5%	5.1%	10.2%	—%	59.2%	100.0%
Rent Commencement (Economic Occupancy)						
Lease commitments - GLA	26,553	19,774	57,741	6,126	187,042	297,236
% of lease commitments	8.9%	6.7%	19.4%	2.1%	62.9%	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, operating costs and realty taxes were being capitalized prior to occupancy (in accordance with IFRS Accounting Standards), capitalization ends on occupancy. During occupancy, interest, operating costs and realty taxes are expensed and rental revenue is recognized.

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.

Allied monitors the level of sublease space being marketed in its rental portfolio. Below is a summary:

	DECEMBER 31, 2025	SEPTEMBER 30, 2025	JUNE 30, 2025	MARCH 31, 2025
Toronto	**137,204**	307,424	370,217	337,089
Montréal	**196,270**	245,755	344,394	419,148
Calgary	**8,859**	7,191	1,557	2,927
Vancouver	**39,468**	23,430	46,643	46,643
Total sublease space (in square feet)	**381,801**	583,800	762,811	805,807
% of total GLA	**2.6%**	4.1%	5.3%	5.6%

USER RETENTION

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.

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 its portfolio over the total expiring area for the period. When the amount of relocated space differs from the area expired, the lesser of the two is used. Including relocations and early renewals in the prior year related to the maturities in the three months and year ended December 31, 2025, Allied leased 60.2% and 69.4%, respectively, of the expiring GLA, which is summarized in the following table:

MATURITIES DURING THE PERIOD	THREE MONTHS ENDED DECEMBER 31, 2025			YEAR ENDED DECEMBER 31, 2025		
	LEASABLE SF	LEASED SF BY DECEMBER 31	% LEASED BY DECEMBER 31	LEASABLE SF	LEASED SF BY DECEMBER 31	% LEASED BY DECEMBER 31
Leased in prior year (1)	74,399	74,399	100%	407,696	407,696	100.0%
Leased in current year	444,649	224,241	50.4%	1,616,230	973,040	60.2%
Relocations within Allied's portfolio	—	13,657	—%	—	24,392	—%
Retention Rate	**519,048**	**312,297**	**60.2%**	**2,023,926**	**1,405,128**	**69.4%**

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

ACTIVITY

Leasing activity in connection with the rental portfolio for the year ended December 31, 2025, is summarized in the following table:

	LEASABLE SF	LEASED SF BY DECEMBER 31	% LEASED BY DECEMBER 31	UNLEASED SF AT DECEMBER 31
Total GLA as at December 31, 2024	14,316,773			
Leased area as at December 31, 2024	12,478,526			
Unleased area as at December 31, 2024	1,838,247			
Area expiring on December 31, 2024, and vacant on January 1, 2025	122,992			
Vacancy related to transfers from/(to) PUD and investment properties held for sale, including re-measurement	102,085			
Unleased area on January 1, 2025 (1)	2,063,324	760,921	36.9%	1,302,403
Maturities during the period ended December 31, 2025 (2)	1,616,230	973,040	60.2%	643,190
Maturities in future years		730,802		
Total	**3,679,554**	**2,464,763**		**1,945,593**

(1) The unleased area on January 1, 2025, including re-measurement, consists of Allied's rental properties owned as at December 31, 2025.
(2) Some maturities occurred on December 31, 2025, and are included in Allied's leased area.

The leasing activity in the rental portfolio for the three months and year ended December 31, 2025, is summarized in the following table:

	THREE MONTHS ENDED DECEMBER 31, 2025			YEAR ENDED DECEMBER 31, 2025		
	NEW LEASES	RENEWALS	TOTAL	NEW LEASES	RENEWALS	TOTAL
Tours			216			1,054
Net leased square feet	375,684	339,602	715,286	1,312,412	1,152,351	2,464,763
Number of transactions	50	64	114	202	212	414
Lease term (in years)	6.9	4.0	5.5	7.3	4.3	5.9

The rental rates achieved for leases that were renewed in the rental portfolio for the three months and year ended December 31, 2025, are summarized in the following table:

	THREE MONTHS ENDED DECEMBER 31, 2025				YEAR ENDED DECEMBER 31, 2025			
LEASING SPREAD ON RENEWALS	EXPIRING RATE	RENEWAL RATE	SPREAD	SQUARE FEET	EXPIRING RATE	RENEWAL RATE	SPREAD	SQUARE FEET
Ending-to-Starting Base Rent								
Total Portfolio	$24.28	$23.98	(1.2)%	339,602	$22.81	$22.93	0.5%	1,152,351
Average-to-Average Base Rent								
Total Portfolio	$23.00	$24.38	6.0%	339,602	$21.67	$23.43	8.1%	1,152,351

Leasing activity resulted in a decrease of 1.2% and an increase of 0.5% in ending-to-starting and an increase of 6.0% and 8.1% in average-to-average net rent per square foot from maturing leases upon renewal for the three months and year ended December 31, 2025, respectively, illustrating Allied's ability to generate rent growth upon renewal.

The following table summarizes the renewals which were above, at, or below the maturing rate for the year ended December 31, 2025:

	YEAR ENDED DECEMBER 31, 2025		
LEASE RENEWAL RATE	ABOVE IN-PLACE RENTS	AT IN-PLACE RENTS	BELOW IN-PLACE RENTS
% of total renewed square feet	37.7%	45.9%	16.4%
Maturing leases - weighted average rent	$23.02	$21.20	$26.83
Renewing leases - weighted average rent	$24.70	$21.20	$23.72

USER PROFILE

Allied's user-mix on the basis of percentage of rental revenue for the year ended December 31, 2025, is summarized in the following table:

CATEGORY	% OF RENTAL REVENUE DECEMBER 31, 2025
Business and professional services	37.9%
Telecommunications and information technology	17.4
Media and entertainment	13.1
Retail	11.1
Financial services	6.1
Parking and other	3.8
Government	3.7
Educational and institutional	3.5
Life sciences	3.4
	100.0%

Information on the top-10 users by rental revenue for the year ended December 31, 2025, is summarized in the following table:

USER	% OF RENTAL REVENUE	WEIGHTED AVERAGE REMAINING LEASE TERM (YEARS)	% OF TOTAL RENTAL GLA	CREDIT RATING DBRS/S&P/ MOODY'S
Ubisoft Divertissements Inc.	3.1%	7.2	4.1%	Not Rated
Google Canada Corporation (1)	3.1	7.6	3.3	-/AA+/Aa2
Shopify Inc. (2)	2.8	8.5	1.9	Not Rated
Deloitte Management Services LP	2.4	9.7	1.4	Not Rated
Northeastern University	1.9	9.5	0.9	-/-/A1
Morgan Stanley Services Canada Corp.	1.7	4.7	1.6	AAL/A-/A1
TMG MacManus Canada Inc.	1.7	6.6	1.4	Not Rated
Société Québécoise des Infrastructures	1.6	2.5	1.7	AAL/A+/Aa2
Thomson Reuters Canada Limited	1.5	9.7	0.8	-/A-/Baa1
Hydro-Quebec	1.0	4.3	1.7	AAL/A+/Aa2
	20.8%	**6.9**	**18.8%**	

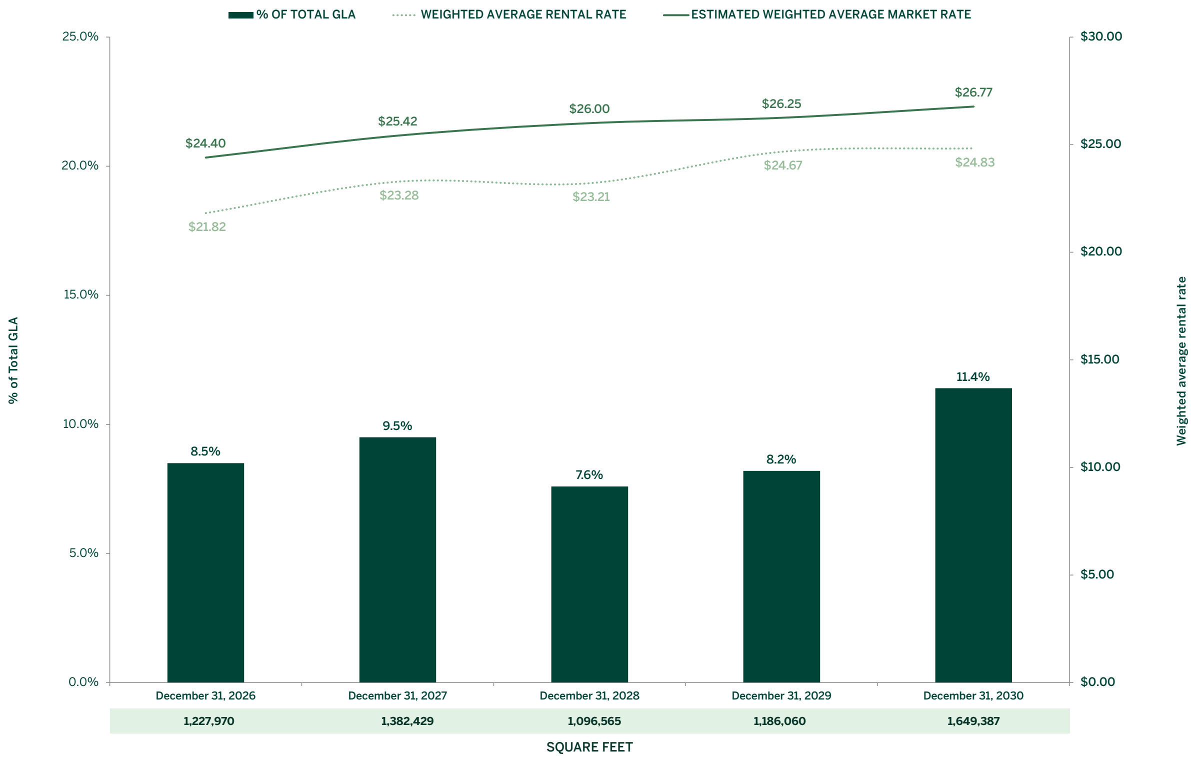
(1) The credit rating for this user is for the parent company.
(2) Includes 129,099 SF at Allied's ownership that is subleased to a financial institution with a credit rating of AA/A+/Aa2.

LEASE MATURITY

As at December 31, 2025, 87.4% of the GLA in Allied's rental portfolio was leased and its weighted average term to maturity was 5.7 years. The estimated weighted average market net rental rate is based on Management's estimates of today's market rental rates and is supported by third-party information and deal activity in the market. 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 2030 and the corresponding estimated weighted average market rental rate as at December 31, 2025.

TOTAL RENTAL PORTFOLIO	SQUARE FEET	% OF TOTAL GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2026	1,227,970	8.5%	$21.82	$24.40
December 31, 2027	1,382,429	9.5%	$23.28	$25.42
December 31, 2028	1,096,565	7.6%	$23.21	$26.00
December 31, 2029	1,186,060	8.2%	$24.67	$26.25
December 31, 2030	1,649,387	11.4%	$24.83	$26.77



The following tables contain information on lease maturities by segment:

MONTRÉAL	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2026	501,753	8.6%	$17.09	$18.66
December 31, 2027	505,431	8.6%	$16.88	$21.06
December 31, 2028	317,930	5.4%	$17.11	$18.09
December 31, 2029	413,504	7.1%	$20.44	$19.88
December 31, 2030	956,556	16.4%	$20.44	$23.38

TORONTO & KITCHENER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2026	367,870	5.9%	$25.23	$30.27
December 31, 2027	620,843	9.9%	$28.89	$30.27
December 31, 2028	486,921	7.8%	$28.42	$32.49
December 31, 2029	548,540	8.8%	$29.51	$32.63
December 31, 2030	523,518	8.4%	$29.63	$30.40

CALGARY	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2026	161,383	14.1%	$11.16	$12.74
December 31, 2027	144,248	12.6%	$11.39	$11.65
December 31, 2028	183,777	16.1%	$9.43	$13.16
December 31, 2029	119,860	10.5%	$8.86	$11.32
December 31, 2030	65,443	5.7%	$18.95	$18.20

VANCOUVER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2026	196,964	15.8%	$36.25	$37.59
December 31, 2027	111,907	9.0%	$36.40	$36.04
December 31, 2028	107,937	8.7%	$41.11	$41.94
December 31, 2029	104,156	8.4%	$34.14	$35.10
December 31, 2030	103,870	8.3%	$44.84	$45.10

Section IV
–Historical Performance

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

	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Rental revenue [1]	$148,766	$147,932	$145,045	$150,636	$155,120	$146,593	$146,750	$143,577
Property operating costs [1]	(73,714)	(67,205)	(65,095)	(69,401)	(70,737)	(63,364)	(64,359)	(65,106)
Operating income [1]	$75,052	$80,727	$79,950	$81,235	$84,383	$83,229	$82,391	$78,471
Net income (loss) and comprehensive income (loss) [1]	$(1,011,743)	$(113,389)	$(94,740)	$(107,660)	$(257,652)	$(94,177)	$28,062	$(18,763)
per unit (basic and diluted) [1]	$(7.24)	$(0.81)	$(0.68)	$(0.77)	$(1.84)	$(0.67)	$0.20	$(0.13)
Weighted average units (basic and diluted) [2]	139,765,128	139,765,128	139,765,128	139,765,128	139,765,128	139,765,128	139,765,128	139,765,128
Distributions [1][3]	$50,316	$62,895	$62,894	$62,894	$62,894	$62,895	$62,894	$62,894
FFO [4]	$60,475	$63,719	$68,999	$71,084	$72,395	$77,645	$72,089	$81,149
FFO per unit (basic and diluted) [4]	$0.433	$0.456	$0.494	$0.509	$0.518	$0.556	$0.516	$0.581
FFO payout ratio [4]	83.2%	98.7%	91.2%	88.5%	86.9%	81.0%	87.2%	77.5%
All amounts below are excluding condominium-related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation [5]								
FFO [4]	$58,571	$65,742	$69,198	$71,515	$74,747	$74,782	$73,483	$80,794
FFO per unit (basic and diluted) [4]	$0.419	$0.470	$0.495	$0.512	$0.535	$0.535	$0.526	$0.578
FFO payout ratio [4]	85.9%	95.7%	90.9%	87.9%	84.1%	84.1%	85.6%	77.8%
AFFO [4]	$50,488	$61,152	$63,676	$65,256	$66,626	$65,142	$66,612	$75,054
AFFO per unit (basic and diluted) [4]	$0.361	$0.438	$0.456	$0.467	$0.477	$0.466	$0.477	$0.537
AFFO payout ratio [4]	99.7%	102.9%	98.8%	96.4%	94.4%	96.6%	94.4%	83.8%
NAV per unit [6]	$29.87	$38.05	$38.97	$39.99	$41.25	$43.76	$44.43	$44.84
Net debt as a multiple of annualized adjusted EBITDA [4]	12.9x	12.3x	11.9x	11.6x	10.8x	10.7x	10.9x	9.4x
Total indebtedness ratio [4]	50.7%	45.2%	44.0%	42.9%	41.7%	39.7%	39.1%	35.9%
Total rental GLA	14,500	14,403	14,419	14,314	14,317	14,504	14,869	14,636
Leased rental GLA	12,671	12,583	12,570	12,436	12,479	12,642	12,947	12,728
Leased area %	87.4%	87.4%	87.2%	86.9%	87.2%	87.2%	87.1%	87.0%

(1) This measure is presented on a GAAP basis.
(2) This includes the weighted average number of Units and Exchangeable LP Units.
(3) Includes distributions on Units and Exchangeable LP Units.
(4) This is a non-GAAP measure, as defined on page 18.
(5) In the second quarter of 2025, Allied incurred $166 for accelerated amortization of deferred financing costs in connection with the early repayment of an unsecured term loan. In the third quarter of 2025, Allied incurred $568 for accelerated amortization of deferred financing costs in connection with the refinancing of its unsecured revolving operating facility. In the fourth quarter of 2024, Allied incurred $501 for accelerated amortization of deferred financing costs in connection with the disposition of a property.
(6) Net asset value per unit ("NAV per unit") is calculated as total equity plus the value of 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.

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, derivative instruments, and Exchangeable LP Units.

Section V
–Asset Profile

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

As at December 31, 2025, Allied's portfolio of 198 investment properties consists of 191 rental properties (four of which are partially under development), two development properties, and five investment properties held for sale. Allied's portfolio of investment properties and investment properties held for sale has a fair value of $8,493,625 as at December 31, 2025. Refer to note 5 of Allied's audited consolidated financial statements for the years ended December 31, 2025, and December 31, 2024, for details for the methodologies utilized in the valuation of Allied's investment properties and investment properties held for sale.

Changes to the carrying amounts of investment properties and investment properties held for sale are summarized in the following table:

	THREE MONTHS ENDED DECEMBER 31, 2025			YEAR ENDED DECEMBER 31, 2025		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT	TOTAL
Balance, beginning of period	**$8,904,358**	**$610,680**	**$9,515,038**	**$8,861,454**	**$846,739**	**$9,708,193**
Additions:						
Acquisitions	—	—	—	—	90,592	90,592
Improvement allowances	36,072	229	36,301	64,447	2,520	66,967
Leasing commissions	10,578	2,145	12,723	19,251	4,044	23,295
Capital expenditures	24,334	21,089	45,423	60,429	126,661	187,090
Dispositions	(93,325)	—	(93,325)	(139,575)	—	(139,575)
Transfers from PUD	71,181	(71,181)	—	461,217	(461,217)	—
Transfers to PUD	(3,830)	3,830	—	(58,218)	58,218	—
Transfers from (to) other assets	(95)	—	(95)	(349)	—	(349)
Amortization of straight-line rent and improvement allowances	(8,303)	—	(8,303)	(34,075)	(278)	(34,353)
Fair value loss on investment properties and investment properties held for sale	(902,756)	(111,381)	(1,014,137)	(1,196,367)	(211,868)	(1,408,235)
Balance, end of period	**$8,038,214**	**$455,411**	**$8,493,625**	**$8,038,214**	**$455,411**	**$8,493,625**
Investment properties	$7,987,634	$455,411	$8,443,045	$7,987,634	$455,411	$8,443,045
Investment properties held for sale	50,580	—	50,580	50,580	—	50,580
Investment properties and investment properties held for sale	$8,038,214	$455,411	$8,493,625	$8,038,214	$455,411	$8,493,625

As at December 31, 2025, Allied had five investment properties held for sale, totalling $50,580. As at December 31, 2024, Allied had 14 properties classified as investment properties held for sale totalling $259,830. The decrease of $209,250 for the year ended December 31, 2025, is due to the re-classification of eight properties from investment properties held for sale to investment properties and the sale of nine investment properties held for sale, partially offset by the addition of eight properties to investment properties held for sale.

For the three months ended and year ended December 31, 2025, Allied recognized a fair value loss on investment properties and investment properties held for sale of $1,014,137 and $1,408,235, respectively. This was mainly due to adjustments to the expansion of capitalization rates based on recent transactions in the market, adjustments to cash flow assumptions, and carrying and construction cost increases in the development portfolio.

In accordance with IAS 23 - Borrowing Costs, interest is capitalized on qualifying assets in connection with all costs 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, 2025, 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.

Qualifying assets include those properties in the development portfolio as well as areas of properties in the rental portfolio where capital investment is taking place to upgrade and/or reposition space (such as conversions from office to retail use, major floorplate reconfigurations, system infrastructure upgrades, or significant user build-outs/lobby transformations associated with repositioning initiatives). Interest is capitalized on the cost base of the property at the rate applicable to property-specific debt. If no property-specific debt exists, Allied's weighted average cost of debt is applied.

The cost base of qualifying assets includes predevelopment costs to acquire the land and building as well as incremental capital. Capitalization commences when the activities necessary to prepare an asset for development or redevelopment begin, ceases once the asset is substantially complete or if the development of the asset is suspended. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where applicable. Where borrowings are associated with specific developments, the amount capitalized is the interest incurred on those specific borrowings. If there are no borrowings specific to the project, a weighted average cost of borrowings is applied to eligible expenditures after adjusting for borrowings associated with specific developments. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. On completion of upgrade and development activity, the ability to capitalize interest expense ends, partially offsetting the financial impact of lease commencement.

For the three months ended December 31, 2025, Allied capitalized $13,564 of borrowing costs to its capital expenditures, $8,688 of which related to development activity, $2,660 to upgrade activity in the rental portfolio and $2,216 to qualifying residential inventory. The weighted average cost base of qualifying asset for the three months ended December 31, 2025 was $1,465,068.

For the year ended December 31, 2025, Allied capitalized $61,333 of borrowing costs to its capital expenditures, $40,638 of which related to development activity, $11,485 to upgrade activity in the rental portfolio and $9,210 to qualifying residential inventory. The weighted average cost base of qualifying assets was $1,657,648 for the year ended December 31, 2025.

Upgrade activity within the rental portfolio included various repositioning initiatives where Allied has undertaken significant capital expenditures over a substantial period of time to materially improve the space with the objective of attracting higher quality users at significantly improved rental rates to generate future economic benefit. These initiatives primarily took place at La Cité in Montréal, 175 Bloor Street E in Toronto, and 1185 West Georgia in Vancouver.

Transformations include asset repositioning, upgrades of common area amenities, and select urban office units as well as conversion of ground floor space to retail use. These projects are typically completed using a phased approach to mitigate disruption to existing income generation.

Allied also undertook major repositioning of individual units across several properties in the rental portfolio totalling 130,170 square feet with a cost base of $57,786 during 2025.

In accordance with IFRS, Allied revalues all of its investment properties and investment properties held for sale for each reporting period.

Allied primarily uses the discounted cash flow ("DCF") method to calculate the value of its properties. The DCF method applies discount rates to the projected annual operating cash flow, generally over a minimum ten-year period, including a terminal value of the properties based on a terminal capitalization rate applied to the estimated NOI, a non-GAAP measure, in the terminal year. The DCF method includes rental projections from contractual leases, operating cost recoveries and assumptions with respect to inflation, credit loss, turnover, and market leasing assumptions.

Where applicable, Allied also uses the 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. Allied primarily uses this method to value underutilized land, including properties with incremental density when allowed by IFRS. To reflect the value of future density, three criteria must be met: it must be financially feasible, legally permissible, and physically possible.

The other valuation methodology that is commonly used in real estate valuations is the direct capitalization method ("DCM"). Under this approach, capitalization rates are applied to the estimated stabilized NOI of the properties, less any costs incurred to lease-up vacancy. Allied uses this methodology primarily for stabilized multifamily properties, as applicable.

Allied engages a third-party professional appraiser to maintain the appraisal models and conclude on the appropriateness of the terminal capitalization rates and discount rates applied in each DCF model. The engagement is led by professional, independent and qualified appraisers who are designated Accredited Appraiser Canadian Institute members and hold their P.App designation.

Allied views the DCF method as the most robust methodology because it includes forecasted detailed cash flows, which capture expected turnover, contractual rental increases, and the ability to mark-to-market rental rates upon tenant expiry. Allied also assigns an overall capitalization rate to each property to compare to market data, which is typically quoted on an overall capitalization rate basis. Allied compares the valuation that would be obtained under the DCM approach using the overall capitalization rate to the value determined using the DCF method, as a reasonability check. Allied's terminal capitalization rates used in the DCF model are typically 25-75 bps above the overall capitalization rates assigned, to reflect the risk and uncertainty over time.

Allied determines capitalization rates and discount rates by looking at both market reports and actual property sales. When a property is sold, it provides valuable market data that helps inform rate selection. Allied examines the details of each sale to understand factors that affect the capitalization rate, since each transaction is unique.

Allied compares the rates in the market to its own portfolio across a wide range of attributes. These include the intentions of the purchaser (such as owner-occupier, developer, or investor), the nature of the interest sold (freehold vs leasehold), and key location factors like proximity to transit, the urban core, and nearby amenities. Allied also considers the property's retail and office mix, classification (Class A, B, I, etc.), user mix, user covenant strength, occupancy levels, and weighted average lease term. Physical characteristics such as building age, floor plate size, property condition, and frontage on major streets are reviewed, along with financial factors including in-place income, potential uptick, or erosion of rental rates upon lease expiry and rollover to market, expected turnover, and user credit risk. Collectively, these factors are analyzed to determine how appropriate the capitalization rates of sales in the market are as a benchmark for Allied's properties.

The weighted average rates utilized in the valuation of investment properties and investment properties held for sale are as follows:

	WEIGHTED AVERAGE	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Discount rate	**6.54%**	6.09%
Terminal capitalization rate	**5.71%**	5.27%
Overall capitalization rate	**5.33%**	4.88%

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 or other assumptions:

CHANGE IN DISCOUNT RATE OF	-0.50%	-0.25%	0.25%	0.50%
Increase (decrease) in fair value				
Investment properties and investment properties held for sale	**$332,072**	**$163,865**	**$(159,649)**	**$(315,205)**

CHANGE IN TERMINAL CAPITALIZATION RATE OF	-0.50%	-0.25%	0.25%	0.50%
Increase (decrease) in fair value				
Investment properties and investment properties held for sale	**$469,400**	**$223,460**	**$(203,976)**	**$(390,949)**

The table below further details the overall capitalization rates assigned to Allied's urban workspace portfolio as at December 31, 2025. While these rates are not direct inputs to the DCF model, Allied uses them for comparison to market data to determine the appropriateness of the terminal capitalization rate and discount rate used in each DCF model.

OVERALL CAPITALIZATION RATE	DECEMBER 31, 2025			DECEMBER 31, 2024		
	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $
Montréal	**5.25% - 7.75%**	**5.74%**	**$2,057,120**	4.75% - 7.50%	5.30%	$2,333,875
Toronto & Kitchener	**4.50% - 6.75%**	**5.14%**	**4,463,430**	4.00% - 6.00%	4.72%	4,632,053
Calgary	**7.00% - 9.50%**	**8.68%**	**137,954**	6.75% - 7.75%	7.33%	183,632
Vancouver	**4.50% - 6.00%**	**5.17%**	**945,360**	4.00% - 5.25%	4.32%	1,170,000
Urban workspace (1)	**4.50% - 9.50%**	**5.40%**	**$7,603,864**	4.00% - 7.75%	4.90%	$8,319,560

(1) *Urban workspace includes the retail component of office buildings and excludes the rental-residential portfolio of $383,770 and the properties under development of $455,411 as at December 31, 2025 (December 31, 2024 - $282,064 and $846,739, respectively).*

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 year ended December 31, 2025, Allied completed the following acquisition:

PROPERTY	ACQUISITION DATE	PROPERTY TYPE	INVESTMENT PROPERTY	INTEREST ACQUIRED
108 East 5th Avenue (1)	September 25, 2025	Office	$90,592	50%
			$90,592	

(1) Allied acquired an incremental 50% interest on September 25, 2025, increasing Allied's total ownership in 108 East 5th Avenue to 100%.

On September 25, 2025, the purchase price, including acquisition costs, for an incremental 50% interest in 108 East 5th Avenue in Vancouver of $90,592, was satisfied by the assumption of the remaining construction loan of $64,745, settlement of receivables due from the seller of $24,930 and working capital of $917.

During the year ended December 31, 2025, Allied completed the following dispositions of investment properties:

PROPERTY	DISPOSITION DATE	PROPERTY TYPE	GROSS PROCEEDS
Boardwalk-Revillon Building, Edmonton	April 30, 2025	Office, retail	$20,000
1220 Homer, Vancouver	July 25, 2025	Office	13,250
4396-4410 Saint-Laurent, Montréal	September 30, 2025	Office, retail	13,000
342 Water, Vancouver	November 10, 2025	Office, retail	10,700
3510 Saint-Laurent, Montréal	November 19, 2025	Office, retail	23,000
3530-3540 Saint-Laurent, Montréal	November 19, 2025	Office, retail	10,000
3575 Saint-Laurent, Montréal	December 11, 2025	Office, retail	30,000
252-264 Adelaide Street E, Toronto (1)	December 15, 2025	Office, retail	11,600
365 Railway, Vancouver	December 30, 2025	Office	8,025
Total gross proceeds			**$139,575**
Net working capital adjustments			(1,471)
Selling costs			(5,349)
Net cash consideration received			**$132,755**

(1) Includes disposition of one ancillary parking facility.

The gross proceeds were equivalent to the fair value of these investment properties at the time of disposition, therefore, there was no gain or loss recorded on closing.

During the fourth quarter of 2025, Allied entered into agreements to sell four of its investment properties held for sale. On February 2, 2026, Allied closed on the disposition of three of these investment properties held for sale, which includes 183 Bathurst in Toronto, for a selling price of $11,000, 489 Queen E in Toronto, for a selling price of $10,000 and 70 Richmond E in Toronto, for a selling price of $8,000. The sale of 400 Atlantic in Montréal is expected to close on February 18, 2026 for a selling price of $17,000.

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 107 properties (excluding those held for sale) in Toronto now comprise 5.8 million square feet of current rental portfolio GLA (including residential) and are situated on 36.5 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 12.1 million square feet of GLA, 6.3 million square feet more than currently is in place.

Allied entered the Montréal market in April of 2005. The 25 properties (excluding those held for sale) in Montréal now comprise 5.9 million square feet of current rental portfolio GLA. As they are much larger buildings on average than those comprising the Toronto portfolio, the 34.2 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 8.1 million square feet of GLA, 2.2 million square feet more than currently is in place.

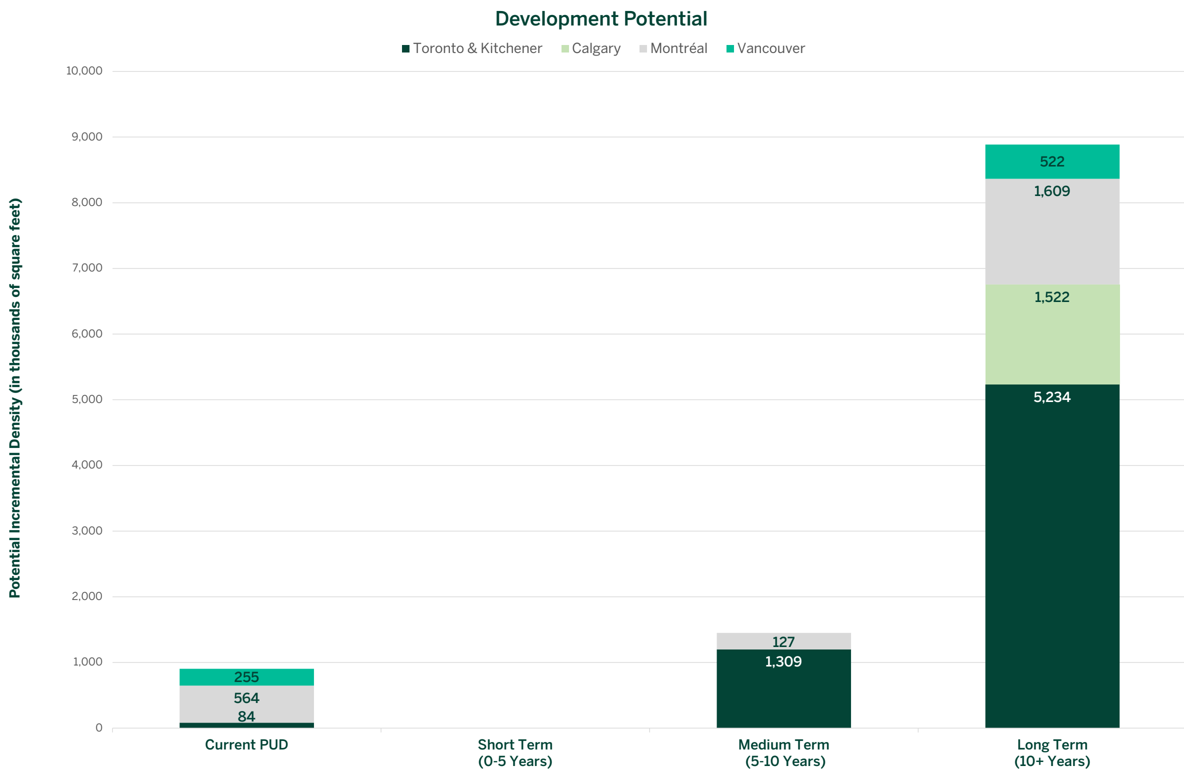
There is similar potential inherent in the rest of Allied's portfolio, which is quantified in the chart below. Across Canada on a portfolio-wide basis, there are 0.9 million square feet currently in PUD and 10.3 million square feet of potential incremental density, totalling 11.2 million square feet as at December 31, 2025. Of the 10.3 million square feet of potential incremental density, 6.1 million square feet is reflected in the appraised fair values, mainly on properties where zoning approvals are in place. The remaining 4.2 million square feet is not reflected in the appraised fair values.

The table below summarizes the potential incremental density by city:

CITY	CURRENT RENTAL PROPERTIES [1]	CURRENT PUD (ESTIMATED ON COMPLETION)	POTENTIAL DENSITY FROM ZONING COMPLETED OR IN PROGRESS	ADDITIONAL POTENTIAL DENSITY	TOTAL POTENTIAL GLA
Toronto	5,841,989	84,000	3,289,864	2,920,147	12,136,000
Kitchener	708,490	—	—	333,184	1,041,674
Montréal	5,843,884	563,818	1,071,387	665,077	8,144,166
Calgary	1,264,972	—	—	1,521,686	2,786,658
Vancouver	1,243,990	255,356	214,997	307,227	2,021,570
Total	**14,903,325**	**903,174**	**4,576,248**	**5,747,321**	**26,130,068**

(1) Includes residential GLA of 282,539 for Toronto House and 121,071 for Calgary House.

The timing of development for the 10.3 million square feet of potential incremental density is impossible to predict with precision. One factor is our self-imposed limitation on development activity. The chart below provides a reasonable estimate of when the potential could begin to be realized:



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 the Declaration of Trust, the cost of Properties Under Development cannot exceed 15% of GBV. At December 31, 2025, the cost of the Properties Under Development was 7.6% of GBV (December 31, 2024 - 10.1%). 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. There are two main types of properties under development: ground-up developments and redevelopments. Ground-up developments involve construction of significant amounts of new leasable area. Redevelopments involve transformation of existing leasable area to enhance revenue-producing capabilities.

Allied has six Properties Under Development, of which two are ground-up developments and four are redevelopments. Of the six properties under development, four are partially in the rental portfolio.

The following table sets out the Properties Under Development as at December 31, 2025, 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	OWNERSHIP	ESTIMATED TRANSFER TO RENTAL PORTFOLIO	OFFICE GLA	RETAIL GLA	ANNUAL NOI	TOTAL COST [1]	YIELD ON COST	COST TO COMPLETE	ACTUAL % LEASED
Ground-up developments									
108 East 5th Avenue, Vancouver [2]	100%	Q1 2026	204,000	—	$9,000 - 9,200	$217,768	4.1% - 4.2%	$17,082	90%
KING Toronto, Toronto - Commercial [3]	50%	Q2 2027 to Q3 2027	23,000	61,000	5,000 - 6,000	158,069	3.2% - 3.8%	41,076	20%
Redevelopments [4][5]	100%	Up to Q4 2026	535,755	79,419	14,300 - 15,100+	439,460+	3.3% - 3.4%+	20,812+	31%
Total			**762,755**	**140,419**	**$28,300 - $30,300+**				

(1) Total cost includes the pre-development costs to acquire land and building (excluding any fair value adjustments).
(2) On September 25, 2025, Allied acquired an incremental 50% interest in 108 East 5th Avenue, increasing its ownership to 100%.
(3) KING Toronto includes a residential component.
(4) Includes redevelopment projects with phased completions. Reported total cost and expected yield may vary as phases are completed or as future phases are added to the redevelopment activity.
(5) Excluding the pre-development costs, the yield on cost on the redevelopments would be 7.8% - 8.2%.

The following table summarizes Management's estimates as at December 31, 2025, with respect to the financial outcome on completion of the KING Toronto development, which has a commercial and residential component.

PROPERTY NAME	OWNERSHIP	ESTIMATED COMPLETION DATE	ESTIMATED TOTAL COST	ESTIMATED COST TO COMPLETE
KING Toronto, Toronto - Residential [1]	50%	Q3 2026 to Q4 2026	$339,053	$73,280
KING Toronto, Toronto - Commercial	50%	Q2 2027 to Q3 2027	$158,069	$41,076
Total			**$497,122**	**$114,356**

(1) The estimated gross proceeds are $285,000 - $294,500 from the sale of the residential inventory. The residential component consists of 440 units. As at December 31, 2025, 405 units or 92% have been pre-sold, subject to customary closing conditions. Management expects the condominium occupancy to begin in the third quarter of 2026 with condominium sales to close in the first quarter of 2027, at which time the building will be registered and all cash proceeds will be received.

The following are the redevelopment projects:

PROPERTY NAME	ESTIMATED GLA (SF) (1)	
	OFFICE	RETAIL
375 Water, Vancouver	47,393	3,963
1001 Boulevard Robert-Bourassa, Montréal	249,193	21,217
RCA Building, Montréal	158,444	32,880
747 Square-Victoria, Montréal	80,725	21,359
Total	**535,755**	**79,419**

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

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, 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.

As at December 31, 2023, Allied had ground-up and redevelopment projects that were expected to contribute $90,000 to $103,000 in stabilized NOI on completion, which included Toronto House and properties that have been disposed since then. Excluding Toronto House which is contemplated to be sold in 2026 and properties that have been disposed since December 31, 2023, Allied now expects to achieve stabilized NOI of $77,000 to $96,000 throughout 2027 and 2028, subject to timing and terms of leasing activity.

As at December 31, 2025, completed projects have contributed $60,349 based on this quarter's annualized NOI, including Toronto House. Excluding Toronto House, we expect incremental annualized NOI of $5,000 in 2026 primarily from rent commencement at 108 East 5th Avenue in Vancouver which will start to be economically productive in 2026 and reach stabilization in 2027.

LOANS RECEIVABLE

The table below summarizes the loans receivable as at December 31, 2025, and December 31, 2024:

	MATURITY DATE	DECEMBER 31, 2025	DECEMBER 31, 2024
KING Toronto (1)	March 31, 2027	**$216,080**	$181,123
Breithaupt Phase III (2)	N/A	**8,928**	9,913
150 West Georgia	December 31, 2026	**248,638**	221,281
		473,646	412,317
Expected credit loss on loans receivable		**(128,000)**	—
Total loans receivable		**$345,646**	$412,317

(1) *The facility matures at the earlier of March 31, 2027, or the closing of the condominium units.*
(2) *The loan is repayable in installments.*

On September 25, 2025, the interest receivable of $5,017 on the KING Toronto loan, was settled when Allied acquired an incremental 50% interest in 108 East 5th Avenue from Westbank.

During the fourth quarter of 2025, the KING Toronto loan was amended to add an additional credit facility in the principal amount not to exceed $23,000 plus interest. Interest accrues on this facility at a rate of prime plus 8.00% per annum and matures on March 31, 2027. In addition, the maturity dates on the KING Toronto facilities were extended from December 31, 2026, to March 31, 2027. As at December 31, 2025, accrued interest of $58,790 is included in the outstanding balance of $216,080.

Allied provided the above additional credit facility of $23,000 plus interest on the KING Toronto loan to fund owner equity requirements resulting from cost overruns and to fund construction costs on behalf of Westbank, as the construction loan was inaccessible. The provision of the additional credit facility enabled construction activity to continue without additional delay. Completing KING Toronto within the construction timeline will minimize additional construction costs and ensure the project is ready for occupancy before the Tarion outside occupancy date of May 31, 2028. The Tarion outside occupancy date is the date whereby the KING Toronto condominiums must be finished and handed over to the purchasers, otherwise, they have the option to cancel their sales contracts and Allied would have to return their initial deposits. Allied has assumed full operational control of KING Toronto and is the active development manager, responsible for development management and accounting. The KING Toronto loan receivable is to be settled through a partial cash payment and conversion to equity in the commercial component resulting in Allied owning 100% following repayment in full of the construction loan in 2027.

During the fourth quarter of 2025, the 150 West Georgia facility was increased by $27,000 to a principal amount not to exceed $212,000, plus interest, and the maturity date was extended from December 9, 2025, to December 31, 2026. The incremental funding of $27,000 is required to complete construction currently underway in order to facilitate the repayment of the loan receivable outstanding to Allied. With entitlement and power-allocation for a large-scale AI data centre now in place, the property is marketed for development and operation by others. Allied also received additional collateral as part of this loan facility in the form of a pledge of shares in a subsidiary partially owned by Westbank. As at December 31, 2025, accrued interest of $58,596 is included in the outstanding balance of $248,638.

Based on Allied's assessment of expected credit losses on an individual loan basis, a portion of the loans receivable experienced a significant increase in credit risk since initial recognition. Therefore, Allied has recognized an expected credit loss equal to the lifetime expected credit losses on the loans receivable. The expected credit loss is measured as a probability-weighted estimate of the expected present value of cash shortfalls. Cash shortfalls represent the difference between the cash flows owed to Allied and the cash flows expected to be received by Allied. Allied's assessment took into consideration the borrower's financial position, status of corporate guarantees, construction and leasing status on development projects, status of principal and interest payments, and the underlying value of the borrower's security or collateral. As a result of the assessment based on the factors described above, Allied recorded an expected credit loss on loans receivable for the year ended December 31, 2025 of $128,000 (December 31, 2024 - $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 investment properties, construction loans, an unsecured revolving operating facility, senior unsecured debentures, unsecured term loans and capital recycling. Allied's objective is to maximize financial flexibility while continuing to strengthen the balance sheet. As at December 31, 2025, 89.0% of investment properties were unencumbered.

As at December 31, 2025, Allied liquidity of $836,356 is comprised of cash and cash equivalents of $96,609 and the available portion of its unsecured revolving operating facility of $739,747.

DEBT

The following illustrates the calculation of debt (net of transaction costs) on a GAAP basis and net debt, a non-GAAP measure, as defined on page 18, as at December 31, 2025, and December 31, 2024. As at December 31, 2025, 99.98% of Allied's debt is at a fixed rate (December 31, 2024 - 94.25%).

	DECEMBER 31, 2025	DECEMBER 31, 2024
Mortgages payable	**$491,101**	$437,536
Construction loans payable	**99,900**	473,866
Unsecured revolving operating facility	**51,000**	—
Senior unsecured debentures	**3,939,944**	2,842,388
Unsecured term loans	**99,818**	649,585
Debt, GAAP basis	**$4,681,763**	$4,403,375
Less: cash, cash equivalents and deposit (1)	**96,609**	152,518
Net debt	**$4,585,154**	$4,250,857

(1) The deposit as at December 31, 2024, was fully repaid in July 2025.

In 2024, Allied amended the benchmark rates in its debt and swap agreements from CDOR to CORRA including a credit spread adjustment ("Adjusted CORRA"), as applicable, due to the cessation of the publication of CDOR on June 28, 2024.

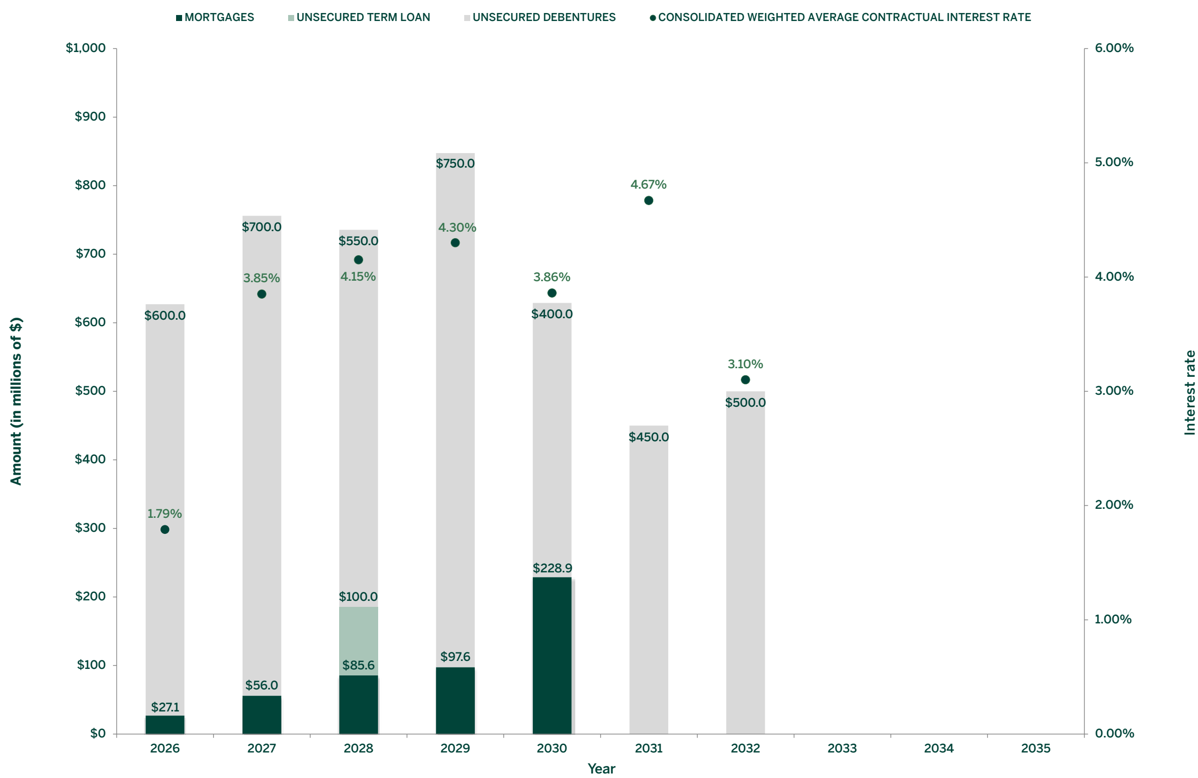
On October 3, 2024, Allied entered into a swap agreement with a financial institution to fix the rate on a notional amount of variable-rate debt of $175,000 by swapping the floating Adjusted CORRA for fixed interest payments at an interest rate of 3.223% plus the relevant spread of the variable-rate debt. The all-in fixed interest rate for the variable-rate debt, including the spread to which this swap was applied, ranged from 4.527% to 4.677% (December 31, 2024 - 4.527% to 4.927%). The swap was effective October 31, 2024, with a maturity date of October 31, 2026, and was terminated on September 25, 2025, in connection with the new Unsecured Facility, resulting in a cash payment of $1,263. Allied first applied the swap to the unsecured revolving operating facility, and where the swap exceeded the balance of the unsecured revolving operating facility at any point in time, Allied applied the swap to other variable-rate debt outstanding at the time.

In addition, Allied has a swap agreement with a financial institution to fix the rate on a notional amount of variable-rate debt of $250,000 by swapping the floating Adjusted CORRA for fixed interest payments at an interest rate of 2.096% plus the relevant spread of the variable-rate debt. The all-in fixed interest rate for the variable-rate debt, including the spread to which this swap applies to, ranges from 3.496% to 3.841% for the year ended December 31, 2025 (December 31, 2024 - 3.496%). This swap matures on January 14, 2031. Allied first applies this swap to the unsecured term loan, and the remaining balance is then applied to the unsecured revolving operating facility. If the swap exceeds the balance of the unsecured revolving operating facility at any point in time, Allied applies the swap to other variable-rate debt outstanding at the time.

The table below summarizes the scheduled principal maturity and weighted average contractual interest rates for Allied's mortgages payable, senior unsecured debentures and unsecured term loan:

	MORTGAGES PAYABLE	INTEREST RATE OF MATURING MORTGAGES	SENIOR UNSECURED DEBENTURES	INTEREST RATE	UNSECURED TERM LOAN	INTEREST RATE	TOTAL	CONSOLIDATED INTEREST RATE OF MATURING DEBT
2026	$27,116	3.59%	$600,000	1.73%	$—	—%	$627,116	1.79%
2027	56,040	4.76	700,000	3.79	—	—	756,040	3.85
2028	85,589	4.43	550,000	4.22	100,000	3.50	735,589	4.15
2029	97,637	4.79	750,000	4.24	—	—	847,637	4.30
2030	228,949	5.20	400,000	3.12	—	—	628,949	3.86
2031	—	—	450,000	4.67	—	—	450,000	4.67
2032	—	—	500,000	3.10	—	—	500,000	3.10
	$495,331	4.82%	$3,950,000	3.57%	$100,000	3.50%	$4,545,331	3.69%

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 3.1 years, as at December 31, 2025 (December 31, 2024 - 3.3 years):



The table below summarizes the weighted average effective interest rate as at December 31, 2025, and December 31, 2024:

	DECEMBER 31, 2025	DECEMBER 31, 2024
Mortgages payable	**4.82%**	4.81%
Senior unsecured debentures	**3.57%**	3.10%
Unsecured term loans	**3.50%**	4.34%
Unsecured revolving operating facility	**3.84%**	N/A
Total weighted average effective interest rate	**3.70%**	3.50%

MORTGAGES PAYABLE

Mortgages payable with a fixed rate have a weighted average contractual interest rate of 4.82% as at December 31, 2025 (December 31, 2024 - 4.81%). There were no variable rate mortgages payable as at December 31, 2025, and December 31, 2024. The weighted average term of the mortgage debt is 3.5 years (December 31, 2024 - 4.7 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	DECEMBER 31, 2025	DECEMBER 31, 2024
2026	**$6,673**	**$20,443**	**$27,116**	
2027	**6,040**	**50,000**	**56,040**	
2028	**6,132**	**79,457**	**85,589**	
2029	**6,139**	**91,498**	**97,637**	
2030	**6,358**	**222,591**	**228,949**	
Mortgages, principal	**$31,342**	**$463,989**	**$495,331**	$441,495
Net financing costs			**(4,230)**	(3,959)
			$491,101	$437,536

CONSTRUCTION LOANS PAYABLE

As at December 31, 2025, and December 31, 2024, Allied's obligations relating to construction loans are as follows:

	OWNERSHIP	FACILITY LIMIT	DATE OF MATURITY	CONTRACTUAL INTEREST RATE	STANDBY FEE AND LETTER OF CREDIT FEE	**DECEMBER 31, 2025**	DECEMBER 31, 2024
Adelaide & Duncan [1]	100%	$295,000	August 11, 2025	Prime + 0.35% or Adjusted CORRA + 1.35%	0.25% and 1.00%	**$—**	$257,667
Breithaupt Phase III	50%	$67,200	April 30, 2025	Prime + 0.25% or Adjusted CORRA + 1.45%	0.20% and 1.00%	**—**	57,572
KING Toronto	50%	$223,668	July 31, 2026	Prime + 0.45% or Adjusted CORRA + 1.45%	0.25% and 1.00%	**99,900**	99,900
108 East 5th Avenue [2]	100%	$150,000	December 6, 2025	Prime + 0.35% or Adjusted CORRA + 1.35%	0.27% and 1.00%	**—**	58,727
						$99,900	$473,866

(1) *Adelaide & Duncan consists of commercial and residential components. The residential component is located at 225 Adelaide Street W and is known as Toronto House. The commercial component is located at 19 Duncan. Allied acquired an incremental 45% interest and 5% interest in Adelaide & Duncan on April 1, 2024, and December 20, 2024, respectively, increasing Allied's total ownership to 100%.*

(2) *On September 25, 2025, Allied acquired an incremental 50% interest in 108 East 5th Avenue in Vancouver, which increased Allied's interest in the property to 100%.*

On February 25, 2025, Allied fully repaid the construction lending facility for Adelaide & Duncan of $262,493, with no financing prepayment cost.

On March 21, 2025, the Breithaupt Phase III joint arrangement extended the maturity date from March 31, 2025, to April 30, 2025. On April 28, 2025, Allied and Perimeter fully repaid the construction loan of $57,572 with proceeds from mortgage financing.

On September 25, 2025, Allied acquired the remaining 50% interest in 108 East 5th Avenue, and assumed an additional $64,745 on the construction lending facility. On September 26, 2025, Allied fully repaid the construction lending facility with no financing prepayment cost and terminated the swap with a cash payment of $217.

UNSECURED REVOLVING OPERATING FACILITY

On September 29, 2025, Allied replaced its unsecured revolving operating facility with a new facility provided by six major Canadian financial institutions on the same financial terms and expiring on September 29, 2028.

As at December 31, 2025, and December 31, 2024, Allied's obligation relating to the unsecured revolving operating facility (the "Unsecured Facility") is as follows:

		DECEMBER 31, 2025				
MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS (1)	STANDBY FEE	FACILITY LIMIT (2)	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
September 29, 2028	**Prime + 0.45% or Adjusted CORRA + 1.45%**	**0.29%**	**$800,000**	**$(51,000)**	**$(9,253)**	**$739,747**

(1) The interest rates for this facility are subject to certain conditions being met. On April 15, 2025, the interest rate decreased for the Unsecured Facility from prime + 0.70% or Adjusted CORRA + 1.70% to prime + 0.45% or Adjusted CORRA + 1.45%.

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

		DECEMBER 31, 2024				
MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS (1)	STANDBY FEE	FACILITY LIMIT (2)	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
January 26, 2027	Prime + 0.70% or Adjusted CORRA + 1.70%	0.34%	$800,000	$—	$(10,506)	$789,494

(1) The interest rates for this facility are subject to certain conditions being met. On June 11, 2024, the spread, standby fee and letter of credit fee increased for the Unsecured Facility.

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

SENIOR UNSECURED DEBENTURES

As at December 31, 2025, and December 31, 2024, Allied's obligations relating to the senior unsecured debentures are as follows:

SERIES	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	DECEMBER 31, 2025	DECEMBER 31, 2024
Series C	3.636%	April 21, 2025	April 21 and October 21	**$—**	$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
Series J	5.534%	September 26, 2028	March 26 and September 26	**250,000**	250,000
Series K	4.808%	February 24, 2029	February 24 and August 24	**450,000**	—
Series L	4.258%[1]	April 7, 2027	January 7, April 7, July 7 and October 7	**150,000**	—
Series M	4.312%	April 7, 2027	April 7 and October 7	**250,000**	—
Series N	4.667%	September 25, 2031	March 25 and September 25	**450,000**	—
Senior unsecured debentures, principal				**$3,950,000**	$2,850,000
Net financing costs				**(10,056)**	(7,612)
				$3,939,944	$2,842,388

(1) This is the all-in fixed interest rate on the swapped debt.

The Series C, D, E, F, G, H, I, J, K, L, M and N senior unsecured debentures are collectively referred to as the "Unsecured Debentures".

On February 24, 2025, Allied issued $450,000 of 4.808% Series K senior unsecured debentures (the "Series K Debentures") on a private placement basis due February 24, 2029, with semi-annual interest payments due on August 24 and February 24 each year commencing on August 24, 2025. Debt financing costs of $2,156 were incurred and recorded against the principal owing. The Series K Debentures were Allied's third green bond issuance. Proceeds from the Series K Debentures were used to repay the Adelaide & Duncan construction loan due August 11, 2025, and the remaining proceeds were used towards redeeming the $200,000 aggregate principal amount of 3.636% Series C senior unsecured debentures due April 21, 2025 (the "Series C Debentures"). No prepayment costs were incurred with the repayment of the Adelaide & Duncan construction loan and the redemption of the Series C Debentures.

On April 7, 2025, Allied issued $400,000 of senior unsecured debentures in two series on a private placement basis (the "Offering"). The Offering included (i) $150,000 Series L senior unsecured debentures that bear interest at CORRA plus 1.80% per annum (the "Series L Debentures"), due April 7, 2027, with quarterly interest payments payable in arrears due on January 7, April 7, July 7, and October 7 each year commencing on July 7, 2025, and (ii) $250,000 of 4.312% Series M senior unsecured debentures (the "Series M Debentures") due on April 7, 2027, with semi-annual interest payments due on April 7 and October 7 each year commencing on October 7, 2025. Debt financing costs of $1,382 were incurred and recorded against the principal owing. Proceeds from the Offering were used to fully repay the $400,000 unsecured term loan maturing on October 22, 2025.

On April 7, 2025, Allied entered into a swap agreement to fix the floating-rate Series L Debentures at an all-in fixed interest rate of 4.258% until April 7, 2027.

On September 25, 2025, Allied issued $450,000 of 4.667% Series N senior unsecured debentures (the "Series N Debentures") on a private placement basis due September 25, 2031, with semi-annual interest payments due on March 25 and September 25 each year commencing on March 25, 2026. Debt financing costs of $2,200 were incurred and recorded against the principal owing. The Series N Debentures were Allied's fourth green bond issuance. Proceeds from the Series N Debentures were used to fully repay the 108 East 5th Avenue construction lending facility of $129,490 due December 6, 2025, partially repay $150,000 of an unsecured term loan due January 14, 2026, and the balance was applied towards the repayment of amounts drawn on the Unsecured Facility.

UNSECURED TERM LOANS

As at December 31, 2025, and December 31, 2024, Allied's obligations relating to the unsecured term loans are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	DECEMBER 31, 2025	DECEMBER 31, 2024
Unsecured term loan (1)	Prime + 0.40% or Adjusted CORRA + 1.40%	January 14, 2028	Monthly	**$100,000**	$250,000
Unsecured term loan (2)	Prime + 0.10% or Adjusted CORRA + 1.10%	October 22, 2025	Monthly	**—**	400,000
Unsecured term loans, principal				**$100,000**	$650,000
Net financing costs				**(182)**	(415)
				$99,818	$649,585

(1) The all-in fixed interest rate on this swapped debt is 3.496% as at December 31, 2025 (December 31, 2024 - 3.496%).
(2) The all-in fixed interest rate on this swapped debt is N/A as at December 31, 2025 (December 31, 2024 - 4.865%).

The two unsecured term loans are collectively referred to as "Unsecured Term Loans".

On September 26, 2025, Allied repaid $150,000 of the unsecured term loan and extended the maturity on the remaining balance, from January 14, 2026 to January 14, 2028, by exercising two one-year extension options. It is possible to extend the maturity date on this unsecured term loan through one-year extension options until January 14, 2031.

On April 8, 2025, Allied fully repaid the $400,000 unsecured term loan, incurring financing prepayment costs of $166 for accelerated amortization of deferred financing costs, and terminated the related swap with a cash payment of $2,124.

CREDIT RATINGS

Allied's credit ratings as at December 31, 2025, are summarized below:

	RATING AGENCY	LONG-TERM CREDIT RATING	TREND
Issuer Rating & Unsecured Debentures	DBRS Limited	BBB	Negative

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 15, 2025, DBRS confirmed Allied's issuer rating and senior unsecured debentures rating at BBB with negative trends.

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.

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. 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 18.

COVENANT (1)	THRESHOLD	DECEMBER 31, 2025	DECEMBER 31, 2024
Indebtedness ratio	Below 60%	**50.7%**	41.7%
Secured indebtedness ratio	Below 45%	**6.4%**	8.7%
Debt service coverage ratio (2)	Consolidated adjusted EBITDA to be more than 1.5 times debt service payments	**2.0x**	2.3x
Equity maintenance (3)	At least $2,800,000 plus 75% of future equity issuances ($2,800,000)	**$4,016,202**	$5,562,644
Unencumbered property assets value ratio	Unencumbered property assets to be more than 1.4 times total unsecured debt	**1.8x**	2.3x
Restricted payment payout ratio	Maintain restricted payments below 100% of FFO for four consecutive quarters	**90.2%**	82.8%
Distribution payout ratio (4)	Maintain distributions below 100% of FFO for eight consecutive quarters	**N/A**	79.1%

(1) *Includes results from assets classified as held for sale.*

(2) *The debt service coverage ratio for the year ended December 31, 2025, includes financing prepayment costs of $734 for the accelerated amortization of deferred financing costs in connection with the early repayment of an unsecured term loan and the refinancing of its Unsecured Facility (December 31, 2024 - $501 for accelerated amortization of deferred financing costs in connection with the disposition of a property). Excluding these financing prepayment costs, the debt service coverage ratio as at December 31, 2025, would be 2.0x (December 31, 2024 - 2.3x).*

(3) *Prior to September 26, 2025, the equity maintenance threshold for the Unsecured Term Loans was at least $1,250,000 plus 75% of future equity issuances ($2,819,658).*

(4) *This covenant for the Unsecured Term Loans was in place up to September 26, 2025.*

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 18.

COVENANT [1]	THRESHOLD	DECEMBER 31, 2025	DECEMBER 31, 2024
Pro forma interest coverage ratio	Maintain a 12-month rolling consolidated *pro forma* EBITDA of at least 1.65 times *pro forma* interest expense	**2.0x**	2.2x
Pro forma asset coverage test	Maintain net consolidated indebtedness below 65% of net aggregate assets on a *pro forma* basis	**51.1%**	41.9%
Equity maintenance	Maintain Unitholders' equity above $300,000	**$4,016,202**	$5,562,644
Pro forma unencumbered net aggregate adjusted asset ratio	Maintain *pro forma* unencumbered net aggregate adjusted assets above 1.4 times consolidated unsecured indebtedness	**2.0x**	2.5x

(1) Includes results from assets classified as held for sale.

As at December 31, 2025, Allied was in compliance with the terms and covenants of the agreements governing the Unsecured Facility, the unsecured term loan, 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 AND EXCHANGEABLE LP 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 years ended December 31, 2025, and December 31, 2024:

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2024	127,955,983	$4,546,908
Restricted Unit Plan (net of forfeitures)	—	(1,712)
Balance at December 31, 2024	127,955,983	$4,545,196
Restricted Unit Plan (net of forfeitures)	—	(2,044)
Balance at December 31, 2025	**127,955,983**	**$4,543,152**

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

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 ("Exchangeable LP Units") of Allied Properties Exchangeable Limited Partnership (the "Partnership"). Allied owns 100% of the shares of the General Partner and 100% of the class A LP Units of the Partnership.

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. 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 years ended December 31, 2025, and December 31, 2024.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2024	11,809,145	$238,309
Fair value gain on Exchangeable LP Units	—	(35,782)
Balance at December 31, 2024	11,809,145	$202,527
Fair value gain on Exchangeable LP Units	—	(44,639)
Balance at December 31, 2025	**11,809,145**	**$157,888**

As at December 31, 2025, and December 31, 2024, the weighted average number of Units and Exchangeable LP Units for the purpose of calculating both basic and diluted income per unit was 127,955,983 and 11,809,145, respectively, totalling 139,765,128.

As at February 10, 2026, 127,955,983 Units and 1,710,698 options to purchase Units were issued and outstanding.

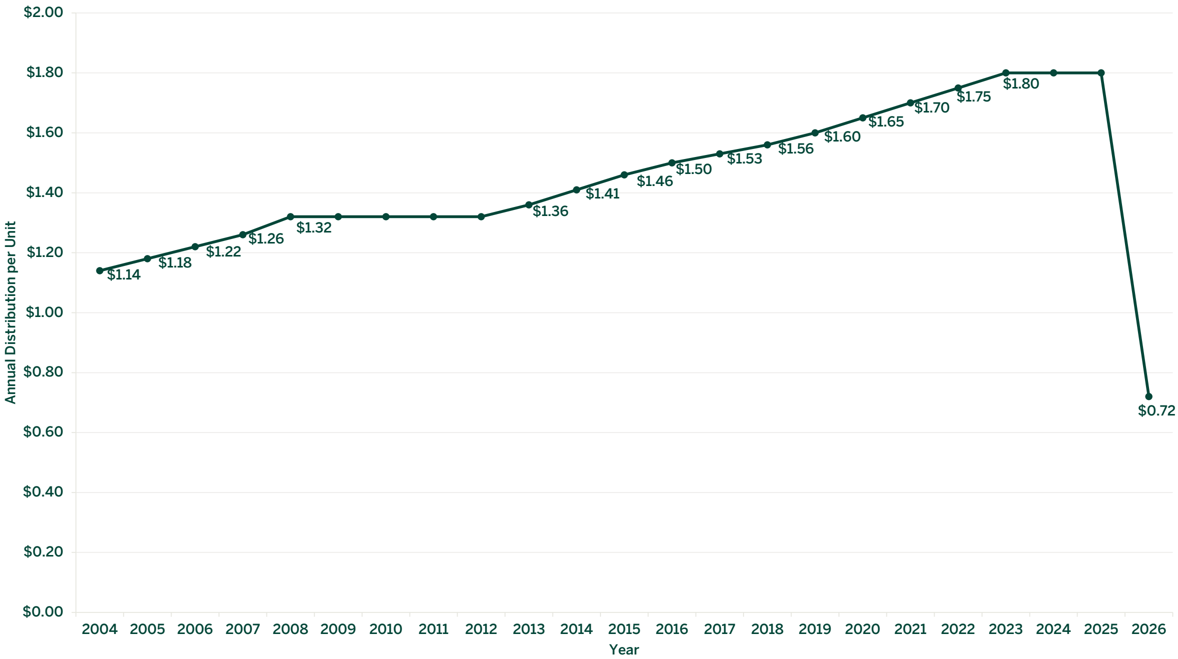
NORMAL COURSE ISSUER BID

On February 24, 2025, Allied received approval from the TSX for the renewal of its normal course issuer bid ("NCIB"), which entitles Allied to purchase up to 12,615,599 of its outstanding Units, representing approximately 10% of its public float as at February 12, 2025. The NCIB commenced February 26, 2025, and will expire on February 25, 2026, 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 and/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 year ended December 31, 2025, Allied purchased 120,140 Units for $2,044 at a weighted average price of $17.01, of which 119,078 Units were purchased for delivery to participants under Allied's Restricted Unit Plan and 1,062 Units were purchased for certain employees outside of Allied's Restricted Unit Plan.

DISTRIBUTIONS

The graph below shows Allied's annual distribution per unit since inception. Over the past twenty years, Allied had increased distributions to its Unitholders on a regular and prudent basis. Starting in December 2025, the trustees of Allied have decided to reduce the monthly distributions to Unitholders by 60% to $0.72 per unit on an annualized basis.



Allied's current distribution plan is to maintain monthly distributions of $0.72 per unit on an annualized basis. Allied will continue to evaluate its distribution policy, as appropriate.

On January 15, 2026, Allied declared a distribution for the month of January 2026 of $0.06 per unit, representing $0.72 per unit on an annualized basis to Unitholders of record as at January 30, 2026.

On January 15, 2026, the Partnership declared a distribution for the month of January 2026 of $0.06 per Exchangeable LP Unit, representing $0.72 per Exchangeable LP Unit on an annualized basis to holders of the Exchangeable Units as at January 30, 2026, for which Choice Properties elected to receive a loan in lieu of the distribution.

SOURCES OF DISTRIBUTIONS

For the three months and year ended December 31, 2025, Allied declared $50,316 and $238,999, in distributions respectively (December 31, 2024 - $62,894 and $251,577), including distributions to holders of the Exchangeable LP Units of $4,252 and $20,194, respectively (December 31, 2024 - $5,314 and $21,256, respectively).

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024	**DECEMBER 31, 2025**	DECEMBER 31, 2024
Distributions declared	**$50,316**	$62,894	**$238,999**	$251,577
Net loss and comprehensive loss	**$(1,011,743)**	$(257,652)	**$(1,327,532)**	$(342,530)
Cash provided by operating activities (1)	**$115,035**	$63,076	**$255,288**	$147,837
AFFO excluding condominium-related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation (2)	**$50,488**	$66,626	**$240,572**	$273,434
AFFO excluding condominium-related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation payout ratio (2)	**99.7%**	94.4%	**99.3%**	92.0%
Deficit of net loss over distributions declared	**$(1,062,059)**	$(320,546)	**$(1,566,531)**	$(594,107)
Excess (deficit) of cash flows provided by operating activities over distributions declared	**$64,719**	$182	**$16,289**	$(103,740)
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	**$172**	$3,732	**$1,573**	$21,857

(1) *The cash flows provided by operating activities for the three months and years ended December 31, 2025 and December 31, 2024, include other non-cash operating items related to properties under development and additions to residential inventory.*

(2) *This is a non-GAAP measure, as defined on page 18.*

Allied reviews the level and sustainability of its distributions, as appropriate. In determining the level of distributions to Unitholders, Allied's Board considers many factors, including its Declaration of Trust, macroeconomic and industry specific environments, the overall financial condition of Allied, cash flow, future capital requirements, debt covenants and taxable income. Allied's taxable income is calculated in accordance with tax legislation and includes a reduction for capital cost allowance taken on behalf of Unitholders. Declared distributions may exceed actual cash available to Allied from time to time because of items such as principal repayments of debt, user inducements, leasing commissions and capital expenditures. Any excess of distributions over cash provided by operating activities may represent a return of capital and would then be funded by the Unsecured Facility. For the year ended December 31, 2025, Allied elected to provide distributions partly representing a return of capital in order to maintain the stability of distribution levels.

The rate of distribution as at December 31, 2025, amounts to $1.71 per unit per annum (December 31, 2024 - $1.80 per unit per annum). See note 15 of the audited consolidated financial statements for the year ended December 31, 2025.

OFF-BALANCE SHEET ARRANGEMENTS

Allied has entered into commitments relating to development and upgrade activity. The commitments as at December 31, 2025, were $105,834 (December 31, 2024 - $131,338).

Allied has issued letters of credit in the amount of $13,872 as at December 31, 2025 (December 31, 2024 - $20,304).

Section VII
–Accounting Estimates and Assumptions

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the 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 audited consolidated financial statements and accompanying notes.

Critical accounting estimates and assumptions are discussed in Allied's audited consolidated financial statements for the year ended December 31, 2025, and the notes contained therein.

MATERIAL ACCOUNTING POLICY INFORMATION

Accounting policies and any respective changes are discussed in Allied's audited consolidated financial statements for the year ended December 31, 2025, 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") evaluated, or caused to be evaluated under their direct supervision, the design and operating effectiveness of disclosure controls and procedures (as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109")) at December 31, 2025, and based on that evaluation, have concluded that such disclosure controls and procedures were appropriately designed and were operating effectively.

Management is responsible for establishing adequate 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 Accounting Standards. The CEO and CFO evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Allied's internal controls over financial reporting (as defined in NI 52-109) at December 31, 2025, using the COSO Internal Control - Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, the CEO and the CFO determined that internal controls over financial reporting were appropriately designed and were operating effectively.

No changes were made in the design of internal controls over financial reporting during the period ended December 31, 2025, 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 five 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.

The following discussion of risks is not exhaustive but is designed to highlight the key risks that may affect Allied's business, operations and financial condition or future performance.

OPERATING RISKS AND RISK MANAGEMENT

JOINT ARRANGEMENTS AND PARTNERSHIPS

Allied has entered into various joint arrangements and partnerships with different entities. Allied may own less than a controlling interest, may not be in a position to exercise sole decision-making authority regarding the properties owned through joint arrangements and may not fully manage those properties. Investments in joint arrangements may, under certain circumstances, involve risks not present when a third party is not involved, including: (i) counter-party risk; (ii) the possibility that joint arrangement partners may have business interests or goals that are inconsistent with Allied's business interests or goals; and (iii) the need to obtain the joint arrangement partner's consent with respect to certain major decisions relating to these assets, such as decisions relating to the sale of the assets, timing and amount of distributions of cash from such properties to Allied and its joint arrangement partners, and capital expenditures. In addition, the sale or transfer of interests in certain of the joint arrangements and partnerships may be subject to rights of first refusal and certain of the joint arrangement agreements may provide for buy-sell, put or similar provisions. If these joint arrangements or partnerships do not perform as expected or default on financial obligations, Allied has an associated risk.

If a joint arrangement partner is unable to meet its funding obligations with respect to a development, including its share of development costs, capital expenditures or cost overruns, Allied may be required to contribute additional capital beyond its originally anticipated investment in order to advance or complete the development, or the development may be delayed, suspended or terminated. There is no assurance that any capital contributed by Allied on account of a joint arrangement partner will be recovered, in whole or in part.

The financial difficulties of a joint arrangement partner could also increase counterparty risk, complicate decision-making within the joint arrangement, increase development costs as a result of construction delays, or impair the joint arrangement's ability to obtain third-party financing on acceptable terms, if at all. If replacement financing or a substitute partner cannot be secured on acceptable terms, Allied may be required to restructure the joint arrangement, assume greater ownership risk (including in respect of development costs), or potentially recognize an impairment on its investment in the development.

In addition, Allied's rights and remedies in the event of a default by a joint arrangement partner may be limited by the terms of the joint venture agreement, applicable law, or the joint arrangement partner's financial condition.

Enforcement of such rights could result in delays, disputes, litigation, or unanticipated expenses (including increased development costs), and may not result in a timely or favourable resolution.

Any of the above factors could adversely affect Allied's business, financial condition, results of operations, cash flow, distributions to Unitholders, and the market value of the Units.

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 54.

In evaluating lease roll-over risk, it is informative to determine Allied's sensitivity to a decline in occupancy. As at December 31, 2025, Allied had total GLA in the rental portfolio of 14,499,715 square feet, of which 85.3% is occupied. The weighted average annual rental revenue is approximately $47.87 per square foot, therefore for every full-year decline of 100 basis points in occupancy, Allied's annual rental revenue would decline by approximately $5,924. 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.

REAL ESTATE RISK

Allied is subject to the conventional risks associated with the ownership of real estate.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made by Allied throughout the period of its ownership of the properties regardless of whether the property is producing sufficient income to cover such expenses. In order to provide desirable rentable space over the long term, Allied must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining and improving a rental property can entail significant costs that Allied may not be able to pass on to users.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit Allied's ability to vary its portfolio promptly in response to changing economic or investment conditions. On a disposition of real property investments, the proceeds to Allied might be significantly less than the aggregate carrying value of its properties.

Allied strives to mitigate these risks through a robust preventative maintenance program, contractual rent escalation mechanisms and by focusing intently on execution.

USER TERMINATIONS AND FINANCIAL STABILITY

Allied's distributable income would be adversely affected if a significant number of users were to become unable to meet their obligations under their leases resulting in early termination and a significant amount of available space in its properties were not able to be re-leased on economically favourable lease terms. Upon the termination of any lease, there can be no assurance that the user will be replaced. The terms of any subsequent lease may be less favourable to Allied than the existing lease. In the event of default by a user, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting Allied's investment may be incurred. Furthermore, at any time, a user of any of Allied's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such user's lease and thereby cause a reduction in the cash flow available to Allied. Allied conducts due diligence on the quality and financial viability of users and seeks to obtain letters of credit and/or large security deposits when warranted. The ability to rent unleased space in the properties in which Allied will have an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property required by a new user. The failure to lease space on a timely basis or at all would likely have an adverse effect on Allied's financial condition.

DEVELOPMENT AND CONSTRUCTION RISK

As an owner of Properties Under Development, Allied is subject to development risks, such as risks associated with the pricing and availability of labour and materials, construction delays, cost over-runs, challenges in securing municipal approvals and potential delays in occupancy and/or rent commencement. In connection with all Properties Under Development, Allied incurs development costs prior to (and in anticipation of) achieving a stabilized level of rental revenue. Allied manages these risks through fixed-price contracts, where possible, by commencing municipal approval processes at an early stage and by not commencing construction until a satisfactory level of pre-leasing is achieved for ground-up developments. Overall, these risks are managed through Allied's Declaration of Trust, which states that the cost of development cannot exceed 15% of GBV.

COMPETITION

The real estate business is competitive. Numerous other developers, managers and owners of office properties compete with Allied in seeking users. Some of the properties of Allied's competitors are better located or less levered than Allied's properties and any property in which Allied subsequently acquires an interest. Some of Allied's competitors are better capitalized and stronger financially and hence better able to withstand an economic downturn. The existence of competing developers and owners and competition for Allied's users could have an adverse effect on Allied's ability to lease space in its properties and on the rents charged or concessions granted, and could adversely affect Allied's revenues and its ability to meet its debt obligations. An increase in the availability of investment funds and an increase in interest in immovable property investments may tend to increase competition for immovable property investments, thereby increasing purchase prices and reducing the yield on them. Competition for acquisitions of real properties is intense, and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that Allied is prepared to accept. Allied mitigates these risks through the strategic positioning of its portfolio in amenity-rich urban areas of Canada's major cities, its focus on operations and targeted broker outreach.

RESIDENTIAL

Allied's urban residential portfolio includes residential condominiums and rental-residential units. The demand for residential condominiums is cyclical and is affected by changes in general economic conditions, employment levels, availability of financing for purchasers, interest rates, demographic trends, housing supply and housing demand. The ability to achieve estimated projected cash flows from residential condominiums under development is significantly dependent on the final closing of condominium units in accordance with sales contracts with purchasers. Construction delays can trigger statutory or contractual rescission rights, allowing purchasers to terminate agreements and receive a refund of their deposits from Allied, which could have an adverse effect on Allied's financial condition. As a landlord of rental-residential units, Allied is subject to risks, including, but not limited to, fluctuations in occupancy levels, individual credit risk, heightened reputation risk, user privacy concerns, potential changes to rent control regulations and housing policy, increases in operating costs including the costs of utilities and the imposition of new taxes or increased property taxes.

RELIANCE ON KEY PERSONNEL

The management of Allied depends on the services of certain key personnel, particularly its Chief Executive Officer, Cecilia Williams, its Chief Financial Officer, Nanthini Mahalingam and its Chief Operating Officer, James Patrick (J.P.) Mackay. The unexpected loss of services from key personnel or a limitation in their availability could have an adverse effect on the business, financial condition and results of operations of Allied, specifically if there is not adequate succession plans in place for these personnel. Allied's ability to retain its senior management team or attract suitable replacements in the event of a departure is dependent on, among other things, the competitive nature of the employment market. Allied engages in ongoing succession planning for its key personnel and other senior management and periodically conducts broader reviews of its management structure and succession plans. Allied does not have key-personnel insurance on any of its key employees.

UNEXPECTED COSTS OR LIABILITIES RELATED TO ACQUISITIONS

A risk associated with acquisitions is that there may be an undisclosed or unknown liability relating to the acquired property, and Allied may not be indemnified for some or all of these liabilities. Following an acquisition, Allied may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures performed by Management are designed to address this risk. Allied performs what it believes to be an appropriate level of investigation in connection with its acquisition of properties and seeks through contract to ensure that risks lie with the appropriate party.

FINANCIAL RISKS AND RISK MANAGEMENT

AVAILABILITY OF CASH FLOW; PRESENT AND FUTURE DISTRIBUTIONS

Allied reduced its cash distributions to Unitholders in December 2025. There can be no assurance that Allied will maintain its present distribution levels or that further reductions or suspensions will not occur in the future. The level of distributions is determined by Allied's board of trustees and is based on numerous factors, including provisions of the Declaration of Trust, macroeconomic and industry specific environments, the overall financial condition of Allied, cash flow, future capital requirements, debt covenants and taxable income. Changes in any of these factors, some of which are beyond Allied's control, may adversely affect Allied's ability to make distributions at current levels or at all.

Distributions are not guaranteed, and investors should not rely on past or current distribution levels as an indication of Allied's future distribution policy. Distributable income may exceed actual cash available to Allied from time to time because of items such as principal repayments of debt, user inducements, leasing commissions and capital expenditures, if any. Allied may be required to use part of its debt capacity or reduce distributions in order to accommodate such items. In addition, Allied may determine that retaining cash to strengthen its balance sheet, fund capital investment, or preserve financial flexibility is in the best interest of Allied, which could result in a reduction or suspension of distributions. Any reduction or suspension of distributions, or the perception that such a reduction or suspension may occur, could have a material adverse effect on the market value of the Units, reduce investor demand for the Units, increase volatility in the trading price of the Units, and adversely affect Allied's business, financial condition, and results of operations.

FINANCING, COVENANT AND INTEREST RATE RISK; ACCESS TO CAPITAL

Allied is subject to risk associated with debt financing. Increases in indebtedness may limit Allied's financial and operating flexibility. 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. All 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.

A substantial portion of Allied's indebtedness is subject to various financial covenants. There can be no assurance that Allied will be able to comply with all such covenants at all times, particularly during periods of operational stress, rising interest rates, declining property values, increased vacancy rates, reduced rental income, higher refinancing costs, or adverse economic or market, or conditions. A deterioration in Allied's operating or financial performance, or adverse changes in macroeconomic or market conditions, could increase the risk of a breach of one or more covenants under its debt agreements.

A breach of covenant that is not cured within any applicable grace or cure period may constitute an event of default under the applicable debt instrument. Upon the occurrence of an event of default, lenders may have the right, subject to the terms of the relevant agreements, to accelerate repayment of all or a portion of the outstanding indebtedness, terminate committed credit facilities, refuse to advance further funds under existing credit facilities, increase interest rates, or exercise other remedies under the applicable debt instrument. If indebtedness were accelerated or lenders otherwise sought to exercise available remedies, Allied may be unable to refinance or repay such indebtedness on commercially reasonable terms, or at all. In such circumstances, Allied could be forced to seek waivers or amendments from lenders, which may be costly and may impose additional restrictions or increase borrowing costs. There can be no assurance that any such waivers, amendments, or refinancing arrangements would be available on favourable terms or at all. Allied's ability to incur additional indebtedness or raise capital may be limited, and the claims of secured creditors would generally have priority over the claims of Unitholders with respect to any encumbered properties.

Interest rates on debt for mortgages payable, Unsecured Debentures and unsecured term loan are between 1.73% and 5.53% with a weighted average contractual interest rate of 3.69%. Allied's weighted average term of debt (excluding construction loans and the Unsecured Facility) is 3.1 years. Refer to note 11(b) and (d) of the audited consolidated financial statements for further details.

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 75.

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.

EXECUTION OF ACTION PLAN

Allied has implemented, or is in the process of implementing, a financial and strategic action plan intended to strengthen its balance sheet. The successful execution of this action plan is dependent, in part, on the completion of an equity financing in the near term and the disposition of certain properties within the next 12 months. There can be no assurances that the equity financing will be completed on acceptable terms, or at all, or that targeted property dispositions will be completed within the anticipated timeframe, at expected values, or under market conditions satisfactory to Allied.

Equity financings may be adversely affected by general market volatility, investor sentiment, Allied's financial condition or expectations regarding distributions and future performance. Property dispositions may be adversely affected by general economic conditions, local real estate market conditions, asset-specific factors, buyer financing constraints, regulatory approvals, or other transaction risks. Failure to complete the equity financing or property dispositions as anticipated, or delays in doing so, could impair Allied's ability to reduce leverage, refinance maturing debt, maintain compliance with financial covenants, or achieve the objectives of its action plan.

If Allied is unable to execute its action plan within the expected timeframe, or at all, it may be required to seek alternative sources of capital, renegotiate existing indebtedness, dispose of additional properties, further reduce or suspend distributions, or materially adjust its business strategy. Any of these outcomes could have a material adverse effect on Allied's business, financial condition, results of operations, cash flows, distributions to Unitholders, and market value of the Units.

FINANCIAL OUTLOOK AND GUIDANCE

This MD&A may contain financial outlooks or guidance within the meaning of applicable Canadian securities laws (collectively, the “Financial Outlook”). The Financial Outlook includes prospective financial information relating to Allied, is based on assumptions and is inherently subject to significant risks and uncertainties, many of which are beyond Allied’s control. Actual results may differ materially from those expressed or implied by the Financial Outlook due to a variety of factors, including changes in general economic conditions, office market fundamentals, user creditworthiness and space requirements, competition, changes in interest rates and credit markets, inflationary pressures, construction cost escalation, delays or cost overruns in development or redevelopment projects, changes in property values, and environmental or regulatory matters. Access to financing on terms assumed in the Financial Outlook may be constrained by interest rate increases, market volatility or credit conditions, affecting the timing and feasibility of projects and/or Allied’s ability to refinance existing indebtedness on reasonable terms, each of which would affect Allied’s ability to achieve forecasted results. Broader economic conditions (such as inflation, interest rates and geopolitical risks) may decrease demand for Allied’s properties, increase expenses, affect demand for leases, each of which could cause actual results to vary from Allied’s forecasts, which in turn could have a material adverse effect on Allied’s business, financial condition and results of operations. The Financial Outlook should not be regarded as a representation by Allied that the anticipated results will be achieved, and undue reliance should not be placed on such information.

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 20.8% of rental revenue.

As Allied has provided loans and advances to facilitate property development, Allied’s assessment of credit risk takes into consideration its borrower’s financial position, status of corporate guarantees, construction and leasing status on development projects, status of principal and interest payments, and the underlying value of the borrower’s security or collateral. Allied’s loans, advances and notes receivable will typically be subordinate to prior ranking mortgage or charges, where there is also a construction loan facility. As at December 31, 2025, Allied had $473,648 in loans and notes receivable outstanding excluding expected credit loss, the majority of which is loaned to affiliates of a single private company. As a result of the assessment based on the factors described above, Allied recorded an expected credit loss on loans receivable for the year ended December 31, 2025 of $128,000. 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.

VALUATION RISK

The fair market property valuation process is dependent on several inputs and assumptions, including the discount rates, terminal capitalization rates and cashflow assumptions. Risks associated with Allied's property valuation model include fluctuations in these rates which can significantly impact the value of Allied's investment properties, which in turn, could impact financial covenants in the agreements governing the Senior Unsecured Debentures, Unsecured Facility, an unsecured term loan and various mortgages.

CREDIT RATING RISK

Allied's credit ratings play an important role in its access to, and cost of, debt financing. There can be no assurance that any credit rating assigned to Allied or the Unsecured Debentures by a rating agency will remain in effect for any given period of time or that the rating will not be lowered, withdrawn or revised by the rating agency if, in its judgment, circumstances so warrant. In addition, Allied may incur additional indebtedness in the future, which could impact current and future credit ratings. Any lowering, withdrawal or revision of a credit rating, or the perception that such a lowering, withdrawal or revision may occur, could materially adversely affect the market value of Allied's outstanding securities and Allied's access to and cost of financing. Such outcomes could result in higher borrowing costs, reduced access to capital markets, more restrictive financing terms, increased collateral or covenant requirements, or the need to refinance or repay indebtedness on less favorable terms, if at all, any of which could have a material adverse effect on Allied's business, financial condition, results of operations, cash flows, distributions to Unitholders, and market value of the Units.

A credit rating downgrade may be viewed negatively by equity and debt investors, which could increase the volatility of and adversely affect the market value of the Units. In addition, certain financing arrangements may contain covenants or provisions that are impacted by changes in credit ratings. A lowering in credit ratings or a breach of such covenants could result in an event of default, accelerated repayment obligations, or limitations in Allied's ability to incur additional indebtedness.

UNIT PRICE RISK

Unit price risk arises from the unit-based compensation liabilities, Exchangeable LP Units, and total return swap derivative liabilities or assets 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 or assets 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.

POTENTIAL VOLATILITY OF UNIT PRICES

Allied is an unincorporated trust and its Units are listed on the TSX. A publicly-traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. The prices at which the Units will trade cannot be predicted and could be subject to significant fluctuations in response to variations in quarterly operating results, distributions, and other factors beyond the control of Allied such as changes or uncertainty regarding global economic conditions, including but not limited to those caused by the occurrence of a natural disaster, a public health emergency or other force majeure event. The annual yield on the Units as compared to the annual yield on other financial instruments may also influence the price of the Units in the public trading markets. In addition, securities markets may experience significant price and volume fluctuations from time to time that are unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Units.

DILUTION

Allied may, in its sole discretion, issue additional Units, or securities convertible or exchangeable into Units, from time to time, and the voting power and/or economic interest of Unitholders may be diluted thereby. Allied cannot predict the size or nature of future sales or issuances of securities, or the effect, if any, that such future sales and issuances will have on the market price of the Units. Any equity financing may be dilutive to existing Unitholders and could place downward pressure on the market value of the Units.

FINANCIAL LEVERAGE

Allied's degree of financial leverage could have important consequences to Unitholders, including: (i) Allied's ability to obtain additional financing in the future for operating costs, capital expenditures, acquisitions, development or other general business purposes, (ii) a larger portion of Allied's cash flows being used towards the payment of its indebtedness, which reduces the amount of funds available for distributions to Unitholders, and (iii) making Allied more vulnerable to a downturn in the business or the economy in general. Under the Declaration of Trust, the maximum amount that Allied can leverage is 60% of the GBV, excluding convertible debentures (or 65% of the GBV, including any outstanding convertible debentures). There are also similar financial leverage covenants in the agreements governing the Senior Unsecured Debentures, Unsecured Facility, and an unsecured term loan. To reduce this risk, Allied actively monitors its indebtedness ratio to ensure it is within acceptable levels. Any of these risks could have an adverse effect on Allied's business financial condition, results of operations, cash flows, the market price of the Units, distributions to Unitholders and its ability to satisfy principal and interest obligations on its outstanding debt.

OTHER RISKS

GENERAL ECONOMIC CONDITIONS

Uncertainty over whether the economy will be adversely affected by inflation or stagflation, and the systemic impact of geopolitical issues, may contribute to increased market volatility. Allied may be affected by changes in general economic conditions (such as inflation and the availability and cost of credit), local real estate markets (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, competition from other available premises, including new developments, and various other factors. Such economic uncertainties and market challenges, which may result from a continued or exacerbated general economic slowdown of the Canadian economy and/or the economies of other countries, and their effects could materially and adversely affect Allied's business, financial condition, and results of operations. Property valuations may be impacted by inflation and interest rate risk. The global economy may face increasing uncertainty due to acts of nature, including an outbreak of a pandemic or other health crisis, tariffs and other trade protection measures, including any retaliation to such measures, and disputes and political events around the world, which could potentially impact Canadian trade and the Canadian economy at large. This could have an impact on users and the markets in which Allied operates. A difficult operating environment could also have a material adverse effect on the ability of Allied to maintain occupancy rates at its properties because Allied's tenants may be unable to meet their rental payments and other obligations due to Allied, which could have a material adverse effect on Allied's business, financial condition, and results of operations.

ADVERSE GLOBAL MARKET, ECONOMIC AND POLITICAL CONDITIONS

Adverse Canadian, U.S. and global market, economic and political conditions, including dislocations and volatility in the credit markets and general global economic uncertainty, unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence, could have a material adverse effect on our business, results of operations and financial condition with the potential to impact, among others: (i) the value of Allied's properties; (ii) the availability or the terms of financing that Allied has or may anticipate utilizing; (iii) Allied's ability to make principal and interest payments on, or refinance, any outstanding debt when due; (iv) the occupancy rates in Allied's properties; and (v) the ability of Allied's tenants to enter into new leasing transactions or to satisfy rental payments under existing leases.

The imposition of duties, tariffs and other trade restrictions (including any retaliation to such measures) could result in increased costs of supplies, slow economic growth and could materially impact the business of Allied's tenants and their ability to make lease payments and/or their willingness to extend / renew the term of maturing leases. Trade barriers or the disruptions caused by the threat of, the potential or actual imposition of, and increases in the rate or scope of, such duties, tariffs and other trade restrictions or other similar measures (and any retaliatory measures) could adversely impact the profitability of Allied's business, financial condition and results of operations and the market value of the Units. Allied cannot predict whether they will be able to avoid or mitigate the impact of these changes. The temporary or long-term impact of such measures on Allied's business, financial condition and results of operations is not possible to predict, but could be significant. These risks could have a material adverse effect on Allied's business, results of operations and financial condition.

Continued concerns about the uncertainty over whether the economy will be adversely affected by geopolitical events may contribute to increased market volatility and weakened business and consumer confidence. The occurrence of war or hostilities between countries or threat of terrorist activities and the responses to and results of these activities, could adversely impact Allied, its tenants, occupancy rates of Allied's properties, the financial markets and general economic conditions. Any of the above factors, including sanctions and other governmental actions, could affect the financial condition of Allied's tenants and may have a material adverse affect on Allied's business, financial condition, cash flows and results of operations and could cause the market value of Allied's Units to decline.

CYBERSECURITY, DATA AND PRIVACY

The efficient operation of Allied's business depends on the reliability and security of its information technology systems, data assets, and digital infrastructure. As reliance on technology continues to increase across the real estate industry, the risks associated with cybersecurity, privacy, data governance and emerging technologies, including artificial intelligence ("AI"), are becoming more significant and complex.

A cybersecurity incident is any adverse event, whether intentional or unintentional, that threatens the confidentiality, integrity, or availability of Allied's information resources. These incidents can include unauthorized access to information systems, malicious software, phishing or social-engineering fraud, corruption or destruction of data, disruption of critical systems, or the theft, disclosure or misuse of confidential, personal or proprietary information. Allied faces risks relating to operational interruption, reputational damage, adverse impacts on relationships with users and business partners, legal exposure, loss of revenue, regulatory scrutiny, and increased insurance and remediation costs. Allied is also exposed to cybersecurity and privacy risks associated with third-party service providers, including cloud-hosting partners, software vendors, managed service providers and consultants.

Allied processes and stores personal information relating to users, employees, visitors, and vendors. Allied is subject to Canadian federal and provincial privacy, anti-spam, and data protection laws. Non-compliance with these laws may result in regulatory investigations, fines, litigation, liability, reputational harm, and business disruption. Similarly, privacy incidents, whether internal or involving third-party systems, may result in identity theft, fraudulent activity, unauthorized access or disclosure of information, data loss, delays in operational processes and remediation costs.

As the volume and importance of data continue to grow, data governance, including accuracy, quality, and timely access to information, has become increasingly critical to effective decision-making. Failure to appropriately gather, validate, protect and leverage data may impair operational efficiency and strategic execution.

The rapid emergence of AI, including generative AI technologies, introduces new and evolving risks. The use of AI may increase the automation, speed, and sophistication of cyberattacks. Adoption of AI-enabled tools and workflows may also introduce risks of inaccurate, biased, or harmful outputs, loss of intellectual property or proprietary information, or breach of privacy rights, if not properly governed. Additionally, evolving government regulation of AI may impose new compliance requirements and necessitate incremental investment in systems and oversight.

Allied invests in sophisticated cybersecurity defences and technology infrastructure and undertakes regular internal and external assessments of its information security posture, including annual third-party penetration testing and ongoing third-party evaluations of its technology environment. Allied has adopted the NIST Cybersecurity Framework as its guiding security standard and maintains information-security awareness training for employees semi-annually. Third-party providers undergo due diligence and contractual requirements to align with Allied's security and privacy expectations. An external Information Technology General Controls (ITGC) audit is completed annually, and Allied maintains cybersecurity risk insurance coverage.

Allied has implemented data governance processes and controls to monitor and assess risks related to the collection, use, storage, protection, and retention or destruction of personal data, and continues to enhance its data governance practices. Emerging technology risks, including those associated with AI, and are evaluated using ethical and responsible-use principles aimed at minimizing unintended impacts.

Despite these measures, no IT environment is immune to rapidly evolving cybersecurity or privacy threats. Allied may be unable to anticipate, prevent, or mitigate every potential cyber, privacy, data governance, or AI-related incident, and such incidents may negatively impact financial results.

To its knowledge, since inception, Allied has not experienced an unauthorized intrusion or infiltration of its systems that has resulted in a data breach.

TAXATION RISK AND CHANGES IN LEGISLATION

Allied is a mutual fund trust as defined in the Tax Act. The Tax Act contains restrictions relating to the activities and the investments permitted by a mutual fund trust and, if Allied failed to adhere to these restrictions, adverse tax consequences would arise.

There are rules under the Tax Act (the "SIFT Rules") that apply to specified investment flow through trusts or partnerships ("SIFTs") and their beneficiaries or partners. Under the SIFT Rules, certain distributions from a SIFT would not be deductible in computing the SIFT's taxable income and therefore the distributions would be subject to trust entity level tax, at the general tax rate applicable to Canadian corporations. Trusts that meet the REIT exemption are not subject to SIFT rules . The determination as to whether Allied qualifies for the REIT exemption in a particular taxation year can only be made with certainty at the end of that taxation year. Asset tests need to be met at all times in the taxation year and revenue tests need to be met for the taxation year. Although Allied expects that it will qualify for the REIT exemption throughout 2026 and in future years, there can be no assurance that Allied will not be subject to the SIFT Rules.

In the event that the SIFT rules apply to Allied, the impact to Unitholders will depend on the status of the holder and, in part, on the amount of income distributed which would not be deductible by Allied in computing its income in a particular year and what portions of Allied's distributions constitute "non-portfolio earnings", other income and return of capital.

Under the Tax Act, the excessive interest and financing expenses limitation rules (the "EIFEL Rules") limit the deductibility of net interest and financing expenses in certain circumstances. In the event that the EIFEL Rules applies to Allied, its income for Canadian income tax purposes may be increased which could change the taxable component of distributions to Unitholders and have an adverse impact on the after-tax return of a Unitholder and on the value of Allied Units. The EIFEL Rules may also apply to a corporation or trust held directly or indirectly by Allied. Management of Allied intends to monitor the EIFEL Rules and assess their potential impact, if any, on Allied. Although management does not expect the EIFEL Rules to have an adverse impact on Allied, its subsidiaries or Unitholders, there can be no assurance in this regard.

There can be no assurance that income tax laws (or the judicial interpretation thereof or the administrative and/or assessing practices of the Canada Revenue Agency (the "CRA")) including in respect of the treatment of mutual fund trusts or the REIT exemption will not be changed in a manner which adversely affects Unitholders. Allied will endeavour to ensure that the Units continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and first home savings accounts. Units will cease to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and first home savings accounts if the Units were no longer listed on a stock exchange that, for the purposes of the Tax Act, is a designated stock exchange (which includes the TSX) and Allied no longer qualified as a mutual fund trust or as a registered investment. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Allied is of the view that the expenses to be claimed by it and its subsidiaries will be reasonable and deductible, that the tax filing positions taken by such entities are reasonable, and that the cost amount and capital cost allowance claims of Allied and entities directly or indirectly owned by Allied will have been correctly determined. However, there can be no assurance that the Tax Act, or the interpretation of the Tax Act, will not change, or that the CRA will agree. If the CRA successfully challenges Allied and/or its subsidiaries in any of these respects, Allied's taxable income, and indirectly the taxable income of Unitholders, will increase or change.

ENVIRONMENTAL AND CLIMATE CHANGE RISK

As an owner of real estate, Allied is subject to various federal, provincial and municipal laws relating to environmental matters. Allied will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations.

Such laws provide that Allied could be liable for the costs of removal of certain hazardous substances, remediation of certain hazardous locations or other environmental impacts. The failure to remove or remediate such substances, locations or environmental impacts, if any, could adversely affect Allied's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against Allied. Allied is not aware of any material non-compliance with environmental laws at any of the properties. Allied is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the properties or any pending or threatened claims relating to environmental conditions at the properties.

Climate change could pose significant environmental, social and business risks. If environmental laws and regulations change, Allied could be subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on Allied's business, financial condition or results of operation. It is Allied's operating policy to obtain a Phase I environmental assessment conducted by an independent and experienced environmental consultant prior to acquiring a property. Phase I environmental assessments have been performed in respect of all properties. Allied is committed to evaluating potential impacts to its business on an ongoing basis and to making investments to mitigate potential identified impacts.

Physical risks from climate change that may result in damage to Allied's properties may include natural disasters and severe weather, such as floods and rising temperatures. The extent of Allied's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. Allied is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of its buildings. In addition, the physical impacts from climate change, including changing weather patterns, could have effects on Allied's business by increasing the cost of property insurance, and/or energy at its properties. As a result, the consequences of natural disasters, severe weather and climate change could increase Allied's costs and reduce Allied's cash flow. Allied is evaluating all of its assets to understand how the physical risks from climate change could impact the portfolio and is taking a proactive and precautionary approach to mitigate potential impacts.

PANDEMICS AND OTHER PUBLIC HEALTH CRISES

Pandemics and other public health crises can result in significant economic disruptions, slowdowns and increased volatility in financial markets, which could have adverse consequences on Allied including, but not limited to, business continuity interruptions, disruptions and costs of development activities, unfavorable market conditions, and threats to the health and safety of employees. Such occurrences could also potentially affect the market price for the equity securities of Allied, its current credit rating, total return and distributions. Allied's users may also face business challenges as a result of a pandemic or other public health crisis that may adversely affect their business and their ability to pay rent in full, on a timely basis or at all. Such events could materially adversely affect Allied's operations, reputation and financial condition, including the fair value of Allied's properties.

GENERAL UNINSURED LOSSES

Allied carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Allied will have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, Allied could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but Allied would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

ABSENCE OF SHAREHOLDER RIGHTS

Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company. On May 12, 2016, Allied amended the Declaration of Trust to include certain rights, remedies and procedures in favour of Unitholders consistent, to the extent possible, with those available to shareholders of a corporation pursuant to the *Canada Business Corporations Act*, as further described in Allied's Management Information Circular dated April 11, 2016. The rights granted in the Declaration of Trust are granted as contractual rights afforded to Unitholders (rather than as statutory rights). Similar to other existing rights contained in Allied's Declaration of Trust (i.e., the take-over bid provisions and conflict of interest provisions), making these rights and remedies and certain procedures available by contract is structurally different from the manner in which the equivalent rights and remedies or procedures (including the procedure for enforcing such remedies) are made available to shareholders of a corporation, who benefit from those rights and remedies or procedures by the corporate statute that governs the corporation, such as the *Canada Business Corporations Act*. As such, there is no certainty how these rights, remedies or procedures may be treated by the courts in the non-corporate context or that a Unitholder will be able to enforce the rights and remedies in the manner contemplated by the amendments. Furthermore, how the courts will treat these rights, remedies and procedures will be in the discretion of the court, and the courts may choose to not accept jurisdiction to consider any claim contemplated in the provisions.

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, Allied is not a trust company and, accordingly, it is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

UNITHOLDER LIABILITY

On December 16, 2004, the Province of Ontario proclaimed the *Trust Beneficiaries Liability Act* (Ontario) in force. This legislation provides that beneficiaries of Ontario based income trusts are not liable, as beneficiaries, for any act, default, obligation or liability of the income trust. Unitholders of Allied will have the benefit of this legislation with respect to liabilities arising on or after December 16, 2004. This legislation has not been subject to interpretation by courts in the Province of Ontario or elsewhere.

Section X
–Property Table

DECEMBER 31, 2025 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED GLA	TOTAL LEASED GLA	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 - 559 College (1)	24,621	2,634	27,255		4,856	22,399	82.2%
College & Palmerston - 491 College (1)	8,863	3,717	12,580		—	12,580	100.0%
The Castle - 135 Liberty	55,861	—	55,861		4,288	51,573	92.3%
The Castle - 41 Fraser	14,857	—	14,857		—	14,857	100.0%
The Castle - 47 Fraser	7,468	3,480	10,948		—	10,948	100.0%
The Castle - 49 Fraser	17,472	—	17,472		10,363	7,109	40.7%
The Castle - 53 Fraser	78,797	—	78,797		14,091	64,706	82.1%
The Castle - 8 Pardee	—	2,681	2,681		—	2,681	100.0%
King West	**354,142**	**12,512**	**366,654**	**2.5%**	**33,598**	**333,056**	**90.8%**
12 Brant	—	11,936	11,936		—	11,936	100.0%
141 Bathurst	10,101	—	10,101		4,900	5,201	51.5%
241 Spadina	24,827	6,046	30,873		6,162	24,711	80.0%
379 Adelaide W	36,923	3,045	39,968		4,638	35,330	88.4%
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%
422-424 Wellington W	—	15,316	15,316		—	15,316	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		11,561	78,139	87.1%
432 Wellington W	—	8,997	8,997		—	8,997	100.0%
441-443 King W	6,377	2,904	9,281		—	9,281	100.0%
445-455 King W	31,548	16,304	47,852		10,919	36,933	77.2%
460 King W	10,473	4,348	14,821		2,960	11,861	80.0%
461 King W	38,716	35,833	74,549		—	74,549	100.0%
468 King W	55,154	—	55,154		—	55,154	100.0%
469 King W	60,646	12,273	72,919		18,485	54,434	74.6%
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		19,754	45,974	69.9%
522 King W	28,850	21,863	50,713		14,401	36,312	71.6%
540 King W	—	5,935	5,935		3,440	2,495	42.0%
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		74,635	223,263	74.9%
579 Richmond W	26,818	—	26,818		—	26,818	100.0%

DECEMBER 31, 2025 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED GLA	TOTAL LEASED GLA	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		34,356	51,797	60.1%
King Portland Centre - 602-606 King W [1]	19,208	6,364	25,572		17,004	8,568	33.5%
King Portland Centre - 620 King W [1]	127,658	9,170	136,828		4,890	131,938	96.4%
King Portland Centre - 642 King W [1]	5,992	6,793	12,785		4,500	8,285	64.8%
The Well - 8 Spadina [1]	419,219	5,935	425,154		15,339	409,815	96.4%
The Well - 452 Front W [1]	64,245	—	64,245		—	64,245	100.0%
The Well - 460 Front W [1]	61,991	—	61,991		—	61,991	100.0%
The Well - 482 Front W [1]	44,954	—	44,954		—	44,954	100.0%
The Well - 486 Front W [1]	1,523	133,703	135,226		11,466	123,760	91.5%
The Well - Wellington Market [1]	—	11,611	11,611		1,201	10,410	89.7%
King West Central	**1,768,528**	**427,519**	**2,196,047**	**15.1%**	**268,028**	**1,928,019**	**87.8%**
116 Simcoe	15,525	—	15,525		—	15,525	100.0%
117 & 119 John	—	7,562	7,562		—	7,562	100.0%
19 Duncan	149,229	3,546	152,775		917	151,858	99.4%
121 John	2,591	855	3,446		—	3,446	100.0%
125 John	2,171	798	2,969		—	2,969	100.0%
179 John	70,894	—	70,894		3,782	67,112	94.7%
180 John	45,631	—	45,631		—	45,631	100.0%
185 Spadina	49,184	—	49,184		24,258	24,926	50.7%
200 Adelaide W	26,614	—	26,614		7,622	18,992	71.4%
208-210 Adelaide W	11,477	—	11,477		—	11,477	100.0%
217 Richmond W	31,200	21,670	52,870		3,220	49,650	93.9%
257 Adelaide W	37,927	—	37,927		24,847	13,080	34.5%
312 Adelaide W	66,778	1,227	68,005		4,166	63,839	93.9%
331-333 Adelaide W	19,058	3,725	22,783		3,737	19,046	83.6%
358-360 Adelaide W	50,786	—	50,786		28,911	21,875	43.1%
388 King W	12,170	19,040	31,210		10,122	21,088	67.6%
82 Peter	38,583	6,846	45,429		22,870	22,559	49.7%
99 Spadina	51,070	—	51,070		—	51,070	100.0%
QRC West - 134 Peter	298,104	8,213	306,317		98,628	207,689	67.8%
QRC West - 375-381 Queen W	79,488	16,407	95,895		—	95,895	100.0%
QRC West - 364 Richmond W	37,696	—	37,696		—	37,696	100.0%
Union Centre	41,787	—	41,787		4,952	36,835	88.1%
Entertainment District	**1,137,963**	**89,889**	**1,227,852**	**8.5%**	**238,032**	**989,820**	**80.6%**

DECEMBER 31, 2025 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED GLA	TOTAL LEASED GLA	LEASED %
110 Yonge [2]	78,272	2,376	80,648		9,952	70,696	87.7%
175 Bloor E [3]	296,346	9,234	305,580		94,613	210,967	69.0%
193 Yonge	34,349	16,898	51,247		—	51,247	100.0%
525 University	199,115	9,233	208,348		834	207,514	99.6%
Downtown	**608,082**	**37,741**	**645,823**	**4.5%**	**105,399**	**540,424**	**83.7%**
106 Front E	24,113	10,545	34,658		5,770	28,888	83.4%
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	15,496	5,948	21,444		—	21,444	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		5,891	38,018	86.6%
47 Front E	7,651	4,337	11,988		1,483	10,505	87.6%
49 Front E	9,482	10,435	19,917		1,820	18,097	90.9%
50 Wellington E	22,112	12,454	34,566		—	34,566	100.0%
54 Esplanade	—	9,038	9,038		—	9,038	100.0%
56 Esplanade	59,269	22,137	81,406		18,123	63,283	77.7%
60 Adelaide E	106,017	4,608	110,625		897	109,728	99.2%
65 Front E	13,963	5,999	19,962		4,722	15,240	76.3%
70 Esplanade	19,590	6,109	25,699		—	25,699	100.0%
St. Lawrence Market	**447,601**	**137,788**	**585,389**	**4.0%**	**65,440**	**519,949**	**88.8%**
135-137 George	2,399	—	2,399		—	2,399	100.0%
133 George	1,617	—	1,617		—	1,617	100.0%
139-141 George	2,190	—	2,190		2,190	—	—%
204-214 King E	115,086	13,837	128,923		4,055	124,868	96.9%
230 Richmond E	73,542	—	73,542		—	73,542	100.0%
Dominion Square - 468 Queen N	30,383	3,523	33,906		17,270	16,636	49.1%
Dominion Square - 468 Queen S	34,268	9,091	43,359		8,122	35,237	81.3%
Dominion Square - 478-496 Queen	6,553	33,526	40,079		4,794	35,285	88.0%
QRC East - 111 Queen E	190,938	20,732	211,670		8,448	203,222	96.0%
Queen Richmond	**456,976**	**80,709**	**537,685**	**3.7%**	**44,879**	**492,806**	**91.7%**
Toronto	**4,773,292**	**786,158**	**5,559,450**	**38.3%**	**755,376**	**4,804,074**	**86.4%**
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]	66,283	—	66,283		3,883	62,400	94.1%

DECEMBER 31, 2025 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED GLA	TOTAL LEASED GLA	LEASED %
72 Victoria	90,024	—	90,024		2,330	87,694	97.4%
The Tannery - 151 Charles W	306,038	25,809	331,847		167,032	164,815	49.7%
Kitchener	**682,681**	**25,809**	**708,490**	**4.9%**	**173,245**	**535,245**	**75.5%**
Toronto & Kitchener	**5,455,973**	**811,967**	**6,267,940**	**43.2%**	**928,621**	**5,339,319**	**85.2%**
1001 Boulevard Robert-Bourassa [5]	676,019	11,168	687,187		—	687,187	100.0%
1010 Sherbrooke W	327,612	1,670	329,282		36,956	292,326	88.8%
425 Viger	307,201	8,896	316,097		—	316,097	100.0%
451-481 Saint-Catherine W	21,044	9,983	31,027		8,823	22,204	71.6%
5445 de Gaspé	483,699	886	484,585		4,941	479,644	99.0%
5455 de Gaspé	467,824	22,562	490,386		18,349	472,037	96.3%
5505 Saint-Laurent	243,788	2,207	245,995		—	245,995	100.0%
6300 Parc	184,843	3,933	188,776		19,060	169,716	89.9%
700 Saint Antoine	108,907	17,685	126,592		—	126,592	100.0%
700 Saint-Hubert	142,925	800	143,725		43,906	99,819	69.5%
747 Square-Victoria [5]	451,748	16,695	468,443		11,938	456,505	97.5%
La Cité - 111 Boulevard Robert-Bourassa	358,286	12,774	371,060		88,789	282,271	76.1%
La Cité - 50 Queen	26,996	—	26,996		6,076	20,920	77.5%
La Cité - 645 Wellington	128,693	7,299	135,992		66,456	69,536	51.1%
La Cité - 700 Wellington	135,232	—	135,232		20,912	114,320	84.5%
La Cité - 740 Saint-Maurice	68,703	—	68,703		9,834	58,869	85.7%
La Cité - 75 Queen	253,311	2,513	255,824		75,008	180,816	70.7%
La Cité - 80 Queen	69,247	—	69,247		2,312	66,935	96.7%
La Cité - 87 Prince	99,089	1,040	100,129		49,299	50,830	50.8%
El Pro Lofts - 644 Courcelle	144,912	8,940	153,852		40,830	113,022	73.5%
Le Nordelec - 1301-1303 Montmorency	7,550	—	7,550		—	7,550	100.0%
Le Nordelec - 1655 Richardson	30,063	—	30,063		—	30,063	100.0%
Le Nordelec - 1751 Richardson	785,307	38,538	823,845		71,946	751,899	91.3%
RCA Building - 1001 Lenoir [5]	149,825	3,471	153,296		2,336	150,960	98.5%
Montréal	**5,672,824**	**171,060**	**5,843,884**	**40.3%**	**577,771**	**5,266,113**	**90.1%**
613 11th SW	—	4,288	4,288		—	4,288	100.0%
617 11th SW	3,230	6,305	9,535		736	8,799	92.3%
Alberta Block - 805 1st SW	9,094	22,037	31,131		2,582	28,549	91.7%
Alberta Hotel - 808 1st SW	25,482	20,424	45,906		2,759	43,147	94.0%

DECEMBER 31, 2025 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED GLA	TOTAL LEASED GLA	LEASED %
Atrium on Eleventh - 625 11th SE	34,390	1,373	35,763		—	35,763	100.0%
Biscuit Block - 438 11th SE	51,298	—	51,298		—	51,298	100.0%
Cooper Block - 809 10th SW	35,256	—	35,256		5,278	29,978	85.0%
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	25,421	—	25,421		5,610	19,811	77.9%
Five Roses Building - 731-739 10th SW	—	20,808	20,808		2,474	18,334	88.1%
Glenbow - 802 11th SW	—	7,319	7,319		—	7,319	100.0%
Glenbow - 822 11th SW	14,155	—	14,155		—	14,155	100.0%
Glenbow Annex - 816 11th SW	—	9,021	9,021		—	9,021	100.0%
Glenbow Cornerblock - 838 11th SW	10,998	11,212	22,210		—	22,210	100.0%
Glenbow Ellison - 812 11th SW	13,344	—	13,344		—	13,344	100.0%
Kipling Square - 601 10th SW	46,047	2,455	48,502		23,692	24,810	51.2%
Leeson Lineham Building - 209 8th SW	27,821	5,420	33,241		—	33,241	100.0%
LocalMotive - 1240 20th SE	57,536	—	57,536		—	57,536	100.0%
Odd Fellows - 100 6th SW	33,487	—	33,487		—	33,487	100.0%
Pilkington Building - 402 11th SE	40,018	—	40,018		—	40,018	100.0%
Roberts Block - 603-605 11th SW	23,618	27,670	51,288		—	51,288	100.0%
Sherwin Block - 738 11th SW	18,319	8,176	26,495		—	26,495	100.0%
Telephone Building - 119 6th SW	63,064	—	63,064		38,707	24,357	38.6%
Theatre Grand - 608 1st Street SW	—	34,100	34,100		—	34,100	100.0%
The Lougheed Building - 604 1st Street SW	87,778	—	87,778		70,296	17,482	19.9%
Vintage Towers - 322-326 11th SW	188,596	23,558	212,154		15,084	197,070	92.9%
Woodstone Building - 1207-1215 13th SE	32,428	—	32,428		2,687	29,741	91.7%
Young Block - 129 8th SW	4,841	2,164	7,005		—	7,005	100.0%
Calgary	**937,571**	**206,330**	**1,143,901**	**7.9%**	**169,905**	**973,996**	**85.1%**

DECEMBER 31, 2025 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED GLA	TOTAL LEASED GLA	LEASED %
1040 Hamilton	36,278	9,162	45,440		3,106	42,334	93.2%
1050 Homer	38,336	4,797	43,133		4,797	38,336	88.9%
1185 West Georgia	162,113	4,869	166,982		57,568	109,414	65.5%
1286 Homer	21,005	4,609	25,614		5,367	20,247	79.0%
1508 West Broadway	81,809	64,039	145,848		13,624	132,224	90.7%
151-155 West Hastings	36,407	—	36,407		—	36,407	100.0%
2233 Columbia	21,591	6,852	28,443		—	28,443	100.0%
375 Water (5)	103,536	23,052	126,588		—	126,588	100.0%
400 West Georgia	340,846	6,546	347,392		14,667	332,725	95.8%
840 Cambie	82,365	—	82,365		—	82,365	100.0%
948-950 Homer	23,245	21,758	45,003		—	45,003	100.0%
Dominion Building - 207 West Hastings	60,044	12,646	72,690		23,527	49,163	67.6%
Sun Tower - 128 West Pender	76,392	1,693	78,085		29,605	48,480	62.1%
Vancouver	**1,083,967**	**160,023**	**1,243,990**	**8.6%**	**152,261**	**1,091,729**	**87.8%**
Total Rental Portfolio	**13,150,335**	**1,349,380**	**14,499,715**	**100.0%**	**1,828,558**	**12,671,157**	**87.4%**

Note that the table above does not include ancillary residential properties, which total 12, and are included in the property count. The table above also excludes properties under development and investment properties held for sale. For joint arrangements, the information reflected in the table above is at Allied's ownership interest.

(1) RioCan/Allied Joint Arrangement.

(2) Sutter Hill/Allied Joint Arrangement.

(3) OPTrust/Allied Joint Arrangement.

(4) Perimeter/Allied Joint Arrangement.

(5) 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

The table below summarizes the leasing status of Allied's rental-residential portfolio:

PROPERTY	TOTAL NUMBER OF SUITES	LEASED AT DECEMBER 31, 2025	LEASED AT DECEMBER 31, 2024
Calgary House - 655 Centre Street SW (1)	**326**	**69.9%**	91.8%
Toronto House - 225 Adelaide Street W	**464**	**62.5%**	15.7%
Total	**790**		

(1) The number of suites is at 100% ownership.

Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

Management's Statement of Responsibility for Financial Reporting

The accompanying consolidated financial statements, management's discussion and analysis of results of operations and financial condition and the annual report are the responsibility of the Management of Allied Properties Real Estate Investment Trust ("Allied"). The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and where appropriate, include amounts that are based on management's judgments, estimates, and assumptions.

Management has developed and maintains a system of accounting and reporting that provides the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are appropriately recognized.

The Board of Trustees (the "Board") is responsible for ensuring that Management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee (the "Committee"), which is comprised entirely of independent trustees. The Committee reviews the consolidated financial statements with both Management and the independent auditors and reports its findings to the Board, which approves the consolidated financial statements before they are submitted to the Unitholders of Allied.

Deloitte LLP (the "Auditors"), the independent auditors of Allied, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express their opinion to the Unitholders on the consolidated financial statements. The Auditors have direct and unrestricted access to, and meet periodically with, the Committee, both with and without Management present.

Cecilia C. Williams, CPA, CA
President and Chief Executive Officer

Nanthini Mahalingam, CPA
Senior Vice President and Chief Financial Officer

Independent Auditor’s Report

TO THE UNITHOLDERS AND THE BOARD OF TRUSTEES OF ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST

OPINION

We have audited the consolidated financial statements of Allied Properties Real Estate Investment Trust (the “Trust”), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

FAIR VALUE OF INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES HELD FOR SALE — REFER TO NOTES 2(D), 3, AND 5 OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTER DESCRIPTION

Investment properties and Investment properties held for sale (collectively, "Investment properties") are accounted for using the fair value model. The Trust predominantly uses the discounted cash flow ("DCF") method to estimate fair value and uses the comparable sales method primarily for properties under development. The critical assumptions relating to the Trust's estimates of fair values of investment properties include discount rates, terminal capitalization rates, and anticipated cash flow assumptions relating to occupancy and rental rates.

While there are several assumptions that are required to determine the fair value of all investment properties using the DCF method, the critical assumptions with the highest degree of subjectivity and impact on fair values are the anticipated rental rates, discount rates, and terminal capitalization rates. Auditing these critical assumptions required a high degree of auditor judgment as the estimations made by management contain significant measurement uncertainty. This resulted in an increased extent of audit effort, including the need to involve fair value specialists.

HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT

Our audit procedures related to the anticipated rental rates, discount rates and terminal capitalization rates used to determine the fair value of the investment properties included the following, among others:

- Evaluated the reasonableness of management's forecast of anticipated rental rates by considering in-place leases, recently executed market leases and market survey reports.
- With the assistance of fair value specialists, evaluated the reasonableness of management's forecast of anticipated rental rates, discount rates and terminal capitalization rates by considering recent market transactions and industry surveys.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis of Results of Operations and Financial Condition
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis of Results of Operations and Financial Condition and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Trust as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Craig Irwin.

/s/ Deloitte LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

TORONTO, ONTARIO
FEBRUARY 10, 2026

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2025 AND DECEMBER 31, 2024

(in thousands of Canadian dollars)	NOTES	DECEMBER 31, 2025	DECEMBER 31, 2024
Assets			
Non-current assets			
Investment properties	5	**$8,443,045**	$9,448,363
Residential inventory	6	**—**	221,004
Loans and notes receivable	8	**97,008**	191,045
Other assets	9	**44,438**	36,642
		$8,584,491	$9,897,054
Current assets			
Cash and cash equivalents	20	**96,609**	73,918
Loans and notes receivable	8	**248,640**	235,532
Accounts receivable, prepaid expenses and deposits	10	**54,237**	137,645
Residential inventory	6	**222,847**	—
Investment properties held for sale	5	**50,580**	259,830
		$672,913	$706,925
Total assets		**$9,257,404**	$10,603,979
Liabilities			
Non-current liabilities			
Debt	11	**$3,954,747**	$3,418,246
Lease liabilities	12	**24,085**	8,384
Other liabilities	13	**2,780**	52,297
		$3,981,612	$3,478,927
Current liabilities			
Exchangeable LP Units	16	**157,888**	202,527
Debt	11	**727,016**	985,129
Accounts payable and other liabilities	13	**373,395**	367,731
Lease liability held for sale	12	**1,291**	7,021
		$1,259,590	$1,562,408
Total liabilities		**$5,241,202**	$5,041,335
Unitholders' equity	15	**$4,016,202**	$5,562,644
Total liabilities and Unitholders' equity		**$9,257,404**	$10,603,979

Commitments and Contingencies (note 26)
The accompanying notes are an integral part of these consolidated financial statements.

Michael R. Emory
Trustee

Stephen L. Sender
Trustee

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

		YEAR ENDED	
(in thousands of Canadian dollars)	NOTES	DECEMBER 31, 2025	DECEMBER 31, 2024
Rental revenue	18, 22	$592,379	$592,040
Property operating costs	22	(275,415)	(263,566)
Operating income		$316,964	$328,474
Interest income		41,402	45,069
Interest expense	11 (f)	(135,453)	(116,467)
General and administrative expenses	19, 24, 25 (c)	(24,666)	(24,333)
Condominium marketing expenses		(39)	(134)
Amortization of other assets	9	(1,879)	(1,538)
Transaction costs	4	(5,349)	(1,722)
Net income from joint venture	7	—	1,842
Fair value loss on investment properties and investment properties held for sale	5	(1,408,235)	(557,569)
Fair value gain on Exchangeable LP Units	16, 25 (c)	44,639	35,782
Fair value loss on derivative instruments	25 (e)	(2,996)	(13,675)
Expected credit loss on loans and notes receivable	8, 25 (d)	(128,000)	—
Impairment of residential inventory	6	(23,920)	(38,259)
Net loss and comprehensive loss		$(1,327,532)	$(342,530)

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

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(in thousands of Canadian dollars)	NOTES	UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	TOTAL EQUITY
Balance at January 1, 2024	15	$4,546,908	$1,550,518	$37,653	$6,135,079
Net loss and comprehensive loss		—	(342,530)	—	(342,530)
Distributions	15	—	(230,321)	—	(230,321)
Contributed surplus – Unit Option Plan	17 (a)	—	—	104	104
Restricted Unit Plan (net of forfeitures)	15, 17 (b)	(1,712)	—	2,024	312
Balance at December 31, 2024		$4,545,196	$977,667	$39,781	$5,562,644

	NOTES	UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	TOTAL EQUITY
Balance at January 1, 2025	**15**	**$4,545,196**	**$977,667**	**$39,781**	**$5,562,644**
Net loss and comprehensive loss		**—**	**(1,327,532)**	**—**	**(1,327,532)**
Distributions	**15**	**—**	**(218,805)**	**—**	**(218,805)**
Contributed surplus – Unit Option Plan	**17 (a)**	**—**	**—**	**5**	**5**
Restricted Unit Plan (net of forfeitures)	**15, 17 (b)**	**(2,044)**	**—**	**1,934**	**(110)**
Balance at December 31, 2025		**$4,543,152**	**$(568,670)**	**$41,720**	**$4,016,202**

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

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

		YEAR ENDED	
(in thousands of Canadian dollars)	NOTES	DECEMBER 31, 2025	DECEMBER 31, 2024
Operating activities			
Net loss for the year		**$(1,327,532)**	$(342,530)
Fair value loss on investment properties and investment properties held for sale	5	**1,408,235**	557,569
Fair value gain on Exchangeable LP Units	16, 25 (c)	**(44,639)**	(35,782)
Fair value loss on derivative instruments	25 (e)	**2,996**	13,675
Payment on settlement of derivative instruments	11, 11 (b), 11 (e), 17 (d)	**(4,284)**	—
Expected credit loss on loans and notes receivable	8, 25 (d)	**128,000**	—
Impairment of residential inventory	6	**23,920**	38,259
Interest expense (net of the impact of capitalization)	11 (f)	**135,453**	116,467
Interest paid (net of the impact of capitalization)	5, 6, 12, 16, 20	**(113,995)**	(110,271)
Interest income		**(41,402)**	(45,069)
Interest received		**13,301**	28,615
Net income from joint venture	7	**—**	(1,842)
Amortization of other assets	9	**1,879**	1,538
Amortization of improvement allowances	5	**37,762**	36,975
Amortization of straight-line rent	5	**(3,409)**	(7,410)
Amortization of premium on debt	11 (f)	**—**	(231)
Amortization of net financing costs	11 (f)	**5,386**	3,547
Unit-based compensation expense	17, 25 (c)	**6,529**	5,283
Settlement of unit-based compensation liabilities	17 (c)	**(816)**	(2,264)
Development expenditures on residential inventory	6	**(25,763)**	(49,480)
Change in other non-cash operating items	8, 10, 13, 20	**53,667**	(59,212)
Cash provided by operating activities		**$255,288**	**$147,837**
Financing activities			
Proceeds from mortgage payable	11 (a)	**65,000**	393,000
Repayment of mortgages payable	11 (a)	**(11,164)**	(49,332)
Proceeds from senior unsecured debentures (net of financing costs)	11 (d)	**1,294,262**	248,742
Repayment of senior unsecured debentures	11 (d)	**(200,000)**	—
Repayment of unsecured term loans	11 (e)	**(550,000)**	—
Principal payments of lease liabilities	12	**(302)**	(277)
Distributions paid on Units	15	**(230,321)**	(291,740)
Restricted Unit Plan (net of forfeitures)	15, 17 (b)	**(2,044)**	(1,712)
Proceeds from unsecured revolving operating facility	11 (c)	**273,732**	465,000
Repayments of unsecured revolving operating facility	11 (c)	**(222,732)**	(465,000)

(in thousands of Canadian dollars)	NOTES	YEAR ENDED DECEMBER 31, 2025	YEAR ENDED DECEMBER 31, 2024
Proceeds from construction loans	11 (b)	10,844	52,723
Repayment of construction loans	11 (b)	(449,555)	(250,964)
Financing costs	11 (a), (d), (e)	(2,129)	(3,963)
Cash (used in) provided by financing activities		$(24,409)	$96,477
Investing activities			
Acquisition of investment properties	4, 20	—	(50,338)
Additions to investment properties (including capitalized interest)	5, 11 (f)	(187,090)	(272,955)
Net proceeds on disposition of investment properties held for sale	4	132,755	144,366
Net distributions from equity accounted investments	7	—	10,708
Loans receivable issued to third-parties	8 (a), 20	(43,056)	(105,032)
Loan receivable from joint venture repaid	7	—	14,981
Proceeds from loans receivable	8 (a)	985	—
Notes receivable repaid (advanced)	8 (b)	551	(1,929)
Advances on note receivable from holder of Exchangeable LP Units	11 (f), 16	(21,256)	(26,925)
Additions to equipment and other assets	9	(815)	(958)
Leasing commissions	5	(23,295)	(20,136)
Improvement allowances	5	(66,967)	(73,247)
Cash used in investing activities		$(208,188)	$(381,465)
Increase (decrease) in cash and cash equivalents		22,691	(137,151)
Cash and cash equivalents, beginning of year		73,918	211,069
Cash and cash equivalents, end of year		$96,609	$73,918

Note 20 contains supplemental cash flow information.
The accompanying notes are an integral part of these consolidated financial statements.

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").

Allied's principal registered head office is located at 134 Peter Street, Suite 1700, Toronto, Ontario, M5V 2H2.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) *Statement of compliance*

The consolidated financial statements of Allied for the years ended December 31, 2025 and 2024 are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). These policies set out below were consistently applied to all the years presented unless otherwise noted.

The preparation of financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting judgments, estimates and assumptions that affect the amounts reported. Allied's basis for applying judgments, estimates and assumptions to its accounting policies are described in notes 2 and 3 below.

The consolidated financial statements for the years ended December 31, 2025 and 2024 were approved and authorized for issue by the Board of Trustees (the "Board") on February 10, 2026.

(b) *Basis of presentation*

The consolidated financial statements have been prepared on a historical cost basis except for the following items that were measured at fair value:

- investment properties as described in note 2 (d) and note 5;
- investment properties held for sale and lease liability held for sale as described in note 2 (s);
- Exchangeable LP Units which are exchangeable for Units at the option of the holder as described in note 16;
- interest rate swaps as described in note 2 (i);

– total return swap as described in note 2 (i); and
– unit-based compensation liabilities as described in note 17 (c).

The consolidated financial statements are presented in Canadian dollars, which is Allied's functional currency, and all amounts are rounded to the nearest thousand, unless otherwise indicated.

The preparation of these consolidated financial statements requires Allied to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Significant estimates and assumptions include the fair values assigned to investment properties and investment properties held for sale, the impairment of residential inventory, interest rate derivative contracts, unit-based compensation liabilities, and allowances for expected credit losses.

(c) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of Allied and its subsidiaries.

Subsidiaries are all entities over which Allied has control, where control is defined as the power to direct the relevant activities of an entity so as to obtain benefit from its activities. Control exists when a parent company is exposed to, or has rights to, variable returns from the subsidiaries and has the ability to affect those returns through its power.

Subsidiaries are consolidated from the date control is transferred to Allied, and are de-consolidated from the date control ceases. Intercompany transactions between subsidiaries are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Allied. All subsidiaries have a reporting date of December 31.

(d) *Investment properties*

At the time of acquisition of a property, Allied applies judgment when determining if the acquisition is an asset acquisition or a business combination.

Allied classifies its acquisitions as asset acquisitions when it acquires a property or a portfolio of properties and it has not acquired an operating platform.

Where Allied has completed an acquisition of an asset, Allied uses the asset purchase model whereby the initial cost of an investment property is comprised of its purchase price and any directly attributable expenditures. Directly attributable expenditures include transaction costs such as due diligence costs, appraisal fees, environmental fees, legal fees, land transfer taxes, and brokerage fees.

At the time of the disposition of a property, Allied recognizes any directly attributable expenditures that are non-reimbursable as an expense in the Consolidated Statements of Loss and Comprehensive Loss. Directly attributable expenditures include transaction costs such as due diligence costs, appraisal fees, environmental fees, legal fees, and brokerage fees.

Investment properties include rental properties and properties under development that are owned by Allied, or leased by Allied as a lessee, to earn rental revenue and/or for capital appreciation. Investment properties are accounted for using the fair value model. Rental income and operating expenses from investment properties are reported within ‘total rental revenue’ and ‘total property operating costs’ respectively.

Investment properties are externally appraised quarterly and are reported in the Consolidated Balance Sheets at their fair values. Allied’s determination of fair value is supported by valuations prepared by a nationally recognized and qualified third-party professional appraiser with sufficient experience with respect to both the geographic location and the nature of the investment property and supported by market evidence. Any gain or loss resulting from a change in the fair value of an investment property is immediately recognized in the Consolidated Statements of Loss and Comprehensive Loss. The fair value of each investment property is based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the balance sheet date, less future estimated non-recoverable capital cash outflows in respect of such properties.

The independent professional appraiser engaged by Allied predominantly uses the discounted cash flow method to determine fair value, whereby the income and expenses are projected over the anticipated term of the investment and combined with a terminal value, all of which is discounted using an appropriate discount rate. Other methods to determine fair value includes comparable sales and direct capitalization. For further details, refer to note 5. Valuations of investment properties are most sensitive to changes in discount rates and capitalization rates.

Allied has applied judgment based on the costs incurred to enhance the service potential of the property in determining whether certain costs are additions to the carrying amount of investment properties or will be expensed.

Allied has applied judgment when reporting its properties under development. The cost of properties under development includes the acquisition cost of the property, direct development costs, operating costs, realty taxes and borrowing costs attributable to the development. See 2 (g) below for further information regarding Allied’s accounting for borrowing costs.

(e) *Joint arrangements*

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. A joint operation usually results from direct interests in the assets and liabilities of an investee. None of the parties involved have unilateral control of a joint operation. Allied accounts for its joint arrangements as joint operations wherein it records its share of the assets, liabilities, revenue and expenses.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets relating to the arrangement, and usually results from the establishment of a separate legal entity. Allied accounts for its joint ventures using the equity method. The share of results of income (loss) of the joint venture is reflected in the Consolidated Statements of Loss and Comprehensive Loss.

Under the equity method, an investment in a joint venture is recognized initially in the Consolidated Balance Sheets at cost and adjusted thereafter to recognize Allied's share of the profit or loss and other comprehensive income of the joint venture in accordance with Allied's accounting policies. When Allied's share of losses of a joint venture exceeds Allied's interest in that joint venture (which includes any long-term interests that, in substance, form part of Allied's net investment in the joint venture), Allied continues recognizing its share of further losses to the extent that Allied has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(f) *Revenue recognition*

Allied has retained substantially all of the risks and benefits of ownership of its investment properties and as such accounts for its leases with tenants as operating leases.

Revenue includes rents from tenants under leases, property tax and operating cost recoveries, percentage participation rents, lease cancellation fees, parking income and other income. Rents from tenants may include free rent periods and rental increases over the term of the lease and are recognized in revenue on a straight-line basis over the term of the lease. Typically, in ground-up developments, when there are fixturing periods outside of the term of the lease, revenue is not recognized during these fixturing periods. The difference between revenue recognized and the cash received is included in investment properties as straight-line rent receivable.

Lease incentives provided to tenants (referred to as tenant improvements) are deferred and amortized on a straight-line basis against revenue over the term of the lease. Recoveries from tenants are recognized as revenue in the period in which the applicable costs are incurred. Percentage participation rents are recognized after the minimum sales level has been achieved with each lease, where applicable. Lease cancellation fees are recognized as revenue once an agreement is completed with the tenant to terminate the lease and the collectability is reasonably assured. Other income is recognized upon provision of goods or services when collectability is reasonably assured.

Contracts with purchasers for residential condominium units generally include one distinct performance obligation. Revenue is measured at the transaction price agreed under the contract, and is recognized at the point in time in which control over the property has been transferred. Purchaser deposits received are held in trust and restricted for use.

(g) *Borrowing costs*

Borrowing costs directly attributable to acquiring or constructing a qualifying investment property are capitalized. Capitalization commences when the activities necessary to prepare an asset for development or redevelopment begin, and ceases once the asset is substantially complete, or is suspended if the development of the asset is suspended. The amount of borrowing costs capitalized 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. Where borrowings are associated with specific developments, the amount capitalized is the gross costs incurred on those borrowings. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

(h) *Other assets*

Computer and office equipment and owner occupied property are included in other assets and are stated at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

For the assets that are amortized, Allied records amortization expense on a straight-line basis over the assets' estimated useful life. This is generally three to seven years for computer and office equipment, and will vary for owner occupied property depending on the property. The assets' residual values and useful lives are reviewed annually or if expectations differ from previous estimates, and adjusted if appropriate.

When events and circumstances indicate an asset may be impaired, the carrying amount is written down to its recoverable amount (defined as the higher of an asset's fair value less costs to sell and its value in use).

(i) *Financial instruments*

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with maturities of three months or less.

Mortgages payable consists of the legal liabilities owing pursuant to loans secured by mortgages and premiums and discounts recognized on loans assumed on acquisition of properties, netted against the transaction costs, and the effective interest method of amortization is applied to the premiums, discounts and transaction costs.

The following table describes Allied's classification and measurement of its financial assets and liabilities:

ASSET/LIABILITY	CLASSIFICATION/MEASUREMENT
Loans and notes receivable	Amortized cost
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Exchangeable LP Units	Fair value
Debt	Amortized cost
Accounts payable and other liabilities	Amortized cost
Unit-based compensation liabilities	Fair value
Interest rate swaps	Fair value
Total return swap	Fair value

All derivatives, including embedded derivatives, are classified at fair value through profit or loss and are recorded on the Consolidated Balance Sheets at fair value.

At the end of each reporting period, Allied will reassess categorization between levels in the hierarchy to determine whether transfers have occurred. The reassessment is based on the lowest level input that is significant to the fair value measurement in its entirety.

Financial assets

Financial assets are classified as amortized cost or fair value through profit or loss. Initially, all financial assets are measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets, with the exception of those classified as at fair value through profit or loss, are accounted for as part of the respective asset's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. Transaction costs directly attributable to the acquisition or issuance of financial assets classified as at fair value through profit or loss are recognized immediately in net income. Financial assets are derecognized on the date when the contractual rights to the cash flow expire, or the asset is transferred.

Impairment of financial assets

Allied assesses, on a continual basis, whether a financial asset that is measured at amortized cost is impaired under an expected credit loss ("ECL") model.

For user trade receivables within the scope of IFRS 16, Leases ("IFRS 16"), Allied applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized under the initial recognition of its receivables. To measure the expected credit losses for its accounts receivable, Allied established a provision matrix, that applies loss factors to contractual payments by aging categories, and incorporates forward-looking factors that are specific to the user, historical credit loss experience, and the economic environment, where applicable. Increases or decreases in ECL for user trade receivables are recognized within property operating costs in the Consolidated Statements of Loss and Comprehensive Loss.

For loans and notes receivable, Allied applies an ECL approach as required under IFRS 9, which reflects the expected present value of all cash shortfalls either (i) over the following twelve months if the credit risk has not increased significantly since initial recognition or (ii) over the expected life if the credit risk has increased significantly since initial recognition. Cash shortfalls represent the difference between the cash flows owed to Allied and the cash flows expected to be received by Allied. The determination of significant increase in credit risk requires significant judgment for which the ultimate outcome is unknown. In assessing the credit risk, Allied takes into account different factors which varies by the nature of the loans and notes receivable. These judgments include changes in circumstances which may cause the future assessments of credit risk to be materially different from current assessments, resulting in an increase or decrease in the ECL. The ECL reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable information available at the reporting date without undue cost or effort. Allied considers past events, current conditions and forecasts of future economic conditions. Increases or decreases in the ECL on loans and notes receivable are recognized within expected credit loss or reversal of expected credit loss, respectively, in the Consolidated Statements of Loss and Comprehensive Loss.

Allied considers a financial asset as credit-impaired when Allied has identified objective evidence that there has been a deterioration of credit quality of the borrower or underlying security or collateral to the extent that Allied no longer has reasonable assurance as to the timely collection of the financial asset. When a financial asset is classified as credit-impaired, the carrying value is reduced to its estimated net realizable value through an adjustment to the ECL. Changes in the estimated net realizable amount that arise subsequent to the initial impairment are also adjusted through the ECL. User trade receivables, loans receivable and notes receivable are written off when there is no realistic prospect of future recovery and all collateral has been realized.

Allied's financial assets measured at amortized cost are presented net of the ECL in the Consolidated Balance Sheets.

Financial liabilities

Financial liabilities are classified and measured as disclosed in the table above. Financial liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss. Financial liabilities are derecognized on settlement date, which is the date the obligation is discharged, cancelled or expired.

From time to time, Allied uses derivative financial instruments to manage risks from fluctuations in interest rates. All derivative instruments, including embedded derivatives that must be separately accounted for, are valued at their respective fair values unless they are effective cash flow hedging instruments.

On the date a derivative contract is entered into, Allied assesses whether or not to designate the derivative as either a hedge of the fair value of a recognized asset or liability (a "fair-value hedge") or a hedge of the variability of cash flows to be received or paid related to a recognized asset or liability or a forecasted transaction (a "cash-flow hedge"). Allied does not hold any fair-value or cash-flow hedges.

Allied has entered into interest rate derivative contracts to limit its exposure to fluctuations in the interest rates on variable rate debt. Gains or losses arising from the change in fair values of the interest rate derivative contracts are recognized in the Consolidated Statements of Loss and Comprehensive Loss.

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, interest expense incurred and distributions earned on the TRS, are recognized in general and administrative expenses in the Consolidated Statements of Loss and Comprehensive Loss.

Allied measures its Exchangeable LP Units at fair value through profit or loss (note 2(l)).

Allied measures its debt, finance lease obligations, and accounts payable and other liabilities, at amortized cost using the effective interest method. All interest-related charges are reported in the Consolidated Statements of Loss and Comprehensive Loss and are included within 'Interest expense', except for those interest-related charges capitalized to qualifying properties under development, rental properties or residential inventory.

(j) *Unitholders' equity*

Unitholders' equity includes all current and prior period retained income. Distributions payable to Unitholders are included in 'Distributions payable on Units' when the distributions have been approved and declared prior to the reporting date, but have yet to be paid.

(k) *Units*

Units represent the initial value of Units that have been issued. Any transaction costs associated with the issuing of Units are deducted from Unit proceeds.

The Units of Allied are redeemable at the option of the holder in accordance with the Declaration of Trust, and, therefore, are considered puttable instruments in accordance with IAS 32, "Financial Instruments - Presentation" ("IAS 32"). Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, in which case, the puttable instruments may be presented as equity.

The attributes of the Units meet the exemption conditions set out in IAS 32, and are, therefore, presented as equity in the consolidated financial statements.

(l) *Exchangeable Limited Partnership Units*

The Exchangeable LP Units may, at the request of the holder, be exchanged on a one-for-one basis for Units of Allied. The Exchangeable LP Units are entitled to distributions from the Partnership in an amount equal to distributions declared by Allied on the Units. The Exchangeable LP Units provide the holder the indirect economic benefits and exposures to the underlying performance of Allied and accordingly to the variability of the distributions of Allied, whereas Allied's unitholders have direct access to the economic benefits and exposures of Allied through direct ownership interest in Allied.

The Exchangeable LP Units are classified as financial liabilities in the Consolidated Balance Sheets as they can be exchanged for Units which are puttable instruments. 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 payable to holders of Exchangeable LP Units are included in 'Accounts payable and other liabilities' when the distributions have been approved and declared prior to the reporting date, but have yet to be paid. The distributions paid on Exchangeable LP Units are recognized as interest expense on the Consolidated Statements of Loss and Comprehensive Loss.

(m) *Short-term employee benefits*

Allied does not provide pension plan benefits. Short-term employee benefits are expensed as a period expense.

(n) *Unit-based compensation plans*

Equity-settled unit-based payments to employees and trustees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled unit-based payments is expensed on a straight-line basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on Allied's estimate of equity instruments that will eventually vest. At the end of each reporting period, Allied revises its estimate of the number of equity instruments that are expected to vest. Allied utilizes the Black-Scholes Model for the valuation of unit options with no performance criteria, see note 17 for assumptions used.

Unit options granted under the Unit Option Plan and Restricted Units granted under the Restricted Unit Plan are subject to vesting conditions and disposition restrictions, in order to provide a long term compensation incentive. The Unit Options and Restricted Units are subject to forfeiture until the participant has held their position with Allied for a specified period of time. Full vesting of Restricted Units and Unit Options may not occur until the participant has remained employed by Allied for three and four years, respectively from the date of grant. Upon forfeiture of Unit Options and Restricted Units by an employee or trustee of Allied, the expense related to any unvested, forfeited Unit Options and Restricted Units recognized up to and including the date of the forfeiture is reversed.

(o) *Cash-settled unit-based compensation plans*

Under the Performance and Restricted Trust Unit Plan (the "PTU/RTU Plan"), performance trust units and/or restricted trust units (together, "Plan Units") are granted which entitle certain key employees to receive the fair value of the Plan Units in cash as a lump sum payment at the end of the applicable vesting period, which is usually three years in length. The PTU/RTU Plan provides for the accumulation of additional Plan Units in the form of distribution equivalents during the vesting period.

The Plan Units are recognized as an expense, on a straight-line basis over the period that the employees render service, in general and administrative expenses with a corresponding amount recorded to unit-based compensation liabilities. The unit-based compensation liabilities are measured based on the market value of the underlying units with changes in market value recognized in general and administrative expenses in the period in which they occur. For the performance trust units' liabilities, performance market conditions are also considered and the performance trust unit liabilities are adjusted accordingly. Upon forfeiture of Plan Units by an employee, the liability representing the cumulative expense recognized to date is reversed, with a corresponding reversal of expense.

(p) *Provisions*

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

(q) *Residential inventories*

Residential inventories are assets that are developed by Allied for sale in the ordinary course of business and are recorded at the lower of cost and estimated net realizable value. Impairment is reviewed at each reporting date, with any losses recognized in net income when the carrying value of the inventory exceeds its net realizable value. The net realizable value is defined as the entity-specific future selling price less estimated costs of completion and selling costs.

The cost of residential inventory includes any costs that are directly attributable to bring the projects to completion for sale, which includes borrowing costs. Borrowing costs related to residential inventories are accounted for under IAS 23, Borrowing Costs.

(r) *Leases*

Allied recognizes a right-of-use ("ROU") asset and a lease obligation at the lease commencement date, in accordance with IFRS 16. When a ROU asset meets the definition of investment property, it is initially measured at cost and subsequently measured at fair value (note 2(d)). This includes land held as part of the operating leases ("Ground Leases"). When a ROU asset does not meet the definition of investment property, it is accounted as a fixed asset, which is initially measured at cost and, subsequently, at cost less any accumulated depreciation and impairment and adjusted for certain remeasurements of the lease obligation. Management office leases and leases for equipment components embedded as part of service contracts which do not meet the definitions of investment property are recognized as ROU assets within other real estate assets. Refer below to the various lease types identified and their respective financial statement classification.

TYPE OF LEASE	ROU ASSET CLASSIFICATION	LEASE LIABILITY CLASSIFICATION
Ground leases	Investment properties	Lease liability
Management office	Other assets	Lease liability
Other	Other assets	Lease liability

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted by using the interest rate implicit in the lease, or, if that rate cannot be readily determined, at Allied's incremental borrowing rate. The lease obligation is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured when there is a change in the future lease payments arising from a change in an index or rate, a change in estimate of the amount expected to be payable under a residual value guarantee or, as appropriate, change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Allied has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal or termination options. The assessment of whether Allied is reasonably certain to exercise such options impacts the lease term which in turn, affects the amount of lease obligations and right-of-use assets recognized. Allied also applies judgment in determining the discount rate used to present value the lease obligations.

(s) *Assets and liabilities held for sale and discontinued operations*

Non-current assets and liabilities and groups of assets and liabilities which comprise disposal groups are presented as assets held for sale and liabilities held for sale on the Consolidated Balance Sheets when the asset or disposal group is available for immediate sale in its present condition and the sale is highly probable. A sale is highly probable when management is committed to a plan to sell the asset, the non-current asset or disposal group is being actively marketed at a sale price that is reasonable in relation to its current fair value, the sale is expected to be completed within one year from the date of classification, and it is unlikely there will be significant changes to the plan or that the plan will be withdrawn. Non-current assets and disposal groups held for sale that are not investment properties are recorded at the lower of carrying amount and fair value less costs to sell on the Consolidated Balance Sheets. Otherwise, the non-current assets and disposal groups held for sale are recorded at fair value. Any gain or loss arising from the change in measurement basis as a result of reclassification is recognized in net income at the time of reclassification. Investment properties that are held for sale are recorded at fair value determined in accordance with IFRS 13, "Fair Value Measurement".

When a component of an entity has been disposed of and it represents a separate major line of business or geographical area of operations, or is classified as held for sale and is part of a single coordinated plan to dispose of such a line of business or area of operations, the related results of operations and gain or loss on reclassification or disposition are presented separately as discontinued operations on the Consolidated Statements of Loss and Comprehensive Loss. The non-current assets and groups of assets and liabilities which comprise disposal groups classified as held for sale are not revised in the Consolidated Balance Sheets for prior periods to reflect the classification for the latest period presented. However, the revenue, expenses, fair value gain or loss, and any other components making up the net income and comprehensive income of the discontinued operations are revised for the comparative period in the Consolidated Statements of Loss and Comprehensive Loss.

(t) *Accounting standards issued but not yet effective in the year*

In April 2024, the IASB issued IFRS 18, "Presentation and Disclosure in the Financial Statements," which sets out the overall requirements for presentation and disclosures in the financial statements. The new standard will replace IAS 1, "Presentation of Financial Statements." Although much of the substance of IAS 1, "Presentation of Financial Statements," will carry over into the new standard, the new standard will:

- Require presentation of separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category;
- Require disclosure and reconciliation, within a single financial statement note, of management-defined performance measures that are reported outside of the financial statements; and
- Enhance the requirements for aggregation and disaggregation of financial statement amounts.

The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier adoption permitted. Allied is currently assessing the impact of the new standard.

In May 2024, the IASB issued "Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7". The amendments clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities with an exception for derecognition of financial liabilities settled via an electronic transfer. The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the 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 consolidated financial statements and accompanying notes.

Within the context of these consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that Allied believes could have the most significant impact on the amounts recognized in the consolidated financial statements. Allied's material accounting policy information are disclosed in note 2.

Investment properties

Judgments Made in Relation to Accounting Policies Applied - Judgment is applied in determining whether certain costs are additions to the carrying value of investment properties. For interest capitalized to qualifying investment properties, judgment is exercised in determining when the development activities have commenced, when and how much borrowing costs are to be capitalized, and identifying the point when substantial completion of a project occurs. Allied also applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. Allied has determined through the appropriate analysis that all the properties it has acquired to date to be asset acquisitions.

Key Sources of Estimation - The fair value of investment properties and investment properties held for sale is dependent on available comparable transactions, future cash flows over the holding period and discount rates and capitalization rates applicable to those assets. For further details, see note 5. The review of anticipated cash flows involves assumptions relating to occupancy, rental rates and residual value. In addition to reviewing anticipated cash flows, management assesses changes in the business climate and other factors which may affect the ultimate value of the property. These assumptions may or may not ultimately be realized.

Residential inventory

Key Sources of Estimation - The carrying value of residential inventory and the assessment for impairment of residential inventory are calculated as the estimated gross proceeds from the sale less estimated costs to complete. For further details, see note 6.

Joint arrangements

Judgments Made in Relation to Accounting Policies Applied - Judgment is applied in determining whether Allied has joint control and whether the arrangements are joint operations or joint ventures. In making this assessment management applies judgment to determine Allied's rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement.

Income taxes

Judgments Made in Relation to Accounting Policies Applied - Allied qualifies as a mutual fund trust ("MFT") and a REIT as defined in the Income Tax Act (Canada). Allied is not liable to pay entity level Canadian income taxes provided that its taxable income is fully distributed to Unitholders each year and if it meets the prescribed rules under the Income Tax Act (Canada) to be a REIT and MFT. This results in no current or deferred income tax being recognized in the financial statements.

Allied applies judgment in determining whether it will continue to qualify as a REIT and in assessing its interpretation and application to its assets and revenue. While there are uncertainties in interpretation and application of these rules, Allied has assessed that it meets the REIT and MFT rules.

Allied expects to continue to qualify as a REIT under the Income Tax Act (Canada), however, should it no longer qualify, it would be subject to entity level tax and would be required to recognize current and deferred income taxes.

Loans and notes receivable

Key Sources of Estimation - The carrying value of the loans and notes receivable includes the assessment of the expected credit loss on loans and notes receivable, which is calculated based on probability-weighted outcomes of multiple scenarios. The ECL also includes assumptions over the expected present value of the future cash shortfalls and judgment is applied to determine if the credit risk of the loans and notes receivable have increased significantly since initial recognition. For further details, see note 8.

4. ACQUISITIONS AND DISPOSITIONS

Acquisitions

During the year ended December 31, 2025, Allied completed the following acquisition:

PROPERTY	ACQUISITION DATE	PROPERTY TYPE	INVESTMENT PROPERTY	INTEREST ACQUIRED
108 East 5th Avenue (1)	September 25, 2025	Office	$90,592	50%
			$90,592	

(1) Allied acquired an incremental 50% interest on September 25, 2025, increasing Allied's total ownership in 108 East 5th Avenue to 100%.

On September 25, 2025, the purchase price, including acquisition costs, for an incremental 50% interest in 108 East 5th Avenue in Vancouver of $90,592, was satisfied by the assumption of the remaining construction loan of $64,745 (note 11 (b)), settlement of receivables due from the seller of $24,930 (notes 8 and 10) and working capital of $917.

During the year ended December 31, 2024, Allied completed the following property acquisitions:

PROPERTY	ACQUISITION DATE	PROPERTY TYPE	INVESTMENT PROPERTY	INTEREST ACQUIRED
400 West Georgia, Vancouver (1)	April 1, 2024	Office, retail	$357,525	90%
Adelaide & Duncan, Toronto (2)	April 1, 2024	Office, residential, retail	248,382	45%
Calgary House, Calgary (3)	December 19, 2024	Residential	78,390	50%
400 West Georgia, Vancouver (1)	December 20, 2024	Office, retail	37,436	10%
Adelaide & Duncan, Toronto (2)	December 20, 2024	Office, residential, retail	23,122	5%
			$744,855	

(1) Allied acquired a 90% interest in 400 West Georgia on April 1, 2024, and an incremental 10% interest on December 20, 2024, increasing Allied's total ownership in 400 West Georgia to 100%.

(2) Adelaide & Duncan consists of commercial and residential components. The residential component is located at 225 Adelaide Street W and is known as Toronto House. The commercial component is located at 19 Duncan. Allied acquired an incremental 45% interest and 5% interest in Adelaide & Duncan on April 1, 2024, and December 20, 2024, respectively, increasing Allied's total ownership in Adelaide & Duncan to 100%.

(3) Calgary House was previously known as the residential component of TELUS Sky. Allied's one-third interest in the TELUS Sky Partnership was recognized as an investment in joint venture through an equity accounted investment prior to December 19, 2024. The total investment property value of $78,390 consists of $51,567 which represents Allied's existing one-third interest and $26,823 as the incremental one-sixth (approximately 16.7%) interest acquired.

On April 1, 2024, the purchase price, including acquisition costs, for 400 West Georgia and Adelaide & Duncan of $605,907 was satisfied by construction loans assumed totalling $327,735 (note 11), the assumption of other liabilities of $29,262 related to completing the Adelaide & Duncan development, working capital of $2,510, the settlement of a loan receivable due from the seller of $197,339 (note 8), and net cash consideration of $49,061, including land transfer taxes.

On July 2, 2013, Allied, Westbank, and TELUS entered into a partnership known as 7th Avenue Sky Partnership (the "TELUS Sky Partnership"), whereby each holds a one-third interest. The TELUS Sky Partnership was created with the specific purpose of acquiring the entire beneficial interest in the properties located at 100-114 7th Avenue SW, Calgary ("TELUS Sky"), and participating in its construction, development and management. On December 17, 2024, the TELUS Sky Partnership subdivided TELUS Sky to create separate parcels of land for the residential and commercial components. On December 19, 2024, the TELUS Sky Partnership sold the commercial component to TELUS and a 50% undivided interest in the residential component to each of Allied and Westbank. This resulted in a 16.7% increase in Allied's ownership in the residential component of TELUS Sky ("Calgary House") to 50% through a newly created co-ownership structure, which is proportionately consolidated. The total purchase price, including acquisition costs, for the 50% interest in Calgary House of $78,390 was satisfied by working capital of $80 and partial settlement of the loan receivable from joint venture of $78,310 (note 7). As a result of the aforementioned transaction, the TELUS Sky Partnership no longer owns any interest in the residential and commercial components of TELUS Sky.

On December 20, 2024, the purchase price, including acquisition costs, for 400 West Georgia and Adelaide & Duncan of $60,558 was satisfied by construction loans assumed totalling $37,358 (note 11), the assumption of other liabilities of $2,308 relating to completing the Adelaide & Duncan development, working capital of $749, the partial settlement of a loan receivable due from the seller of $18,866 (note 8(a)) and net cash consideration of $1,277 primarily for land transfer taxes. This acquisition increased Allied's ownership in each of 400 West Georgia and Adelaide & Duncan to 100%.

Dispositions

During the year ended December 31, 2025, Allied completed the following dispositions of investment properties:

PROPERTY	DISPOSITION DATE	PROPERTY TYPE	GROSS PROCEEDS
Boardwalk-Revillon Building, Edmonton	April 30, 2025	Office, retail	$20,000
1220 Homer, Vancouver	July 25, 2025	Office	13,250
4396-4410 Saint-Laurent, Montréal	September 30, 2025	Office, retail	13,000
342 Water, Vancouver	November 10, 2025	Office, retail	10,700
3510 Saint-Laurent, Montréal	November 19, 2025	Office, retail	23,000
3530-3540 Saint-Laurent, Montréal	November 19, 2025	Office, retail	10,000
3575 Saint-Laurent, Montréal	December 11, 2025	Office, retail	30,000
252-264 Adelaide Street E, Toronto (1)	December 15, 2025	Office, retail	11,600
365 Railway, Vancouver	December 30, 2025	Office	8,025
Total gross proceeds			**$139,575**
Net working capital adjustments			(1,471)
Selling costs			(5,349)
Net cash consideration received			**$132,755**

(1) *Includes disposition of one ancillary parking facility.*

The gross proceeds were equivalent to the fair value of these investment properties at the time of disposition, therefore, there was no gain or loss recorded on closing.

During the fourth quarter of 2025, Allied entered into agreements to sell four of its investment properties held for sale. On February 2, 2026, Allied closed on the disposition of three of these investment properties held for sale, which includes 183 Bathurst in Toronto, for a selling price of $11,000, 489 Queen E in Toronto, for a selling price of $10,000 and 70 Richmond E in Toronto, for a selling price of $8,000. The sale of 400 Atlantic in Montréal is expected to close on February 18, 2026 for a selling price of $17,000.

During the year ended December 31, 2024, Allied completed the following dispositions of investment properties:

PROPERTY	DISPOSITION DATE	PROPERTY TYPE	GROSS PROCEEDS
85 Saint-Paul W, Montréal	August 26, 2024	Office	$16,250
480 Saint-Laurent, Montréal	August 26, 2024	Office, retail	16,250
4446 Saint-Laurent, Montréal	September 26, 2024	Office, retail	18,750
College & Manning - 547-549 College, Toronto	November 29, 2024	Residential, retail	24,000
The Chambers - 40 Elgin & 46 Elgin, Ottawa	December 18, 2024	Office, retail	86,511
810 Saint Antoine, Montréal [(1)]	December 19, 2024	Office	41,895
Total gross proceeds			**$203,656**
Net working capital adjustments [(1)]			(7,207)
Mortgage transfer (note 11(a))			(14,850)
Lease liability transfer (note 12)			(35,511)
Selling costs			(1,722)
Net cash consideration received			**$144,366**

(1) The consideration includes a density bonus of $4,895 to be received, conditional on the building density achieved by the purchaser. Any changes in the actual amount of the density bonus will be recognized in other income or impairment loss in the consolidated financial statements.

The gross proceeds were equivalent to the fair value of these investment properties at the time of disposition, therefore, there was no gain or loss recorded on closing.

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:

	YEAR ENDED DECEMBER 31, 2025			YEAR ENDED DECEMBER 31, 2024		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL
Balance, beginning of year	**$8,861,454**	**$846,739**	**$9,708,193**	$8,368,872	$1,018,160	$9,387,032
Additions:						
Acquisitions [(1)]	**—**	**90,592**	**90,592**	543,331	201,524	744,855
Improvement allowances	**64,447**	**2,520**	**66,967**	30,879	42,368	73,247
Leasing commissions	**19,251**	**4,044**	**23,295**	13,024	7,112	20,136
Capital expenditures	**60,429**	**126,661**	**187,090**	73,359	199,596	272,955
Dispositions	**(139,575)**	**—**	**(139,575)**	(203,656)	—	(203,656)
Transfers from PUD	**461,217**	**(461,217)**	**—**	592,006	(592,006)	—
Transfers to PUD	**(58,218)**	**58,218**	**—**	(123,000)	123,000	—
Transfers (to) from other assets	**(349)**	**—**	**(349)**	758	—	758
Amortization of straight-line rent and improvement allowances	**(34,075)**	**(278)**	**(34,353)**	(28,569)	(996)	(29,565)
Fair value loss on investment properties and investment properties held for sale	**(1,196,367)**	**(211,868)**	**(1,408,235)**	(405,550)	(152,019)	(557,569)
Balance, end of year	**$8,038,214**	**$455,411**	**$8,493,625**	$8,861,454	$846,739	$9,708,193
Investment properties	**$7,987,634**	**$455,411**	**$8,443,045**	$8,601,624	$846,739	$9,448,363
Investment properties held for sale	**50,580**	**—**	**50,580**	259,830	—	259,830
	$8,038,214	**$455,411**	**$8,493,625**	$8,861,454	$846,739	$9,708,193

(1) *For the year ended December 31, 2024, this includes $51,567 of Calgary House, which Allied recognized as an investment in joint venture through an equity accounted investment prior to December 19, 2024. Subsequently, this portion is recognized as an investment property since the TELUS Sky Partnership sold Calgary House to Allied and Westbank (notes 4 and 7).*

As at December 31, 2025, Allied had five properties classified as investment properties held for sale totalling $50,580. As at December 31, 2024, Allied had 14 properties classified as investment properties held for sale totalling $259,830.

For the year ended December 31, 2025, Allied capitalized $52,123 (December 31, 2024 - $58,582), of borrowing costs to qualifying investment properties.

Included in the investment properties and investment properties held for sale amounts noted in the table above are right-of-use assets with a fair value of $172,090 (December 31, 2024 - $213,820) which includes a prepaid land leasehold interest. The leases' maturities range from 18.8 years to 76.5 years (December 31, 2024 - 19.8 years to 77.5 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 minimum 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 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 and investment properties held for sale 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 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 and investment properties held for sale.

	WEIGHTED AVERAGE	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Discount rate	**6.54%**	6.09%
Terminal capitalization rate	**5.71%**	5.27%
Overall capitalization rate	**5.33%**	4.88%

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 or other assumptions:

CHANGE IN DISCOUNT RATE OF	-0.50%	-0.25%	+0.25%	+0.50%
Increase (decrease) in fair value				
Investment properties and investment properties held for sale	**$332,072**	**$163,865**	**$(159,649)**	**$(315,205)**

CHANGE IN TERMINAL CAPITALIZATION RATE OF	-0.50%	-0.25%	+0.25%	+0.50%
Increase (decrease) in fair value				
Investment properties and investment properties held for sale	**$469,400**	**$223,460**	**$(203,976)**	**$(390,949)**

6. RESIDENTIAL INVENTORY

Residential inventory related to KING Toronto is as follows:

	DECEMBER 31, 2025	DECEMBER 31, 2024
Current [1]	$222,847	$—
Non-current	—	221,004
	$222,847	$221,004

(1) *Represents the portion of residential inventory that will have occupancy permits issued within one year, at which time, revenue will be recognized.*

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

	DECEMBER 31, 2025	DECEMBER 31, 2024
Balance, beginning of year	$221,004	$209,783
Development expenditures	25,763	49,480
Impairment	(23,920)	(38,259)
Balance, end of year	$222,847	$221,004

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 year ended December 31, 2025, Allied capitalized $9,210, respectively (December 31, 2024 - $9,858) of borrowing costs to qualifying residential inventory.

Residential inventory carrying value is calculated as the estimated gross proceeds less estimated costs to complete. The impairment of $23,920 during the year ended December 31, 2025 (December 31, 2024 - $38,259), reflects lower estimated gross proceeds and higher estimated costs to complete primarily from incremental carrying costs related to construction delays.

7. INVESTMENT IN JOINT VENTURE AND LOAN RECEIVABLE

On December 19, 2024, the TELUS Sky Partnership (in which Allied holds a one-third interest) sold the commercial component of TELUS Sky to TELUS and sold a 50% undivided interest in Calgary House to each of Allied and Westbank (note 4). This resulted in a decrease in the TELUS Sky Partnership's ownership in the commercial and residential components of TELUS Sky from 100% to zero. The TELUS Sky Partnership sold the commercial component of TELUS Sky at a selling price of $157,000 ($52,333 at Allied's share) and Calgary House at a selling price of $154,700 ($51,567 at Allied's share), which represented the fair value of the investment properties at the time of disposition. Accordingly, there was no gain or loss recorded on closing. In addition, the TELUS Sky Partnership incurred net working capital adjustments of $3,678 ($1,226 at Allied's share), resulting in total net cash consideration of $308,022 ($102,674 at Allied's share).

On October 31, 2019, Allied advanced a construction loan to the TELUS Sky Partnership, with the loan having a maximum limit of $114,000. The loan bore interest at bank prime plus 75 basis points or CORRA plus 175 basis points. On July 14, 2023, the TELUS Sky Partnership 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 was $93,291. Allied provided a joint and several guarantee up to the amount of $94,000 to support the TELUS Sky Partnership's facility. On December 19, 2024, $78,310 of the construction loan was settled as consideration for the acquisition of the 50% undivided interest in Calgary House (note 4), and the remaining $14,981 was repaid to Allied in cash.

Prior to the reorganization of ownership in TELUS Sky on December 19, 2024, Allied accounted for its interests in TELUS Sky, inclusive of both Calgary House and the commercial component, through an equity accounted investment, of which Allied had a one-third interest. Following the reorganization, Allied accounts for its 50% interest in Calgary House through a co-ownership structure, which is accounted for as a joint operation (note 21), whereby Allied accounts for its share of the assets, liabilities, revenues, and expenses of TELUS Sky. The financial information below represents the TELUS Sky Partnership at 100% and at Allied's one-third interest.

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Revenue	$—	$23,148
Expenses	—	(15,717)
Interest income	—	120
Amortization of other assets	—	(612)
Transaction costs	—	(240)
Fair value loss	—	(1,173)
Net income and comprehensive income of the TELUS Sky Partnership at 100%	$—	$5,526
Net income and comprehensive income of the TELUS Sky Partnership at Allied's share	$—	$1,842

	DECEMBER 31, 2025	DECEMBER 31, 2024
Investment in joint venture, beginning of year	$—	$8,866
Net income	—	1,842
Contributions	—	3,690
Distributions [1]	—	(14,398)
Investment in joint venture, end of year	$—	$—

(1) *For the year ended December 31, 2024, the distributions include a net distribution of $9,383, comprised of the total net cash consideration of $308,022 ($102,674 at Allied's share) from the sale of Calgary House and the commercial component of TELUS Sky by the TELUS Sky Partnership, less the TELUS Sky Partnership's repayment of its construction loan of $279,873 ($93,291 at Allied's share).*

8. LOANS AND NOTES RECEIVABLE

Loans and notes receivable are as follows:

	DECEMBER 31, 2025	DECEMBER 31, 2024
Loans receivable (a)	$473,646	$412,317
Notes and other receivables (b)	2	14,260
	$473,648	$426,577
Expected credit loss on loans and notes receivable	(128,000)	—
Loans and notes receivable	$345,648	$426,577
Current	$248,640	$235,532
Non-current	97,008	191,045
	$345,648	$426,577

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

	MATURITY DATE	DECEMBER 31, 2025	DECEMBER 31, 2024
KING Toronto [1]	March 31, 2027	$216,080	$181,123
Breithaupt Phase III [2]	N/A	8,928	9,913
150 West Georgia	December 31, 2026	248,638	221,281
		$473,646	$412,317
Expected credit loss on loans receivable		(128,000)	—
Total loans receivable		$345,646	$412,317

(1) *The facility matures at the earlier of March 31, 2027, or the closing of the condominium units.*
(2) *The loan is repayable in installments.*

Allied has a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied advanced a loan (the “First KING Toronto 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 First KING Toronto Facility at a rate of 7.00% per annum for the period up to and including November 30, 2023. Thereafter, interest accrued to the First KING Toronto Facility at the greater of (i) 7.00% per annum; and (ii) prime plus 3.00% per annum. During the fourth quarter of 2023, and on September 6, 2024, the loan was amended to add a credit facility in an aggregate principal amount not to exceed $40,000, plus interest and $35,000, plus interest, respectively (the “Second KING Toronto Facility”). The interest receivable on the Second KING Toronto Facility of $5,017 was settled on September 25, 2025, when Allied acquired an incremental 50% interest in 108 East 5th Avenue (note 4). During the fourth quarter of 2025, the loan was further amended to add an additional credit facility (“Third KING Toronto Facility”) in the principal amount to not exceed $23,000 plus interest with maturity date of March 31, 2027. Interest accrues on the Second KING Toronto Facility and the Third KING Toronto Facility at a rate of prime plus 8.00% per annum. During the fourth quarter of 2025, the maturity date on the First KING Toronto Facility and the Second KING Toronto Facility, was extended from December 31, 2026 to March 31, 2027.

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 first mortgage). 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 Westbank’s acquisition of the land and the pre-development costs of 150 West Georgia in Vancouver. The facility is secured by a first mortgage on the property. Interest accrues to the credit facility monthly at a rate of 7.00% per annum. During the fourth quarter of 2025, the facility was increased by $27,000 to a principal amount not to exceed $212,000, plus interest, and the maturity date was extended from December 9, 2025, to December 31, 2026.

During the year ended December 31, 2024, Allied had two loan receivables with Westbank that were settled related to Adelaide & Duncan in Toronto and 400 West Georgia in Vancouver.

Allied had a joint arrangement with Westbank whereby Allied advanced a loan (the "Original Duncan Facility") of $21,173 to Westbank for its purchase of a 50% undivided interest in Adelaide & Duncan. Interest accrued to the Original Duncan Facility was payable monthly at a rate of 7.75% per annum up to September 6, 2024. Thereafter, interest accrued and was payable monthly at the greater of (i) prime plus 3.00% per annum and (ii) 7.75% per annum. In the fourth quarter of 2024, the loan was further amended to add an additional credit facility in an aggregate principal amount not to exceed $10,000 (the "Additional Duncan Facility"). Interest accrued to the Additional Duncan Facility and was payable monthly at a rate of prime plus 10.00% per annum. The facility was secured by a charge on this property and two other properties (subordinated to the construction lenders) and assignment of rents and leases. During the fourth quarter of 2024, $5,265 was drawn under the Additional Duncan Facility, bringing the total outstanding loan balance to $26,438. Of this balance, $18,866 was used to settle the acquisition of an incremental 5% interest in Adelaide & Duncan and an incremental 10% interest in 400 West Georgia on December 20, 2024 (note 4). The remaining balance of $7,572 was converted to a note receivable due from Westbank (note 8(b)).

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. 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 Adelaide & Duncan (note 4).

Allied assesses expected credit losses on an individual loan basis. During the three months ended December 31, 2025, a portion of the loans receivable experienced a significant increase in credit risk since initial recognition. Therefore, Allied has recognized an ECL equal to the lifetime expected credit losses on the loans receivable. The ECL is measured as a probability-weighted estimate of the expected present value of cash shortfalls. Cash shortfalls represent the difference between the cash flows owed to Allied (including the future interest income until maturity of each loan) and the cash flows expected to be received by Allied. Allied's assessment took into consideration the borrower's financial position, status of corporate guarantees, construction and leasing status on development projects, status of principal and interest payments, and the underlying value of the borrower's security or collateral. As a result of the assessment based on the factors described above, Allied recorded an ECL on loans receivable for the year ended December 31, 2025 of $128,000 (December 31, 2024 - $nil).

(b) As at December 31, 2025 and December 31, 2024, the balance of notes and other receivables is made up of individually immaterial notes receivable. On September 25, 2025, a note receivable due from Westbank of $14,394 was fully settled when Allied acquired an incremental 50% interest in 108 East 5th Avenue (note 4).

9. OTHER ASSETS

Other assets consist of the following:

	DECEMBER 31, 2025	DECEMBER 31, 2024
Equipment and other assets [1]	$13,493	$3,885
Property, plant and equipment [2]	19,390	19,441
Interest rate swap derivative assets	11,555	13,316
	$44,438	$36,642
Current	$—	$—
Non-current	44,438	36,642
	$44,438	$36,642

(1) During the year ended December 31, 2025, Allied recorded amortization of equipment and other assets of $1,478 (December 31, 2024 - $1,138).

(2) Property, plant and equipment relates to owner-occupied property. During the year ended December 31, 2025, Allied recorded amortization of owner-occupied property of $401 (December 31, 2024 - $400).

10. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND DEPOSITS

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

	DECEMBER 31, 2025	DECEMBER 31, 2024
User trade receivables - net of allowance (a)	$14,807	$16,111
Other user receivables (b)	10,516	9,472
Miscellaneous receivables (c)	15,895	19,060
Prepaid expenses and deposits (d)	13,019	93,002
	$54,237	$137,645

(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:

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Allowance for expected credit loss, beginning of year	**$11,569**	$11,722
Additional provision recorded during the year	**3,342**	3,254
Reversal of previous provisions	**(1,682)**	(1,630)
Receivables written off during the year	**(1,910)**	(1,777)
Allowance for expected credit loss, end of year	**$11,319**	$11,569

(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, a density bonus receivable (note 4), and interest income due from external parties. As at December 31, 2025, 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, naming rights, insurance, software, and a deposit on disposition. In July 2025, the deposit on disposition was fully repaid.

11. DEBT

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

	DECEMBER 31, 2025	DECEMBER 31, 2024
Mortgages payable (a)	**$491,101**	$437,536
Construction loans payable (b)	**99,900**	473,866
Unsecured revolving operating facility (c)	**51,000**	—
Senior unsecured debentures (d)	**3,939,944**	2,842,388
Unsecured term loans (e)	**99,818**	649,585
	$4,681,763	$4,403,375
Current	**$727,016**	$985,129
Non-current	**3,954,747**	3,418,246
	$4,681,763	$4,403,375

The respective financing costs recognized are amortized using the effective interest method and recorded to interest expense (note 11 (f)).

In 2024, Allied amended the benchmark rates in its debt and swap agreements from CDOR to CORRA including a credit spread adjustment ("Adjusted CORRA"), as applicable, due to the cessation of the publication of CDOR on June 28, 2024.

On October 3, 2024, Allied entered into a swap agreement with a financial institution to fix the rate on a notional amount of variable-rate debt of $175,000 by swapping the floating Adjusted CORRA for fixed interest payments at an interest rate of 3.223% plus the relevant spread of the variable-rate debt. The all-in fixed interest rate for the variable-rate debt, including the spread to which this swap was applied, ranged from 4.527% to 4.677% (December 31, 2024 - 4.527% to 4.927%). The swap was effective October 31, 2024, with a maturity date of October 31, 2026, and was terminated on September 25, 2025, in connection with the new Unsecured Facility (note 11(c)), resulting in a cash payment of $1,263. Allied first applied the swap to the unsecured revolving operating facility, and where the swap exceeded the balance of the unsecured revolving operating facility at any point in time, Allied applied the swap to other variable-rate debt outstanding at the time.

In addition, Allied has a swap agreement with a financial institution to fix the rate on a notional amount of variable-rate debt of $250,000 by swapping the floating Adjusted CORRA for fixed interest payments at an interest rate of 2.096% plus the relevant spread of the variable-rate debt. The all-in fixed interest rate for the variable-rate debt, including the spread to which this swap applies to, ranges from 3.496% to 3.841% for the year ended December 31, 2025 (December 31, 2024 - 3.496%). This swap matures on January 14, 2031. Allied first applies this swap to the unsecured term loan, and the remaining balance is then applied to the unsecured revolving operating facility. If the swap exceeds the balance of the unsecured revolving operating facility at any point in time, Allied applies the swap to other variable-rate debt outstanding at the time.

(a) *Mortgages payable*

Mortgages payable have a weighted average contractual interest rate of 4.82% as at December 31, 2025 (December 31, 2024 - 4.81%). There were no variable rate mortgages payable as at December 31, 2025, and December 31, 2024. The weighted average term of the mortgage debt is 3.5 years (December 31, 2024 - 4.7 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.

As at December 31, 2025, and December 31, 2024, Allied's obligations relating to mortgages are as follows:

	PRINCIPAL REPAYMENTS	BALANCE DUE AT MATURITY	DECEMBER 31, 2025	DECEMBER 31, 2024
2026	**$6,673**	**$20,443**	**$27,116**	
2027	**6,040**	**50,000**	**56,040**	
2028	**6,132**	**79,457**	**85,589**	
2029	**6,139**	**91,498**	**97,637**	
2030	**6,358**	**222,591**	**228,949**	
Mortgages, principal	**$31,342**	**$463,989**	**$495,331**	$441,495
Net financing costs			**(4,230)**	(3,959)
			$491,101	$437,536

(b) *Construction loans payable*

As at December 31, 2025, and December 31, 2024, Allied's obligations relating to construction loans are as follows:

	OWNERSHIP	FACILITY LIMIT	DATE OF MATURITY	CONTRACTUAL INTEREST RATE	STANDBY FEE AND LETTER OF CREDIT FEE	DECEMBER 31, 2025	DECEMBER 31, 2024
Adelaide & Duncan [(1)]	100%	$295,000	August 11, 2025	Prime + 0.35% or Adjusted CORRA + 1.35%	0.25% and 1.00%	**$—**	$257,667
Breithaupt Phase III	50%	67,200	April 30, 2025	Prime + 0.25% or Adjusted CORRA + 1.45%	0.20% and 1.00%	**—**	57,572
KING Toronto	50%	223,668	July 31, 2026	Prime + 0.45% or Adjusted CORRA + 1.45%	0.25% and 1.00%	**99,900**	99,900
108 East 5th Avenue [(2)]	100%	150,000	December 6, 2025	Prime + 0.35% or Adjusted CORRA + 1.35%	0.27% and 1.00%	**—**	58,727
						$99,900	$473,866

(1) *Allied acquired an incremental 45% interest and 5% interest in Adelaide & Duncan on April 1, 2024, and December 20, 2024, respectively, increasing Allied's total ownership to 100%.*

(2) *On September 25, 2025, Allied acquired an incremental 50% interest in 108 East 5th Avenue in Vancouver, which increased Allied's interest in the property to 100%.*

Allied and Westbank had a construction lending facility for the Adelaide & Duncan joint arrangement from a syndicate of Canadian banks. On April 1 and December 20, 2024, Allied's share increased from $147,500 to $280,250 and $295,000, as a result of its incremental 45% and 5% ownership, respectively (note 4). Accordingly, Allied assumed an additional $103,487 drawn on the construction lending facility on April 1, 2024, and $12,442 on December 20, 2024. Allied had provided a joint and several guarantee of the entire facility and earned a related guarantee fee on up to $147,500 and $14,750 of the facility until March 31, 2024, and December 19, 2024, respectively. On February 25, 2025, Allied fully repaid the construction lending facility of $262,493 with no financing prepayment cost.

Allied and Perimeter had a construction loan for the Breithaupt Phase III joint arrangement from a financial institution. On December 4, 2024, a $3,600 repayment ($1,800 at Allied's share) was made on the facility. As a result the facility limit was decreased from $138,000 to $134,400 ($67,200 at Allied's share). Allied provided a joint and several guarantee of the entire facility and earned a related guarantee fee on up to $67,200 of the facility. On March 21, 2025, the Breithaupt Phase III joint arrangement extended the maturity date from March 31, 2025, to April 30, 2025. On April 28, 2025, Allied and Perimeter fully repaid the construction loan of $57,572 with proceeds from mortgage financing.

Allied and Westbank have a green construction lending facility for the KING Toronto joint arrangement from a syndicate of Canadian banks. On September 27, 2024, the maturity date for the construction lending facility was extended from December 17, 2024, to July 31, 2026. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on up to $223,668 of the facility.

Allied and Westbank had a construction lending facility for the 108 East 5th Avenue joint arrangement from a syndicate of Canadian banks. On September 25, 2025, Allied acquired the remaining 50% interest in 108 East 5th Avenue, and assumed an additional $64,745 on the construction lending facility (note 4). Allied provided a joint and several guarantee of the entire facility and earned 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 an all-in fixed interest rate of 4.90%. On September 26, 2025, Allied fully repaid the construction lending facility with no financing prepayment cost and terminated the swap with a cash payment of $217.

On April 1, 2024, Allied and Westbank had a $250,000 construction lending facility for the 400 West Georgia joint arrangement from a syndicate of Canadian banks, of which Allied's share was $225,000. Allied assumed $224,248 of the construction lending facility and immediately following the acquisition (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. On December 20, 2024, the incremental 10% acquisition (note 4) resulted in Allied assuming the remainder of the construction lending facility of $24,916, and immediately following the transactions, Allied fully repaid the construction lending facility. The loan bore interest at bank prime plus 40 basis points or Adjusted CORRA plus 160 basis points. Allied had provided a joint and several guarantee of the entire facility.

(c) *Unsecured revolving operating facility*

On September 29, 2025, Allied replaced its unsecured revolving operating facility with a new facility provided by six major Canadian financial institutions on the same financial terms and expiring on September 29, 2028.

As at December 31, 2025, and December 31, 2024, Allied's obligation relating to the unsecured revolving operating facility (the "Unsecured Facility") is as follows:

			DECEMBER 31, 2025			
MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS (1)	STANDBY FEE	FACILITY LIMIT (2)	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
September 29, 2028	**Prime + 0.45% or Adjusted CORRA + 1.45%**	**0.29%**	**$800,000**	**$(51,000)**	**$(9,253)**	**$739,747**

(1) *The interest rates for this facility are subject to certain conditions being met. On April 15, 2025, the interest rate decreased for the Unsecured Facility from prime + 0.70% or Adjusted CORRA + 1.70% to prime + 0.45% or Adjusted CORRA + 1.45%.*
(2) *This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $900,000.*

			DECEMBER 31, 2024			
MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS (1)	STANDBY FEE	FACILITY LIMIT (2)	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
January 26, 2027	Prime + 0.70% or Adjusted CORRA + 1.70%	0.34%	$800,000	$—	$(10,506)	$789,494

(1) *The interest rates for this facility are subject to certain conditions being met. On June 11, 2024, the spread, standby fee and letter of credit fee increased for the Unsecured Facility.*
(2) *This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $900,000.*

(d) *Senior unsecured debentures*

As at December 31, 2025, and December 31, 2024, Allied's obligations relating to the senior unsecured debentures are as follows:

SERIES	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	DECEMBER 31, 2025	DECEMBER 31, 2024
Series C	3.636%	April 21, 2025	April 21 and October 21	**$—**	$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
Series J	5.534%	September 26, 2028	March 26 and September 26	**250,000**	250,000
Series K	4.808%	February 24, 2029	February 24 and August 24	**450,000**	—
Series L	4.258%[(1)]	April 7, 2027	January 7, April 7, July 7 and October 7	**150,000**	—
Series M	4.312%	April 7, 2027	April 7 and October 7	**250,000**	—
Series N	4.667%	September 25, 2031	March 25 and September 25	**450,000**	—
Senior unsecured debentures, principal				**$3,950,000**	$2,850,000
Net financing costs				**(10,056)**	(7,612)
				$3,939,944	$2,842,388

(1) This is the all-in fixed interest rate on the swapped debt.

The Series C, D, E, F, G, H, I, J, K, L, M and N senior unsecured debentures are collectively referred to as the "Unsecured Debentures".

On September 26, 2024, Allied issued $250,000 of 5.534% Series J unsecured debentures (the "Series J Debentures") on a private placement basis due September 26, 2028, with semi-annual interest payments due on March 26 and September 26 each year commencing on March 26, 2025. Debt financing costs of $1,258 were incurred and recorded against the principal owing. Proceeds from the Series J Debentures were used to repay short-term, variable rate debt.

On February 24, 2025, Allied issued $450,000 of 4.808% Series K senior unsecured debentures (the "Series K Debentures") on a private placement basis due February 24, 2029, with semi-annual interest payments due on August 24 and February 24 each year commencing on August 24, 2025. Debt financing costs of $2,156 were incurred and recorded against the principal owing. The Series K Debentures were Allied's third green bond issuance. Proceeds from the Series K Debentures were used to repay the Adelaide & Duncan construction loan due August 11, 2025, and the remaining proceeds were used towards redeeming the $200,000 aggregate principal amount of 3.636% Series C senior unsecured debentures due April 21, 2025 (the "Series C Debentures"). No prepayment costs were incurred with the repayment of the Adelaide & Duncan construction loan and the redemption of the Series C Debentures.

On April 7, 2025, Allied issued $400,000 of senior unsecured debentures in two series on a private placement basis (the "Offering"). The Offering included (i) $150,000 Series L senior unsecured debentures that bear interest at CORRA plus 1.80% per annum (the "Series L Debentures"), due April 7, 2027, with quarterly interest payments payable in arrears due on January 7, April 7, July 7, and October 7 each year commencing on July 7, 2025, and (ii) $250,000 of 4.312% Series M senior unsecured debentures (the "Series M Debentures") due on April 7, 2027, with semi-annual interest payments due on April 7 and October 7 each year commencing on October 7, 2025. Debt financing costs of $1,382 were incurred and recorded against the principal owing. Proceeds from the Offering were used to fully repay the $400,000 unsecured term loan maturing on October 22, 2025 (note 11(e)).

On April 7, 2025, Allied entered into a swap agreement to fix the floating-rate Series L Debentures at an all-in fixed interest rate of 4.258% until April 7, 2027.

On September 25, 2025, Allied issued $450,000 of 4.667% Series N senior unsecured debentures (the "Series N Debentures") on a private placement basis due September 25, 2031, with semi-annual interest payments due on March 25 and September 25 each year commencing on March 25, 2026. Debt financing costs of $2,200 were incurred and recorded against the principal owing. The Series N Debentures were Allied's fourth green bond issuance. Proceeds from the Series N Debentures were used to fully repay the 108 East 5th Avenue construction lending facility of $129,490 due December 6, 2025, partially repay $150,000 of an unsecured term loan due January 14, 2026, and the balance was applied towards the repayment of amounts drawn on the Unsecured Facility.

(e) *Unsecured term loans*

As at December 31, 2025, and December 31, 2024, Allied's obligations relating to the unsecured term loans are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	DECEMBER 31, 2025	DECEMBER 31, 2024
Unsecured term loan [1]	Prime + 0.40% or Adjusted CORRA + 1.40%	January 14, 2028	Monthly	**$100,000**	$250,000
Unsecured term loan [2]	Prime + 0.10% or Adjusted CORRA + 1.10%	October 22, 2025	Monthly	**—**	400,000
Unsecured term loans, principal				**$100,000**	$650,000
Net financing costs				**(182)**	(415)
				$99,818	$649,585

(1) The all-in fixed interest rate on this swapped debt is 3.496% as at December 31, 2025 (December 31, 2024 - 3.496%).
(2) The all-in fixed interest rate on this swapped debt is N/A as at December 31, 2025 (December 31, 2024 - 4.865%).

The two unsecured term loans are collectively referred to as "Unsecured Term Loans".

On September 26, 2025, Allied repaid $150,000 of the unsecured term loan and extended the maturity on the remaining balance, from January 14, 2026 to January 14, 2028, by exercising two one-year extension options. It is possible to extend the maturity date on this unsecured term loan through one-year extension options until January 14, 2031.

On April 8, 2025, Allied fully repaid the $400,000 unsecured term loan, incurring financing prepayment costs of $166 for accelerated amortization of deferred financing costs, and terminated the related swap with a cash payment of $2,124.

(f) *Interest expense*

Interest expense consists of the following:

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Interest on debt:		
Mortgages payable	**$22,956**	$4,864
Construction loans payable	**9,406**	32,853
Unsecured Facility	**6,009**	13,127
Unsecured Debentures	**118,860**	78,300
Unsecured Term Loans	**12,602**	28,175
Interest on lease liabilities	**1,373**	3,016
Amortization, premium on debt	**—**	(231)
Amortization, net financing costs	**4,652**	3,046
Distributions on Exchangeable LP Units (1)	**20,194**	21,256
	$196,052	$184,406
Interest capitalized to qualifying investment properties and residential inventory	**(61,333)**	(68,440)
Interest expense excluding financing prepayment costs	**$134,719**	$115,966
Financing prepayment costs (2)	**734**	501
Interest expense	**$135,453**	$116,467

(1) The distributions declared on Exchangeable LP Units are recognized as interest expense as Allied is an open-end trust.

(2) For the year ended December 31, 2025, Allied incurred $734 for accelerated amortization of deferred financing costs in connection with the early repayment of an unsecured term loan and the refinancing of its unsecured revolving operating facility (December 31, 2024 - $501 for an accelerated amortization of deferred financing costs in connection with the disposition of a property).

Borrowing costs have been capitalized for the year ended December 31, 2025, to qualifying investment properties and residential inventory at a weighted average effective rate of 3.65% per annum (December 31, 2024 - 3.39%), 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 December 31, 2025:

	2026	2027	2028	2029	2030	THEREAFTER	TOTAL
Mortgages payable, principal repayments	$6,673	$6,040	$6,132	$6,139	$6,358	$—	$31,342
Mortgages payable, balance due at maturity	20,443	50,000	79,457	91,498	222,591	—	463,989
Construction loans payable	99,900	—	—	—	—	—	99,900
Unsecured Facility	—	—	51,000	—	—	—	51,000
Unsecured Debentures	600,000	700,000	550,000	750,000	400,000	950,000	3,950,000
Unsecured Term Loans	—	—	100,000	—	—	—	100,000
Total	**$727,016**	**$756,040**	**$786,589**	**$847,637**	**$628,949**	**$950,000**	**$4,696,231**

A description of Allied's risk management objectives and policies for financial instruments is provided in note 25.

12. LEASE LIABILITIES

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

	2026	2027 - 2030	THEREAFTER	DECEMBER 31, 2025	DECEMBER 31, 2024
Future minimum lease payments	$2,015	$7,607	$76,061	$85,683	$67,854
Less: amounts representing interest payments	(1,447)	(5,511)	(53,349)	(60,307)	(52,449)
Present value of lease payments	**$568**	**$2,096**	**$22,712**	**$25,376**	$15,405
Current [1]				**$1,291**	$7,021
Non-current				**24,085**	8,384
				$25,376	$15,405

(1) This consists of a lease liability held for sale.

Some of Allied's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the Consolidated Statements of Loss and Comprehensive Loss 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 year ended December 31, 2025, minimum lease payments of $1,654 (December 31, 2024 - $3,333) were paid by Allied.

13. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consists of the following:

	DECEMBER 31, 2025	DECEMBER 31, 2024
Trade payables and other liabilities	**$188,610**	$225,907
Prepaid user rents	**80,463**	90,842
Accrued interest payable on Unsecured Debentures	**42,569**	26,885
Distributions payable on Units (note 15)	**7,677**	19,193
Distributions payable on Exchangeable LP Units (note 16)	**709**	1,771
Residential deposits (1)	**49,478**	49,478
Interest rate swap derivative liabilities	**757**	3,124
Total return swap derivative liabilities (note 17(d))	**2,524**	305
Unit-based compensation liabilities (note 17(c))	**3,388**	2,523
	$376,175	$420,028
Current	**$373,395**	$367,731
Non-current (2)	**2,780**	52,297
	$376,175	$420,028

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

(2) Non-current liabilities as at December 31, 2025, are composed of residential deposits totalling $nil, unit-based compensation liabilities totalling $2,023 and interest rate swap derivative liabilities of $757 (December 31, 2024 - $49,478, $1,742 and $1,077, respectively).

14. FAIR VALUE MEASUREMENTS

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

		DECEMBER 31, 2025		DECEMBER 31, 2024	
	CLASSIFICATION/ MEASUREMENT	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial Assets:					
Loans and notes receivable (note 8)	Amortized cost	**$345,648**	**$345,648**	$426,577	$424,478
Interest rate swap derivative assets (note 9)	FVTPL	**11,555**	**11,555**	13,316	13,316
Accounts receivable, prepaid expenses and deposits (note 10)	Amortized cost	**54,237**	**54,237**	137,645	137,645
Cash and cash equivalents (note 20)	Amortized cost	**96,609**	**96,609**	73,918	73,918
Financial Liabilities:					
Debt (note 11)					
Mortgages	Amortized cost	**$491,101**	**$506,713**	$437,536	$444,948
Construction loans payable	Amortized cost	**99,900**	**99,900**	473,866	473,866
Unsecured Facility	Amortized cost	**51,000**	**51,000**	—	—
Unsecured Debentures	Amortized cost	**3,939,944**	**3,898,198**	2,842,388	2,680,733
Unsecured Term Loans	Amortized cost	**99,818**	**98,558**	649,585	648,735
Accounts payable and other liabilities (note 13)	Amortized cost	**369,506**	**369,506**	414,076	414,076
Interest rate swap derivative liabilities (note 13)	FVTPL	**757**	**757**	3,124	3,124
Total return swap derivative liabilities (notes 13 and 17(d))	FVTPL	**2,524**	**2,524**	305	305
Unit-based compensation liabilities (notes 13 and 17(c))	FVTPL	**3,388**	**3,388**	2,523	2,523
Exchangeable LP Units (note 16)	FVTPL	**157,888**	**157,888**	202,527	202,527

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 consolidated financial statements 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:

	DECEMBER 31, 2025			DECEMBER 31, 2024		
	LEVEL 1	**LEVEL 2**	**LEVEL 3**	LEVEL 1	LEVEL 2	LEVEL 3
Financial Assets:						
Loans and notes receivable (note 8)	**$—**	**$345,648**	**$—**	$—	$424,478	$—
Interest rate swap derivative assets (note 9)	**—**	**11,555**	**—**	—	13,316	—
Accounts receivable, prepaid expenses and deposits (note 10)	**—**	**54,237**	**—**	—	137,645	—
Cash and cash equivalents (note 20)	**96,609**	**—**	**—**	73,918	—	—
Financial Liabilities:						
Debt (note 11)						
Mortgages	**$—**	**$506,713**	**$—**	$—	$444,948	$—
Construction loans payable	**—**	**99,900**	**—**	—	473,866	—
Unsecured Facility	**—**	**51,000**	**—**	—	—	—
Unsecured Debentures	**—**	**3,898,198**	**—**	—	2,680,733	—
Unsecured Term Loans	**—**	**98,558**	**—**	—	648,735	—
Accounts payable and other liabilities (note 13)	**—**	**369,506**	**—**	—	414,076	—
Interest rate swap derivative liabilities (note 13)	**—**	**757**	**—**	—	3,124	—
Total return swap derivative liabilities (notes 13 and 17(d))	**—**	**2,524**	**—**	—	305	—
Unit-based compensation liabilities (notes 13 and 17(c))	**—**	**3,388**	**—**	—	2,523	—
Exchangeable LP Units (note 16)	**—**	**157,888**	**—**	—	202,527	—

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 contracts

The fair value of the total return swap derivative contracts 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).

15. 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 years ended December 31, 2025, and December 31, 2024.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2024	127,955,983	$4,546,908
Restricted Unit Plan (net of forfeitures) (note 17(b))	—	(1,712)
Balance at December 31, 2024	127,955,983	$4,545,196
Restricted Unit Plan (net of forfeitures) (note 17(b))	—	(2,044)
Balance at December 31, 2025	**127,955,983**	**$4,543,152**

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

Distributions

On January 15, 2026, Allied declared a distribution for the month of January 2026 of $0.06 per unit, representing $0.72 per unit on an annualized basis to Unitholders of record as at January 30, 2026.

Normal course issuer bid

On February 24, 2025, Allied received approval from the TSX for the renewal of its normal course issuer bid ("NCIB"), which entitles Allied to purchase up to 12,615,599 of its outstanding Units, representing approximately 10% of its public float as at February 12, 2025. The NCIB commenced February 26, 2025, and will expire on February 25, 2026, 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 and/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 year ended December 31, 2025, Allied purchased 120,140 Units for $2,044 at a weighted average price of $17.01, of which 119,078 Units were purchased for delivery to participants under Allied's Restricted Unit Plan and 1,062 Units were purchased for certain employees outside of Allied's Restricted Unit Plan.

16. EXCHANGEABLE LP UNITS

Exchangeable LP Units (authorized - unlimited)

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.

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. 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 years ended December 31, 2025, and December 31, 2024.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2024	11,809,145	$238,309
Fair value gain on Exchangeable LP Units	—	(35,782)
Balance at December 31, 2024	11,809,145	$202,527
Fair value gain on Exchangeable LP Units	—	(44,639)
Balance at December 31, 2025	**11,809,145**	**$157,888**

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, 2025, to December 31, 2025, was $20,194 for which Choice Properties elected to receive a loan in lieu of all of the distributions. A note receivable of $21,256 was outstanding from Choice Properties as of December 31, 2025, the amount entirely consisting of cash advances made during the year ended December 31, 2025, in respect of monthly distributions. 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, 2026, $21,256 of the note receivable due from Choice Properties as at December 31, 2025, was settled on a net basis against the distributions payable to Choice Properties.

On January 15, 2026, the Partnership declared a distribution for the month of January 2026 of $0.06 per Exchangeable LP Unit, representing $0.72 per Exchangeable LP Unit on an annualized basis to holders of the Exchangeable Units as at January 30, 2026, for which Choice Properties elected to receive a loan in lieu of the distribution.

17. 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)	(25,477)	164,172	164,172
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	439,240
		2,136,901		**(393,342)**	**(32,861)**	**1,710,698**	**1,710,698**

	YEAR ENDED			
	DECEMBER 31, 2025		DECEMBER 31, 2024	
	THE RANGE OF EXERCISE PRICES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	THE RANGE OF EXERCISE PRICES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)
For the Units outstanding at the end of the year	**$31.56-$54.59**	**3.14**	$31.56-$54.59	4.14

	YEAR ENDED			
	DECEMBER 31, 2025		DECEMBER 31, 2024	
	NUMBER OF UNITS	**WEIGHTED AVERAGE EXERCISE PRICE**	**NUMBER OF UNITS**	**WEIGHTED AVERAGE EXERCISE PRICE**
Balance, beginning of year	**1,712,971**	**$42.01**	1,712,971	$42.01
Forfeited	**(2,273)**	**$31.56**	—	$—
Balance, end of year	**1,710,698**	**$42.02**	1,712,971	$42.01
Units exercisable at the end of the year	**1,710,698**	**$42.02**	1,640,098	$42.25

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 year ended December 31, 2025, Allied recorded a unit-based compensation expense of $5 (December 31, 2024 - $104) in general and administrative expenses.

(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:

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Restricted Units, beginning of year	**310,435**	294,254
Granted	**119,078**	98,183
Released	**(33,385)**	(82,002)
Restricted Units, end of year	**396,128**	310,435

For the year ended December 31, 2025, Allied recorded a unit-based compensation expense of $1,934 (December 31, 2024 - $2,024) in general and administrative expenses.

(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:

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Plan Units, beginning of year	**537,714**	371,277
Granted	**342,431**	252,773
Settled	**(48,566)**	(113,861)
Forfeited	**(46,102)**	(35,587)
Distribution equivalents	**86,915**	63,112
Plan Units, end of year	**872,392**	537,714

For the year ended December 31, 2025, Allied recorded a unit-based compensation expense of $1,691 (December 31, 2024 - $2,850), including the mark-to-market adjustment, in general and administrative expenses. During the year ended December 31, 2025, 48,566 Plan Units (December 31, 2024 - 113,861 Plan Units) vested and settled in cash resulting in a decrease of $816 (December 31, 2024 - $2,264) to the unit-based compensation liabilities.

(d) *Total Return Swap*

On March 28, 2024, Allied entered into a cash-settled total return swap ("TRS") 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 consolidated financial statements. 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. On March 31, 2025, Allied fully settled the total return swap with a cash payment of $680. On March 19, 2025, Allied entered into a new cash-settled total return swap for 750,000 Units, which was effective March 28, 2025.

For the year ended December 31, 2025, Allied recorded a unit-based compensation expense of $2,109 (December 31, 2024 - $44), including the mark-to-market adjustment, in general and administrative expenses.

18. RENTAL REVENUE

Rental revenue includes the following:

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Base rent (1)	**$280,929**	$283,341
Tax and insurance recoveries	**108,774**	112,739
Miscellaneous revenue (2)	**34,267**	33,069
Operating cost recoveries	**168,409**	162,891
Total rental revenue	**$592,379**	$592,040

(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 is as follows:

	2026	2027	2028	2029	2030	THEREAFTER	TOTAL
Future minimum rental income	$301,342	$289,818	$265,542	$243,714	$204,406	$789,544	$2,094,366

19. GENERAL AND ADMINISTRATIVE EXPENSES

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Salaries and benefits	**$19,122**	$21,479
Mark-to-market recovery on unit-based compensation plans (1)	**(24)**	(107)
Professional and trustee fees	**6,131**	6,783
Office and general expenses	**6,357**	6,583
	$31,586	$34,738
Capitalized to qualifying investment properties	**(6,920)**	(10,405)
Total general and administrative expenses	**$24,666**	$24,333

(1) *Excluding the mark-to-market adjustment on unit-based compensation plans, the total general and administrative expenses for the year ended December 31, 2025 is $24,690 (December 31, 2024 - $24,440).*

20. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include the following components:

	DECEMBER 31, 2025	DECEMBER 31, 2024
Cash	**$96,452**	$73,778
Short-term deposits	**157**	140
Total cash and cash equivalents	**$96,609**	$73,918

The following summarizes supplemental cash flow information in operating activities:

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Interest paid (net of the impact of capitalization)	**$113,995**	$110,271
Interest capitalized to qualifying investment properties and residential inventory (note 11(f))	**61,333**	68,440
Interest paid on debt (including capitalized interest and financing prepayment costs)	**$175,328**	$178,711

The following summarizes supplemental cash flow information in investing activities:

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Supplemental		
Construction loans assumed (notes 4, 11(b))	**$64,745**	$365,093

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

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Net change in accounts receivable, prepaid expenses and deposits	**$83,408**	$3,318
Net change in loans and notes receivable	**80,929**	176,467
Net change in accounts payable and other liabilities	**(43,853)**	(105,620)
Other working capital changes	**(66,817)**	(133,377)
Change in non-cash operating items	**$53,667**	$(59,212)

21. 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.

PROPERTIES	LOCATION	CURRENT STATUS	OWNERSHIP DECEMBER 31, 2025	OWNERSHIP DECEMBER 31, 2024
642 King W	Toronto, ON	Rental Property	**50%**	50%
Breithaupt Block	Kitchener, ON	Rental Property	**50%**	50%
College & Manning [(1)]	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	**50%**	50%
108 East 5th Avenue [(2)]	Vancouver, BC	Property Under Development	**N/A**	50%
175 Bloor Street E	Toronto, ON	Rental Property	**50%**	50%
110 Yonge Street	Toronto, ON	Rental Property	**50%**	50%
Calgary House [(3)]	Calgary, AB	Rental Property	**50%**	50%

(1) On November 29, 2024, the College & Manning joint arrangement sold a portion of its properties. The College & Manning joint arrangement continues to co-own 559 College.
(2) On September 25, 2025, Allied acquired an incremental 50% interest in 108 East 5th Avenue, increasing its ownership to 100%.
(3) Prior to December 19, 2024, Allied accounted for its interest in TELUS Sky through an equity accounted investment (note 7).

	DECEMBER 31, 2025	DECEMBER 31, 2024
Total assets	**$1,767,362**	$2,011,911
Total liabilities	**$543,819**	$606,422

	YEAR ENDED DECEMBER 31, 2025 [(1)]	YEAR ENDED DECEMBER 31, 2024 [(2)]
Revenue	**$100,338**	$115,119
Expenses	**(50,889)**	(57,948)
Income before fair value adjustment on investment properties and impairment of residential inventory	**$49,449**	$57,171
Impairment of residential inventory	**(23,920)**	(38,259)
Fair value loss on investment properties	**(190,436)**	(104,866)
Net loss	**$(164,907)**	$(85,954)

(1) On September 25, 2025, Allied acquired an incremental 50% interest in 108 East 5th Avenue, bringing its total ownership in 108 East 5th Avenue to 100%.
(2) Allied had a 50% interest in Adelaide & Duncan prior to April 1, 2024. Allied acquired an incremental 45% and 5% interest in Adelaide & Duncan on April 1, 2024 and December 20, 2024, respectively, bringing its ownership in Adelaide & Duncan to 100%.

22. 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 income (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) on derivative instruments, impairment of residential inventory and expected credit loss on loans and notes receivable are not allocated to operating segments.

On December 18, 2024, Allied disposed of its Ottawa properties. On April 30, 2025, Allied disposed of its Edmonton property.

The following tables present a reconciliation of operating income to net loss and comprehensive loss for the years ended December 31, 2025, and 2024.

SEGMENTED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

YEAR ENDED DECEMBER 31, 2025	MONTRÉAL	TORONTO & KITCHENER	CALGARY & EDMONTON	VANCOUVER	JOINT VENTURE (TELUS SKY)	TOTAL
Rental revenue	$199,465	$294,539	$31,860	$66,515	N/A	$592,379
Property operating costs	(104,157)	(130,040)	(18,146)	(23,072)	N/A	(275,415)
Operating income	$95,308	$164,499	$13,714	$43,443	N/A	$316,964
Interest income						41,402
Interest expense						(135,453)
General and administrative expenses						(24,666)
Condominium marketing expenses						(39)
Amortization of other assets						(1,879)
Transaction costs						(5,349)
Net income from joint venture						—
Fair value loss on investment properties and investment properties held for sale						(1,408,235)
Fair value gain on Exchangeable LP Units						44,639
Fair value loss on derivative instruments						(2,996)
Expected credit loss on loans and notes receivable						(128,000)
Impairment of residential inventory						(23,920)
Net loss and comprehensive loss						$(1,327,532)

YEAR ENDED DECEMBER 31, 2024	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON (1)	VANCOUVER	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	$214,625	$285,189	$38,550	$61,392	$(7,716)	$592,040
Property operating costs	(111,271)	(113,670)	(22,515)	(21,349)	5,239	(263,566)
Operating income	**$103,354**	**$171,519**	**$16,035**	**$40,043**	**$(2,477)**	**$328,474**
Interest income						45,069
Interest expense						(116,467)
General and administrative expenses						(24,333)
Condominium marketing expenses						(134)
Amortization of other assets						(1,538)
Transaction costs						(1,722)
Net income from joint venture						1,842
Fair value loss on investment properties and investment properties held for sale						(557,569)
Fair value gain on Exchangeable LP Units						35,782
Fair value loss on derivative instruments						(13,675)
Expected credit loss on loans and notes receivable						—
Impairment of residential inventory						(38,259)
Net loss and comprehensive loss						**$(342,530)**

(1) Includes Allied's proportionate share of revenue and expenses of its investment in the TELUS Sky Partnership.
(2) Prior to December 19, 2024, Allied accounted for its interest in TELUS Sky through an equity accounted investment (note 7). This is an adjustment to remove the impact of the TELUS Sky Partnership joint venture from the Calgary and Edmonton results, to arrive at the equity method of accounting.

23. 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 consolidated financial statements. Income tax obligations relating to distributions of Allied are the obligations of the Unitholders.

24. 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 Partnership joint venture, key management personnel and their close family members.

On December 19, 2024, Allied acquired a 50% undivided interest in Calgary House from the TELUS Sky Partnership joint venture. This acquisition increased Allied's ownership by one-sixth in Calgary House from one-third to 50% (note 4).

On December 19, 2024, the loan to the TELUS Sky Partnership joint venture of $93,291 was fully repaid (note 7).

The transactions are in the normal course of operations and were measured at the amount set out in agreements 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 recorded in general and administrative expenses and are summarized in the table below:

	YEAR ENDED	
	DECEMBER 31, 2025	DECEMBER 31, 2024
Salary, bonus and other short-term employee benefits	**$3,477**	$4,836
Unit-based compensation	**4,936**	3,113
Total compensation for key management personnel	**$8,413**	$7,949

25. 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 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 December 31, 2025, the debt to gross book value ratio was 50.7% (December 31, 2024 - 41.7%).

Allied has certain key financial covenants in its debt agreements. 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 December 31, 2025.

(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 variable-rate borrowings. There is also 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 Allied utilizes additional floating rate debt under the Unsecured Facility in its refinancing, Allied will be further 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.

As at December 31, 2025, 99.98% of Allied's debt is at a fixed rate (December 31, 2024 - 94.25%). This fixed-rate debt is inclusive of variable-rate debt that has been swapped.

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 fixed-rate debt that is due within one year, which is subject to interest rate risk upon refinancing, and variable-rate debt that has not been swapped to a fixed rate as at the reporting date. All other variables are held constant.

		CHANGE IN INTEREST RATE	
		-1.0%	+1.0%
	CARRYING AMOUNT AS AT DECEMBER 31, 2025	INCOME IMPACT	INCOME IMPACT
Construction loans payable [1]	$99,900	$999	$(999)
Mortgages payable	$27,116	$271	$(271)
Unsecured Debentures	$600,000	$6,000	$(6,000)

(1) Includes variable rate construction loans of $900 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 or assets 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 or assets 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. 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	
		-$1.00	+$1.00
	CARRYING AMOUNT AS AT DECEMBER 31, 2025	INCOME IMPACT	INCOME IMPACT
Unit-based compensation liabilities (notes 13 and 17(c))	$3,388	$872	$(872)
Exchangeable LP Units (note 16)	$157,888	$11,809	$(11,809)
Total return swap derivative liability (notes 13 and 17(d))	$2,524	$(750)	$750

(d) *Credit risk*

As Allied has provided loans, advances and notes receivable to facilitate property development, Allied's assessment of credit risk took into consideration the borrower's financial position, status of corporate guarantees, construction and leasing status on development projects, status of principal and interest payments, and underlying value of the borrower's security or collateral. Allied's loans, advances and notes receivable will be subordinate to prior ranking loans, mortgages or charges. As at December 31, 2025, Allied had $473,648 outstanding in loans and notes receivable (December 31, 2024 - $426,577), which excludes the ECL on loans and notes receivable. 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, assessing the value of underlying security or collateral and ensuring interest payments are made on time. The expected credit losses estimated by Management, giving consideration to the factors above, as at December 31, 2025, are $128,000 (December 31, 2024 - $nil) (note 8).

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 December 31, 2025, are $11,319 (December 31, 2024 - $11,569) (note 10 (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.

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

	DECEMBER 31, 2025	DECEMBER 31, 2024
Less than 30 days	**$3,110**	$3,559
30 to 60 days	**1,692**	1,477
More than 60 days	**10,005**	11,075
Total	**$14,807**	$16,111

(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 3.59% and 5.25% for December 31, 2025 (December 31, 2024 - 3.59% and 5.25%). There were no variable rate mortgages payable as at December 31, 2025, and December 31, 2024.

Allied entered into interest rate derivative contracts to limit its exposure to fluctuations in interest rates on $450,000 of its variable rate unsecured term loans, construction loans, mortgages, unsecured debentures and Unsecured Facility (December 31, 2024 - $870,825). Gains or losses arising from the change in fair values of the interest rate derivative contracts are recognized in the consolidated financial statements. For the year ended December 31, 2025, Allied recognized as part of the change in fair value adjustment on derivative instruments a fair value loss of $2,996 (December 31, 2024 - $13,675).

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 general and administrative expenses. For the year ended December 31, 2025, Allied recognized a mark-to-market loss of $2,899 (December 31, 2024 - $305).

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:

	2026	2027	2028	2029	2030	THEREAFTER	TOTAL
Mortgages payable	$50,724	$78,612	$103,919	$113,691	$234,431	$—	$581,377
Construction loans payable	102,130	—	—	—	—	—	102,130
Unsecured Facility	1,959	1,959	52,465	—	—	—	56,383
Unsecured Debentures	735,675	817,244	649,294	819,945	442,711	994,214	4,459,083
Unsecured Term Loan	3,496	3,496	100,291	—	—	—	107,283
Total	**$893,984**	**$901,311**	**$905,969**	**$933,636**	**$677,142**	**$994,214**	**$5,306,256**

26. COMMITMENTS AND CONTINGENCIES

Allied has entered into commitments relating to development and upgrade activity. The commitments as at December 31, 2025, were $105,834 (December 31, 2024 - $131,338).

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 consolidated financial statements.

Allied has issued letters of credit in the amount of $13,872 as at December 31, 2025 (December 31, 2024 - $20,304).

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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