ALLIED

Annual Report December 31, 2023

Urban environments for creativity and connectivity

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ALLIED

Annual Report

December 31, 2023

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Management's Discussion and Analysis of Results of Operations and Financial Condition as at December 31, 2023

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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*. On June 12, 2023, Allied completed its conversion from a "closed-end" trust to an "open-end" trust.

This Management's Discussion and Analysis ("MD&A") of results of operations and financial condition relates to the year ended December 31, 2023. 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 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 January 31, 2024, and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2023. Historical results and percentage relationships contained in this MD&A, including trends that might appear, should not be taken as indicative of future results, operations or performance. Unless otherwise indicated, all amounts in this MD&A are in thousands of Canadian dollars.

This section includes certain terms that do not have a standardized meaning prescribed under International Financial Reporting Standards ("IFRS") and includes certain forward-looking statements within the meaning of applicable securities law. Refer to Non-GAAP Measures and Forward-Looking Statements on pages 16 and 22, respectively.

SUMMARY OF KEY OPERATING AND FINANCIAL PERFORMANCE MEASURES

The following table summarizes the key operating and financial performance measures for the periods listed below:

($000's except per-square foot, per-unit and financial ratios)	THREE MONTHS ENDED DECEMBER 31, 2023	THREE MONTHS ENDED DECEMBER 31, 2022	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022	YEAR ENDED DECEMBER 31, 2021
Leased area [1]	**87.3%**	90.8%	**87.3%**	90.8%	90.4%
Occupied area [1]	**86.4%**	89.6%	**86.4%**	89.6%	89.9%
Average in-place net rent per occupied square foot [1]	**24.10**	23.10	**24.10**	23.10	24.64
Average in-place net rent per occupied square foot - excluding UDC in all periods	**24.10**	23.10	**24.10**	23.10	21.98
Retention rate on maturities during the period (leased in current period and prior year) [1]	**59.7%**	45.6%	**59.9%**	57.9%	57.0%
Increase in net rent on renewing leases - total rental portfolio [1]	**3.6%**	6.1%	**6.8%**	5.6%	7.9%
Investment properties [2]	**9,387,032**	9,669,005	**9,387,032**	9,669,005	9,527,105
Unencumbered investment properties [3]	**8,757,510**	8,345,530	**8,757,510**	8,345,530	9,064,010
Total assets [2]	**10,609,285**	11,906,350	**10,609,285**	11,906,350	10,384,691
Cost of PUD as % of GBV [3]	**11.6%**	12.6%	**11.6%**	12.6%	11.2%
NAV per unit [5]	**45.60**	50.96	**45.60**	50.96	50.30
Debt [2]	**3,659,611**	4,211,185	**3,659,611**	4,211,185	3,453,284
Total indebtedness ratio [3]	**34.7%**	35.6%	**34.7%**	35.6%	33.5%
Annualized Adjusted EBITDA [3]	**410,488**	426,520	**416,019**	403,119	365,050
Net debt as a multiple of Annualized Adjusted EBITDA [3]	**8.2x**	9.8x	**8.1x**	10.4x	9.4x
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - three months trailing [3]	**2.9x**	2.8x	**2.9x**	2.8x	3.3x
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - twelve months trailing [3]	**2.5x**	3.0x	**2.5x**	3.0x	3.4x
Rental revenue [2][6]	**150,898**	135,924	**563,980**	519,468	472,799
Property operating costs [2][6]	**(69,029)**	(58,639)	**(246,949)**	(224,260)	(204,792)
Operating income [2][6]	**81,869**	77,285	**317,031**	295,208	268,007
Net (loss) income and comprehensive (loss) income [2]	**(499,340)**	41,392	**(420,716)**	375,363	443,151

($000's except per-square foot, per-unit and financial ratios)	THREE MONTHS ENDED **DECEMBER 31, 2023**	 DECEMBER 31, 2022	YEAR ENDED **DECEMBER 31, 2023**	 DECEMBER 31, 2022	 DECEMBER 31, 2021
Net income (loss) and comprehensive income (loss) from continuing operations (2)(6)	**(499,340)**	20,178	**(545,707)**	174,669	331,381
Net income from continuing operations excluding fair value adjustments, transaction costs, financing prepayment costs and impairment (4)	**49,239**	60,814	**221,833**	225,118	206,419
Adjusted EBITDA (3)	**102,622**	106,630	**416,019**	403,119	365,050
Same Asset NOI - rental portfolio (4)(8)	**77,824**	78,002	**271,237**	272,412	N/A
Same Asset NOI - total portfolio (3)(8)	**84,265**	80,590	**298,792**	284,953	N/A
FFO (3)	**85,460**	86,755	**332,578**	334,477	253,376
FFO per unit (diluted) (3)	**0.611**	0.621	**2.380**	2.443	1.988
FFO pay-out ratio (3)(7)	**73.6%**	70.5%	**75.6%**	71.6%	85.5%
All amounts below are excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation (3):					
FFO	**85,765**	86,325	**332,622**	333,392	306,559
FFO per unit (diluted)	**0.614**	0.618	**2.380**	2.435	2.405
FFO payout-ratio (7)	**73.3%**	70.8%	**75.6%**	71.8%	70.6%
AFFO	**78,611**	76,553	**304,225**	297,579	266,517
AFFO per unit (diluted)	**0.562**	0.548	**2.177**	2.174	2.091
AFFO payout-ratio (7)	**80.0%**	79.9%	**82.7%**	80.4%	81.2%

(1) *This metric excludes the assets held for sale based on the assets held for sale classification at the end of each period.*
(2) *This measure is presented on an IFRS basis.*
(3) *This is a non-GAAP measure, refer to page 16. These non-GAAP measures include the results of the continuing operations and the discontinued operations.*
(4) *This is a non-GAAP measure, refer to page 16. These non-GAAP measures include only the results of the continuing operations.*
(5) *Prior to Allied's conversion to an open-end trust, net asset value per unit ("NAV per unit") was calculated as total equity as at the corresponding period ended, divided by the actual number of Units and class B limited partnership units of Allied Properties Exchangeable Limited Partnership ("Exchangeable LP Units") outstanding at period end. With Allied's conversion to an open-end trust on June 12, 2023, NAV per unit is calculated as total equity plus the value of Exchangeable LP Units as at the corresponding period ended, divided by the actual number of Units and Exchangeable LP Units. The rationale for including the value of Exchangeable LP Units is because they are economically equivalent to Units, receive distributions equal to the distributions paid on the Units and are exchangeable, at the holder's option, for Units.*
(6) *This metric includes only the results of the continuing operations.*
(7) *The payout ratios for the three months and year ended December 31, 2023, exclude the special cash distributions declared of $61,419 on Units and $5,668 on Exchangeable LP Units, and the special Unit distribution declared of $639,780.*
(8) *The Same Asset NOI for the year ended December 31, 2021, is not applicable as the composition of properties is different from the 2022 and 2023 years.*

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 2023 Operating Results (1)

LEASED AREA
87.3%

OCCUPIED AREA
86.4%

AVERAGE IN-PLACE NET RENT PER OCCUPIED SQUARE FOOT
$24.10
2022: $23.10
↑ 4.3%
from Q4 2022

RENT GROWTH ON RENEWING SPACE
3.6%

WEIGHTED AVERAGE REMAINING LEASE TERM IN YEARS
5.8

Q4 2023 Financial Results

SAME ASSET NOI - RENTAL PORTFOLIO (2)
↓ 0.2%
from Q4 2022

FFO PER UNIT (2)(3)
$0.614
↓ 0.6%
from Q4 2022

AFFO PER UNIT (2)(3)
$0.562
↑ 2.6%
from Q4 2022

Year-to-Date Capital Allocation

$nil
Allocated to acquisitions

$434.8M
Allocated to revenue-enhancing and development activity

Liquidity (4) End of Q4

$1.0B
$1.1B including accordion

Q4 2023 Balance Sheet

NET DEBT AS A MULTIPLE OF ANNUALIZED ADJUSTED EBITDA (2)
8.2x

TOTAL INDEBTEDNESS RATIO (2)
34.7%

INTEREST COVERAGE RATIO (2)(5)
2.9x

UNENCUMBERED INVESTMENT PROPERTIES (2)
$8.8B
92.3% of investment properties on a proportionate basis (2)

ESG Results (6)

2023 GRESB SCORE FOR STANDING INVESTMENTS
85/100
Down from 86/100 in 2022

2023 GRESB SCORE FOR DEVELOPMENT
87/100
Up from 82/100 in 2022

2022 ENERGY USE INTENSITY (EUI)
↓ 13%
from our 2019 baseline

2022 GREENHOUSE GAS INTENSITY (GHGI)
↓ 11%
from our 2019 baseline

2022 WATER USE INTENSITY (WUI)
↓ 31%
from our 2019 baseline

2022 WASTE DIVERSION
↑ 2%
from our 2019 baseline

(1) *These metrics are for the rental portfolio which exclude the assets held for sale and properties under development based on the classification at the end of each period*
(2) *This is a non-GAAP measure, refer to page 16. These non-GAAP measures include the results of the continuing operations and the discontinued operations. Same Asset NOI - rental portfolio excludes the assets held for sale.*
(3) *Excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation on a diluted basis.*
(4) *Liquidity is the sum of cash and cash equivalents on a proportionate basis and the amount available on Allied's unsecured revolving operating facility as at December 31, 2023.*
(5) *This interest coverage ratio including capitalized interest is for the three months trailing.*
(6) *For more information, refer to Allied's 2022 Environmental, Social and Governance Report published on June 26, 2023, available on www.alliedreit.com.*

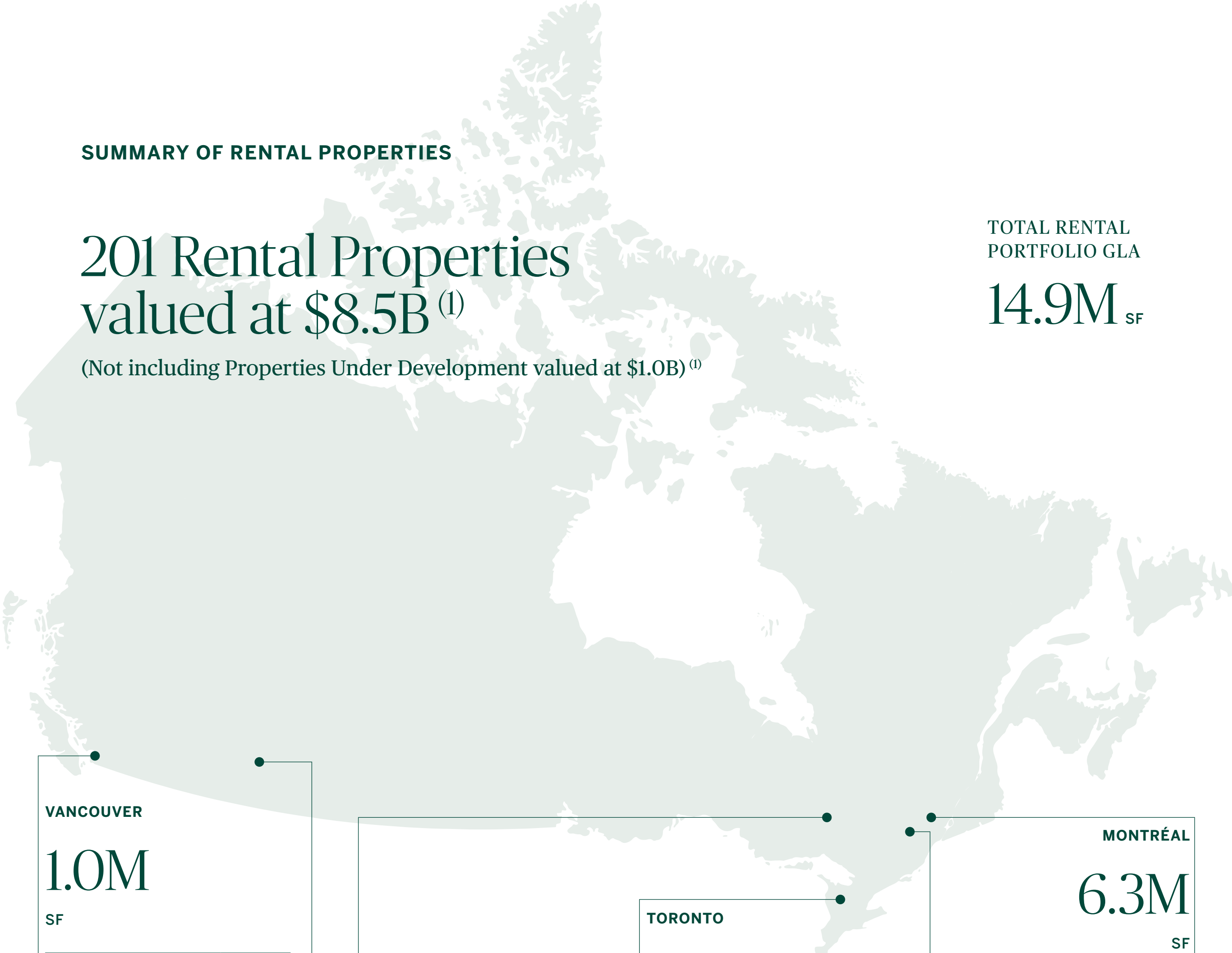
SUMMARY OF RENTAL PROPERTIES

201 Rental Properties valued at $8.5B (1)

(Not including Properties Under Development valued at $1.0B) (1)

TOTAL RENTAL PORTFOLIO GLA

14.9M SF



VANCOUVER

1.0M SF

ALLIED OCCUPANCY	89.2%
MARKET OCCUPANCY (2)	91.8%
PROPERTIES	13
EMPLOYEES	17

CALGARY

1.3M SF

ALLIED OCCUPANCY	76.1%
MARKET OCCUPANCY (2)	74.6%
PROPERTIES	30
EMPLOYEES	30

KITCHENER

709K SF

ALLIED OCCUPANCY	74.6%
MARKET OCCUPANCY (2)	71.1%
PROPERTIES	6
ANCILLARY PARKING FACILITY	1
EMPLOYEES	4

TORONTO

5.4M SF

ALLIED OCCUPANCY	86.3%
MARKET OCCUPANCY (2)	83.6%
PROPERTIES	108
ANCILLARY PARKING FACILITIES	10
EMPLOYEES	226

MONTRÉAL

6.3M SF

ALLIED OCCUPANCY	89.2%
MARKET OCCUPANCY (2)	85.1%
PROPERTIES	31
EMPLOYEES	82

OTTAWA

231K SF

ALLIED OCCUPANCY	98.9%
MARKET OCCUPANCY (2)	89.4%
PROPERTIES	2
EMPLOYEES	3

(1) The rental properties and properties under development values are on a proportionate basis, which are non-GAAP measures.
(2) Source: cbre.ca, CBRE Office Figures reports.

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.

VISION AND MISSION

Allied's vision statement is as follows: *To make a continuous contribution to cities and culture that elevates and inspires the humanity in all people*. In isolation, this could be seen as somewhat extravagant and nebulous, but it is fully grounded and informed by Allied's mission statement, which is as follows: *To provide knowledge-based organizations with distinctive urban workspace in a manner that is sustainable and conducive to human wellness, creativity, connectivity and diversity*. Like all such statements, Allied's vision and mission statements need elaboration.

From inception, Allied's approach to workspace was both humanistic and technical. Allied sees workspace from the vantage point of people who use it rather than people who invest in it. Allied sees workspace as optimal light and air, a flexible and open floorplan and a collaborative rather than feudal relationship between owner and user. Allied sees workspace as a product of aesthetic and technical design. Finally, Allied sees workspace as part of a large, amenity-rich, urban ecosystem rather than as an instance of the monumental isolation that characterizes so many conventional office towers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Environmental, social and governance sensitivities are an integral part of Allied. They flow from its evolution as an organization focused on the provision of distinctive urban workspace in Canada's major cities.

Long before going public, Allied focused on the adaptive re-use of older structures built over a century ago for light-industrial purposes. The goal at the time was not to minimize the impact on the environment. Rather, it was to meet what was rightly perceived to be a growing need on the part of users of workspace for environments that would assist them in attracting, motivating and retaining knowledge workers. Nevertheless, by re-cycling buildings rather than re-building them, Allied minimized the impact on the environment. This evolved into greater sensitivity as to the environmental impact of its activity.

Again, long before its initial public offering (IPO), Allied concentrated its properties in specific urban areas. The goal at the time was not to make a social contribution. Rather, it was to meet what was rightly perceived to be the need on the part of users of workspace to grow in amenity-rich, mixed-use urban communities. Nevertheless, by aggregating buildings in this way, Allied became sensitized to the impact on the surrounding communities in which it operates. Allied began to see its buildings as part of a larger urban ecosystem and to acknowledge its responsibility to the surrounding community as a whole.

Finally, the launch of Allied's IPO in 2003 increased its sensitivity to governance. The sensitivities at the time were predominantly financial and operational, but as Allied evolved and attracted Unitholders globally, the sensitivity to a broader conception of governance increased. Allied's Board and Management began to see governance as something that could strengthen the business significantly.

ESG OVERSIGHT & REPORTING

Allied's Board and Management are committed to making its inherent approach to ESG more manifest, deliberate and measurable. They have always believed that submitting to informed scrutiny will make Allied a better business, and formally submitting to ESG scrutiny is no exception in this regard. The Trustees are responsible for the oversight of the ESG Strategy and ESG initiatives developed by Management. The Board's Governance, Compensation and Nomination Committee (the "GC&NC") oversees and monitors Allied's ESG performance and reviews Allied's ESG Report, ESG Policy and other governance policies and practices annually.

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

In June 2023, Allied published its 2022 ESG Report in accordance with the Global Reporting Initiative (GRI) 2021 Universal Standards, the Sustainability Accounting Standards Board (SASB) Real Estate Standard, the United Nations Sustainable Development Goals (UN SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

ESG HIGHLIGHTS

Highlighting Allied's ESG Achievements

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

Outperformed 2024 Targets (1)

Allied continued to exceed its 2024 reduction targets for Energy Use Intensity (EUI), Greenhouse Gas Intensity (GHGI) and Water Use Intensity (WUI).

Continued to Improve GRESB Scores

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

Developed an Internal Price of Carbon

Allied established its shadow price of carbon to support financial analysis and decision-making for all new investments, developments and retrofit opportunities by assigning a monetary value to every tonne of carbon emitted.

Established 70% Certification Target for Standing Portfolio

Allied will certify an additional 8.1 million square feet to LEED and/or BOMA BEST by 2028, at a cost of $0.09/square foot, increasing its certification percentage from 27% to 70% across the portfolio.

Recognized as a Canadian "Best Employer" in 2023

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

Outperformed Peers in User Experience Assessment Ratings

In November 2022, Allied completed its annual third-party User Experience Assessment Survey. Results demonstrated year-over-year progress, with improved ratings in key areas and an overall increase in user satisfaction.

Co-hosted Indigenous Relations in Real Estate Development Series

Allied partnered with ULI Toronto, Shared Path and Westbank to deliver a workshop series for leaders in the industry to advance their understanding of colonization and its impact on Indigenous Peoples, and to start exploring opportunities to collaborate in real estate development.

Committed to Green Financing

Allied established its Green Financing Framework in 2021 and issued two green bonds in 2021 totaling $1.1 billion. In December 2022, Allied obtained a $75 million sustainability-linked construction lending facility, at its share, for the development of 108 East 5th Avenue in Vancouver. On this construction lending facility, Allied exceeded one of the sustainability performance targets for 2023, as more than 10% of individuals in its construction and construction-related labour identified themselves as equity deserving groups. (2)

(1) These metrics are based on Allied's 2022 ESG Report, available on www.alliedreit.com.
(2) Equity deserving groups include Indigenous people, racialized communities, recent immigrants and refugees, disabled persons, members of the 2SLGBTQQIA+ community, veterans, youth aged 29 and under, and people who identify as having experienced barriers to economic opportunity and participation.

BUSINESS ENVIRONMENT AND OUTLOOK

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

Allied has assembled the largest and most concentrated portfolio of economically-productive, underutilized urban land in Canada, one that affords extraordinary mixed-use intensification potential in major cities going forward. Allied believes deeply in the continued success of Canadian cities and has the platform and the breadth of funding relationships necessary to drive value in the coming years and decades for the benefit of its constituents.

The foregoing sections contain non-GAAP measures and forward-looking statements. Where it is not explicitly stated, the measures include the results of both continuing and discontinued operations. Management believes these combined results provide a more meaningful measure of financial performance for the periods presented. Refer to Non-GAAP Measures and Forward-Looking Statements below.

NON-GAAP MEASURES

Readers are cautioned that certain terms used in the MD&A listed below, including any related per unit amounts, used by Management of Allied to measure, compare and explain the operating results and financial performance of Allied do not have any standardized meaning prescribed under IFRS and, therefore, should not be construed as alternatives to net income, cash flow from operating activities, or any other measure prescribed under IFRS. These terms are defined in the following table and reconciliations to the most comparable IFRS measure are referenced, as applicable. The following terms do not have a standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other publicly traded entities.

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
Allied's proportionate share or proportionate basis	All references to "proportionate share" or "proportionate basis" refer to a non-GAAP financial measure representing Allied's proportionate share of equity accounted investments. Allied applies the equity method of accounting to its joint venture, TELUS Sky, as prescribed under IFRS. Management presents the proportionate share of its interests in joint arrangements that are accounted for using the equity method as it is viewed as relevant in demonstrating Allied's performance and is the basis of many of Allied's key performance measures.	Section II - Operations, Section V - Asset Profile, Section VI - Liquidity and Capital Resources
Funds from Operations ("FFO")	FFO is a non-GAAP financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its January 2022 White Paper ("White Paper"). FFO is defined as net income and comprehensive income from continuing operations less certain adjustments, on a proportionate basis, including fair value changes in investment properties, investment properties held for sale, Exchangeable LP Units and derivative instruments, impairment, transaction costs, incremental leasing costs, net income and comprehensive income from discontinued operations, distributions on Exchangeable LP Units as they are puttable instruments classified as financial liabilities, amortization of improvement allowances and amortization of property, plant and equipment which relates to owner-occupied property. FFO is reconciled to net income and comprehensive income from continuing operations, which is the most directly comparable IFRS measure. Management believes FFO is a key measure of operating performance.	Section II - Operations - Other Financial Performance Measures
FFO excluding condominium costs and the mark-to-market adjustment on unit-based compensation	FFO excluding condominium related items 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 and the mark-to-market adjustment on unit-based compensation. FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation is reconciled to net income and comprehensive income from continuing operations, which is the most directly comparable IFRS measure. Management believes this is a useful measure as these condominium 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
FFO excluding condominium costs, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation starts with FFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs, financing prepayment costs and the mark-to-market adjustment on unit-based compensation. FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation is reconciled to net income and comprehensive income from continuing operations, which is the most directly comparable IFRS measure. Management believes this is a useful measure as these condominium and financing prepayment items are not indicative of recurring operating performance, and the mark-to-market adjustments of unit-based compensation can fluctuate widely with the market.	Section II - Operations - Other Financial Performance Measures

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
Adjusted Funds from Operations ("AFFO")	AFFO is a non-GAAP financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in the White Paper. AFFO is defined as FFO less amortization of straight-line rent, regular leasing expenditures, regular and recoverable maintenance capital expenditures, and incremental leasing costs (related to regular leasing expenditures). AFFO is reconciled to net income and comprehensive income from continuing operations, which is the most directly comparable IFRS measure. Management considers AFFO to be a useful measure of recurring economic earnings and relevant in understanding Allied's ability to service its debt, fund capital expenditures and provide distributions to Unitholders.	Section II - Operations - Other Financial Performance Measures
AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation	AFFO excluding condominium related items 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 and the mark-to-market adjustment on unit-based compensation. AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation is reconciled to net income and comprehensive income from continuing operations, which is the most directly comparable IFRS measure. Management believes this is a useful measure as these condominium 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
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation starts with AFFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs, financing prepayment costs and the mark-to-market adjustment on unit-based compensation. AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation is reconciled to net income and comprehensive income from continuing operations, which is the most directly comparable IFRS measure. Management believes this is a useful measure as these condominium and financing prepayment items are not indicative of recurring economic earnings, and the mark-to-market adjustments of unit-based compensation can fluctuate widely with the market.	Section II - Operations - Other Financial Performance Measures
Net income from continuing operations excluding fair value adjustments, transaction costs, financing prepayment costs and impairment [1]	Net income from continuing operations excluding fair value adjustments, transaction costs, financing prepayment costs and impairment is a non-GAAP financial measure that starts with net income from continuing operations and removes the effects of fair value gains or losses on investment properties and investment properties held for sale, Exchangeable LP Units, or derivative instruments, the mark-to-market adjustment on unit-based compensation, transaction costs, financing prepayment costs and impairment on an IFRS basis. Management considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the market, and transaction costs, financing prepayment costs and impairment are non-recurring in nature.	Section II - Operations

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
Net Rental Income (“NRI”)	NRI is a non-GAAP financial measure defined as rental revenue from continuing operations less property operating costs from continuing operations on a proportionate basis. It excludes condominium revenue and condominium cost of sales. The most directly comparable IFRS measure is operating income. Management considers NRI to be a useful measure of the operating performance of its rental properties portfolio.	Section II - Operations - Net Operating Income
Net Operating Income (“NOI”) from continuing operations	NOI from continuing operations is a non-GAAP financial measure defined as NRI excluding the impact of non-cash items such as amortization of improvement allowances and the amortization of straight-line rent from continuing operations on a proportionate basis. The most directly comparable IFRS measure to NOI from continuing operations is Operating Income. Management believes this is a useful measure as it demonstrates the cash generating operating performance of its income producing properties.	Section II - Operations - Net Operating Income
NOI from discontinued operations	NOI from discontinued operations is a non-GAAP financial measure defined as rental revenue from discontinued operations less property operating costs from discontinued operations on a proportionate basis, excluding the impact of non-cash items such as amortization of improvement allowances and the amortization of straight-line rent from discontinued operations on a proportionate basis. The most directly comparable IFRS measure to NOI from discontinued operations is Operating Income. Management believes this is a useful measure as it demonstrates the performance of its discontinued segment.	Section II - Operations - Net Operating Income
Total NOI	Total NOI is a non-GAAP financial measure defined as the sum of NOI from continuing operations and NOI from discontinued operations. The most directly comparable IFRS measure to Total NOI is Operating Income. Management believes this is a useful measure as it demonstrates the cash generating operating performance of all its properties.	Section II - Operations - Net Operating Income
Same Asset NOI	Same Asset NOI is a non-GAAP measure defined as NOI for the properties that Allied owned and operated for the entire duration of both the current and comparative period on a proportionate basis. The most directly comparable IFRS measure to Same Asset NOI is Operating Income. Management believes this is a useful measure as NOI growth can be assessed on its portfolio excluding the impact of acquisition and disposition activities. Allied uses Same Asset NOI to evaluate the performance of its properties.	Section II - Operations - Same Asset NOI
Normalized Last Quarter Annualized (“LQA”) NOI	Normalized LQA NOI is a non-GAAP measure defined as the normalized NOI from continuing operations for an individual property or portfolio for the most recently completed quarter multiplied by four on a proportionate basis. In the calculation of this metric, non-recurring items are excluded from LQA NOI. The most directly comparable IFRS measure to normalized LQA NOI is Operating Income. Management considers normalized LQA NOI relevant in analyzing the operations of its rental properties on a property-by-property or portfolio basis.	N/A

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
Gross Book Value ("GBV")	GBV is a non-GAAP measure defined as the total assets of Allied on a proportionate basis. The most directly comparable IFRS measure to GBV is total assets. Management believes GBV is a useful measure to assess the growth in Allied's total portfolio of rental and development properties.	Section V - Asset Profile
Unencumbered investment properties and investment properties held for sale	Unencumbered investment properties and investment properties held for sale is a non-GAAP measure defined as the value of investment properties, including investment properties held for sale, which are free and clear of any encumbrances. This is calculated on a proportionate share basis. Management believes unencumbered investment properties and investment properties held for sale 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.	Section V - Asset Profile
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") **and** **Annualized Adjusted EBITDA**	Adjusted EBITDA is a non-GAAP measure calculated on a proportionate basis comprised of earnings before interest expense, income taxes, depreciation and amortization expense (including amortization of improvement allowances), impairment, gains and losses on disposal of investment properties and the fair value gains or losses associated with investment properties and investment properties held for sale, Exchangeable LP Units, financial instruments, and unit-based compensation. Annualized Adjusted EBITDA is a non-GAAP measure calculated as the Adjusted EBITDA for the current period annualized. The most directly comparable IFRS measure to Adjusted EBITDA and Annualized Adjusted EBITDA is net income and comprehensive income. Management believes Adjusted EBITDA and Annualized Adjusted EBITDA are useful metrics to determine Allied's ability to service its debt, finance capital expenditures and provide distributions to its Unitholders.	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 IFRS measure to net debt is debt. Management considers net debt a useful measure for evaluating debt levels and interest coverage.	Section VI - Liquidity and Capital Resources - Debt
Net debt as a multiple of Annualized Adjusted EBITDA	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

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
FFO and AFFO Payout-Ratios [(2)] **and** **FFO and AFFO Payout-Ratios excluding condominium related items and the mark-to-market adjustment on unit-based compensation [(2)]** **and** **FFO and AFFO Payout-Ratios excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation[(2)]**	FFO and AFFO payout-ratios, FFO and AFFO payout-ratios excluding condominium related items and the mark-to-market adjustment on unit-based compensation, 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) by FFO, AFFO, FFO and AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation, 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 **and** **Interest Coverage Ratio including interest capitalized** **and** **Interest Coverage Ratio including interest capitalized and excluding financing prepayment costs**	Interest coverage ratio, interest coverage ratio including interest capitalized, and interest coverage ratio including interest capitalized and excluding financing prepayment costs are non-GAAP measures calculated on a trailing three-month basis and twelve-month basis for the three months ended and the year ended, respectively. 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. 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	Total indebtedness ratio is a non-GAAP measure of Allied's financial leverage, which is calculated on a proportionate basis by taking debt plus outstanding letters of credit divided by total assets. Management considers this metric useful as it indicates Allied's ability to meet its debt obligations.	Section V - Asset Profile

(1) The label and composition of this non-GAAP financial measure changed from the prior period to adjust for transaction costs incurred on the disposition of investment properties as they are non-recurring.
(2) The composition of this non-GAAP financial measure changed from the prior period to exclude special distributions declared in cash or Units 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 Allied's objectives and strategies to achieve those objectives, statements with respect to Management's beliefs, plans, estimates and intentions and statements concerning anticipated future events, circumstances, expectations, results, operations or performance that are not historical facts, and the assumptions underlying any of the foregoing. Forward-looking statements can be identified generally by the use of forward-looking terminology, such as "indicators", "outlook", "forecast", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "assume", "should", "plans", "continue" or similar expressions suggesting future outcomes or events. In particular, certain statements in Section I - Overview, under the headings "Business Overview and Strategy", "Focus and Definition", "Vision and Mission", "Environmental, Social and Governance" and "Business Environment and Outlook", Section III - Leasing under the headings "Status" and "Lease Maturity", Section V - Asset Profile, under the headings "Rental Properties", and "Development Properties", Section VI - Liquidity and Capital Resources and Section IX - Risks and Uncertainties, constitute forward-looking information. This MD&A includes, but is not limited to, forward-looking statements regarding: increases to Allied's annual NOI due to development activities; expected annualized adjusted EBITDA on the properties acquired from Choice Properties; expected capital expenditure and allocation over 2024; expected Same Asset NOI, FFO per unit and AFFO per unit; completion of construction and lease-up in connection with Properties Under Development ("PUDs"); continued demand for space in our target markets; Allied's internal forecast; the creation of future value; estimated gross leasable area ("GLA"), NOI and growth from PUDs; estimated costs of PUDs; future economic occupancy; return on investments, including yield on cost of PUDs; estimated rental NOI and anticipated rental rates; lease up of our intensification projects; anticipated available square feet ("SF") of leasable area; targets for LEED and/or BOMA certification; our ability to generate ancillary revenue; our ability to achieve risk-adjusted returns on intensification; our expectations regarding the timing of development of potential incremental density; receipt of municipal approval for value-creation projects, including intensifications; Management's expectations regarding future distributions; and completion of future financings and availability of capital. Such forward-looking statements reflect Management's current beliefs and are based on information currently available to Management.

The forward-looking statements in this MD&A are not guarantees of future results, operations or performance and are based on estimates and assumptions that are subject to risks and uncertainties, including those described in Section IX - Risks and Uncertainties, which could cause actual results, operations or performance to differ materially from the forward-looking statements in this MD&A. Those risks and uncertainties include risks associated with financing and interest rates, access to capital, general economic conditions, lease roll-over, development and construction, user terminations and financial stability, competition for users and cybersecurity. Material assumptions that were made in formulating the forward-looking statements in this MD&A include the following: that our current target markets remain stable, with no material increase in supply of directly-competitive office space; that 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 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 January 31, 2024, and, except as required by applicable law, Allied undertakes no obligation to update publicly or revise any such statements to reflect new information or the occurrence of future events or circumstances.

Section II
–Operations

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

NET INCOME AND COMPREHENSIVE INCOME

The following table reconciles the consolidated statements of (loss) income and comprehensive (loss) income on an IFRS basis to a proportionate basis, which is a non-GAAP measure, for the three months and years ended December 31, 2023, and December 31, 2022. Refer to Non-GAAP Measures on page 16.

There is an additional table to reconcile net (loss) income and comprehensive (loss) income from continuing operations to net income from continuing operations excluding fair value adjustments, transaction costs, financing prepayment costs and impairment, a non-GAAP measure, for the three months and years ended December 31, 2023, and December 31, 2022. Refer to Non-GAAP Measures on page 16.

	THREE MONTHS ENDED					
	DECEMBER 31, 2023			DECEMBER 31, 2022		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Continuing operations						
Rental revenue	$150,898	$1,997	$152,895	$135,924	$1,855	$137,779
Property operating costs	(69,029)	(1,094)	(70,123)	(58,639)	(745)	(59,384)
Operating income	$81,869	$903	$82,772	$77,285	$1,110	$78,395
Interest income	18,749	5	18,754	9,429	6	9,435
Interest expense	(30,265)	—	(30,265)	(20,722)	—	(20,722)
General and administrative expenses	(6,729)	—	(6,729)	(5,794)	—	(5,794)
Condominium marketing expenses	(89)	—	(89)	(189)	—	(189)
Amortization of other assets	(381)	—	(381)	(385)	—	(385)
Transaction costs	(167)	—	(167)	—	—	—
Net (loss) income from joint venture	(14,131)	14,131	—	1,809	(1,809)	—
Fair value (loss) gain on investment properties and investment properties held for sale	(494,571)	(15,039)	(509,610)	(42,988)	693	(42,295)
Fair value loss on Exchangeable LP Units	(26,571)	—	(26,571)	—	—	—
Fair value (loss) gain on derivative instruments	(27,054)	—	(27,054)	1,733	—	1,733
Net (loss) income and comprehensive (loss) income from continuing operations [(1)]	$(499,340)	$—	$(499,340)	$20,178	$—	$20,178

	THREE MONTHS ENDED					
	DECEMBER 31, 2023			DECEMBER 31, 2022		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Discontinued operations (UDC segment)						
Rental revenue	$—	$—	$—	$23,810	$—	$23,810
Property operating costs	—	—	—	(7,251)	—	(7,251)
Operating income	$—	$—	$—	$16,559	$—	$16,559
Interest expense	—	—	—	(1,778)	—	(1,778)
Fair value gain on investment properties held for sale	—	—	—	6,433	—	6,433
Net income and comprehensive income from discontinued operations	$—	$—	$—	$21,214	$—	$21,214
Net (loss) income and comprehensive (loss) income	$(499,340)	$—	$(499,340)	$41,392	$—	$41,392

(1) Includes two investment properties held for sale as at December 31, 2022. There were no investment properties held for sale as at December 31, 2023.

	THREE MONTHS ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Net (loss) income and comprehensive (loss) income from continuing operations	$(499,340)	$20,178
Fair value loss on investment properties and investment properties held for sale	494,571	42,988
Fair value loss on Exchangeable LP Units	26,571	—
Fair value loss (gain) on derivative instruments	27,054	(1,733)
Mark-to-market adjustment on unit-based compensation	216	(55)
Transaction costs	167	—
Financing prepayment costs	—	(564)
Net income from continuing operations excluding fair value adjustments, transaction costs, financing prepayment costs and impairment (1)	$49,239	$60,814

(1) This excludes the Urban Data Centre segment which was classified as a discontinued operation starting in Q4 2022.

On an IFRS basis, operating income from continuing operations for the three months ended December 31, 2023, increased by $4,584 or 5.9%, primarily due to rent commencement at The Well.

On an IFRS basis, net (loss) income and comprehensive (loss) income from continuing operations for the three months ended December 31, 2023, decreased by $519,518 from the comparable period in 2022, primarily due to a higher fair value loss on investment properties and investment properties held for sale of $451,583 and higher interest expense of $9,543, partially offset by an increase in interest income of $9,320 and operating income of $4,584. On an IFRS basis, net income and comprehensive income from discontinued operations for the three months ended December 31, 2023, decreased by $21,214 from the comparable period in 2022, related to the disposition of the Urban Data Centre ("UDC") portfolio in August 2023.

	YEAR ENDED					
	DECEMBER 31, 2023			DECEMBER 31, 2022		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Continuing operations						
Rental revenue	**$563,980**	**$8,452**	**$572,432**	$519,468	$6,771	$526,239
Property operating costs	**(246,949)**	**(4,420)**	**(251,369)**	(224,260)	(3,843)	(228,103)
Operating income	**$317,031**	**$4,032**	**$321,063**	$295,208	$2,928	$298,136
Interest income	**53,605**	**23**	**53,628**	32,080	12	32,092
Interest expense	**(107,073)**	**—**	**(107,073)**	(72,802)	—	(72,802)
General and administrative expenses	**(23,577)**	**—**	**(23,577)**	(22,593)	—	(22,593)
Condominium marketing expenses	**(538)**	**—**	**(538)**	(602)	—	(602)
Amortization of other assets	**(1,499)**	**—**	**(1,499)**	(1,325)	—	(1,325)
Transaction costs	**(167)**	**—**	**(167)**	—	—	—
Net loss from joint venture	**(15,622)**	**15,622**	**—**	(3,161)	3,161	—
Fair value loss on investment properties and investment properties held for sale	**(772,652)**	**(19,677)**	**(792,329)**	(73,750)	(6,101)	(79,851)
Fair value gain on Exchangeable LP Units	**28,696**	**—**	**28,696**	—	—	—
Fair value (loss) gain on derivative instruments	**(8,535)**	**—**	**(8,535)**	37,343	—	37,343
Impairment of residential inventory	**(15,376)**	**—**	**(15,376)**	(15,729)	—	(15,729)
Net (loss) income and comprehensive (loss) income from continuing operations (1)	**$(545,707)**	**$—**	**$(545,707)**	$174,669	$—	$174,669

	YEAR ENDED					
	DECEMBER 31, 2023			DECEMBER 31, 2022		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Discontinued operations (UDC segment)						
Rental revenue	**$54,539**	**$—**	**$54,539**	$96,669	$—	$96,669
Property operating costs	**(20,718)**	**—**	**(20,718)**	(32,375)	—	(32,375)
Operating income	**$33,821**	**$—**	**$33,821**	$64,294	$—	$64,294
Interest expense	**(4,433)**	**—**	**(4,433)**	(6,532)	—	(6,532)
Transaction costs	**(13,246)**	**—**	**(13,246)**	—	—	—
Fair value gain on investment properties held for sale	**108,849**	**—**	**108,849**	142,932	—	142,932
Net income and comprehensive income from discontinued operations	**$124,991**	**$—**	**$124,991**	$200,694	$—	$200,694
Net (loss) income and comprehensive (loss) income	**$(420,716)**	**$—**	**$(420,716)**	$375,363	$—	$375,363

(1) Includes two investment properties held for sale as at December 31, 2022. There were no investment properties held for sale as at December 31, 2023.

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Net (loss) income and comprehensive (loss) income from continuing operations	**$(545,707)**	$174,669
Fair value loss on investment properties and investment properties held for sale	**772,652**	73,750
Fair value gain on Exchangeable LP Units	**(28,696)**	—
Fair value loss (gain) on derivative instruments	**8,535**	(37,343)
Mark-to-market adjustment on unit based compensation	**(494)**	(1,123)
Transaction costs	**167**	—
Financing prepayment costs	**—**	(564)
Impairment of residential inventory	**15,376**	15,729
Net income from continuing operations excluding fair value adjustments, transaction costs, financing prepayment costs and impairment (1)	**$221,833**	$225,118

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

On an IFRS basis, operating income from continuing operations for the year ended December 31, 2023, increased by $21,823 or 7.4%, primarily due to contributions from the development portfolio and the annualized impact of prior year acquisitions.

On an IFRS basis, net (loss) income and comprehensive (loss) income from continuing operations for the year ended December 31, 2023, decreased by $720,376 from the comparable period in 2022 primarily due to a higher fair value loss on investment properties and investment properties held for sale of $698,902, higher fair value loss on derivative instruments of $45,878 and higher interest expense of $34,271, partially offset by an increase in operating income of $21,823 and an increase in interest income of $21,525. On an IFRS basis, net income and comprehensive income from discontinued operations for the year ended December 31, 2023, decreased by $75,703 from the comparable period in 2022, primarily due to fair value adjustments of $34,083, a decrease in operating income of $30,473, and transaction costs of $13,246 related to the disposition of the UDC portfolio in August 2023.

NET OPERATING INCOME ("NOI")

Allied operates in seven urban markets – Montréal, Ottawa, Toronto, Kitchener, Calgary, Edmonton and Vancouver. For the purpose of analyzing NOI, Allied groups the cities by geographic location.

Allied's real estate portfolio has grown through acquisitions and development activities that have positively contributed to the operating results for the three months and year ended December 31, 2023, as compared to the same period in the prior year.

The following table reconciles operating income to net operating income, a non-GAAP measure. Refer to Non-GAAP Measures on page 16.

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

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

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

The following tables set out the NOI by segment and space type from the rental and development properties for the three months and years ended December 31, 2023 and 2022.

SEGMENT	THREE MONTHS ENDED				CHANGE	
	DECEMBER 31, 2023		DECEMBER 31, 2022		$	%
Montréal & Ottawa	**$31,223**	**35.8%**	$29,220	29.1%	$2,003	6.9%
Toronto & Kitchener	**42,672**	**49.0**	40,676	40.5	1,996	4.9
Calgary & Edmonton	**4,894**	**5.6**	5,579	5.6	(685)	(12.3)
Vancouver	**8,320**	**9.6**	8,534	8.5	(214)	(2.5)
NOI from continuing operations	**$87,109**	**100.0%**	$84,009	83.7%	$3,100	3.7%
NOI from discontinued operations	**$—**	**—%**	$16,392	16.3%	$(16,392)	(100.0)%
Total NOI	**$87,109**	**100.0%**	$100,401	100.0%	$(13,292)	(13.2)%

TYPE OF SPACE	THREE MONTHS ENDED				CHANGE	
	DECEMBER 31, 2023		DECEMBER 31, 2022		$	%
Office	**$70,944**	**81.4%**	$69,914	69.7%	$1,030	1.5%
Retail	**10,425**	**12.0**	9,074	9.0	1,351	14.9
Parking	**5,740**	**6.6**	5,021	5.0	719	14.3
NOI from continuing operations	**$87,109**	**100.0%**	$84,009	83.7%	$3,100	3.7%
NOI from discontinued operations	**$—**	**—%**	$16,392	16.3%	$(16,392)	(100.0)%
Total NOI	**$87,109**	**100.0%**	$100,401	100.0%	$(13,292)	(13.2)%

The increase in NOI from continuing operations for the three months ended December 31, 2023, was due to rent commencement at The Well in Toronto and Cité Multimédia in Montreal of $4,805, and increased variable parking revenue of $719. This was partially offset by non-renewals at The Castle, 358-360 Adelaide W, and 99 Spadina in Toronto, and Odd Fellows and Telephone Building in Calgary of $1,778. The decrease in NOI from discontinued operations for the three months ended December 31, 2023, was related to the disposition of the UDC portfolio in August 2023.

SEGMENT	YEAR ENDED DECEMBER 31, 2023		DECEMBER 31, 2022		CHANGE $	%
Montréal & Ottawa	**$120,640**	**32.0%**	$116,059	29.9%	$4,581	3.9%
Toronto & Kitchener	**168,070**	**44.6**	154,644	39.9	13,426	8.7
Calgary & Edmonton	**22,039**	**5.8**	21,823	5.6	216	1.0
Vancouver	**33,030**	**8.7**	31,250	8.1	1,780	5.7
NOI from continuing operations	**$343,779**	**91.1%**	$323,776	83.5%	$20,003	6.2%
NOI from discontinued operations	**$33,452**	**8.9%**	$64,134	16.5%	$(30,682)	(47.8)%
Total NOI	**$377,231**	**100.0%**	$387,910	100.0%	$(10,679)	(2.8)%

TYPE OF SPACE	YEAR ENDED DECEMBER 31, 2023		DECEMBER 31, 2022		CHANGE $	%
Office	**$283,884**	**75.3%**	$269,974	69.6%	$13,910	5.2%
Retail	**38,876**	**10.3**	36,374	9.4	2,502	6.9
Parking	**21,019**	**5.5**	17,428	4.5	3,591	20.6
NOI from continuing operations	**$343,779**	**91.1%**	$323,776	83.5%	$20,003	6.2%
NOI from discontinued operations	**$33,452**	**8.9%**	$64,134	16.5%	$(30,682)	(47.8)%
Total NOI	**$377,231**	**100.0%**	$387,910	100.0%	$(10,679)	(2.8)%

The increase in NOI from continuing operations for the year ended December 31, 2023, was due to rent commencement at The Well in Toronto of $16,814, the annualized impact of prior year acquisitions in Toronto, Montréal and Vancouver of $8,024, and increased variable parking revenue of $3,591. This was partially offset by non-renewals at The Castle and 99 Spadina in Toronto of $3,455, and suppressing occupancy to facilitate upgrade activity at 1001 Boulevard Robert-Bourassa and RCA Building - 1001 Lenoir Street in Montréal of $1,976. The decrease in NOI from discontinued operations for the year ended December 31, 2023, was related to the disposition of the UDC portfolio in August 2023.

SAME ASSET NOI

Same Asset NOI, a non-GAAP measure in the table below, refers to those investment properties that were owned by Allied from October 1, 2022, to December 31, 2023. Same Asset NOI of the development portfolio for the three months ended December 31, 2023, consists of Breithaupt Phase III, Adelaide & Duncan, 185 Spadina, KING Toronto, QRC West Phase II, King & Brant, 400 Atlantic, Boardwalk-Revillon Building, The Lougheed Building, 342 Water Street, 3575 Saint-Laurent, 365 Railway, 422-424 Wellington W, 108 East 5th Avenue, 810 Saint Antoine, Kipling Square, and portions of The Well, 1001 Boulevard Robert-Bourassa and RCA Building - 1001 Lenoir Street.

	THREE MONTHS ENDED		CHANGE	
	DECEMBER 31, 2023	DECEMBER 31, 2022	$	%
Montréal & Ottawa	**$29,450**	$27,778	$1,672	6.0%
Toronto & Kitchener	**35,859**	37,050	(1,191)	(3.2)
Calgary	**4,249**	4,848	(599)	(12.4)
Vancouver	**8,266**	8,326	(60)	(0.7)
Rental Portfolio - Same Asset NOI	**$77,824**	$78,002	$(178)	(0.2)%
Development Portfolio - Same Asset NOI	**$6,441**	$2,588	$3,853	148.9%
Total Portfolio - Same Asset NOI	**$84,265**	$80,590	$3,675	4.6%
Acquisitions	**378**	189	189	
Dispositions	**69**	16,814	(16,745)	
Lease terminations	**28**	741	(713)	
Development fees and corporate items	**2,369**	2,067	302	
Total NOI	**$87,109**	$100,401	$(13,292)	(13.2)%

Same Asset NOI of the total portfolio increased by $3,675 or 4.6% for the three months ended December 31, 2023. Same Asset NOI of the rental portfolio decreased by $178 or 0.2% as a result of non-renewals at The Castle, 358-360 Adelaide W, and 99 Spadina in Toronto, and Odd Fellows and Telephone Building in Calgary of $1,778. This was partially offset by rent growth and rent commencement in Montréal of $891, and increased variable parking revenue of $485.

Same Asset NOI of the development portfolio increased by $3,853 or 148.9%, primarily due to rent commencement at The Well of $3,779.

Same Asset NOI, a non-GAAP measure in the table below, refers to those investment properties that were owned by Allied from January 1, 2022, to December 31, 2023. Same Asset NOI of the development portfolio for the year ended December 31, 2023, consists of Breithaupt Phase III, Adelaide & Duncan, 185 Spadina, KING Toronto, QRC West Phase II, King & Brant, 400 Atlantic, Boardwalk-Revillon Building, The Lougheed Building, 342 Water Street, 3575 Saint-Laurent, 365 Railway, 422-424 Wellington W, 810 Saint Antoine, Kipling Square, and portions of The Well, 1001 Boulevard Robert-Bourassa, and RCA Building - 1001 Lenoir Street.

	YEAR ENDED		CHANGE	
	DECEMBER 31, 2023	DECEMBER 31, 2022	$	%
Montréal & Ottawa	**$109,208**	$105,153	$4,055	3.9%
Toronto & Kitchener	**122,080**	126,543	(4,463)	(3.5)
Calgary	**19,006**	19,016	(10)	(0.1)
Vancouver	**20,943**	21,700	(757)	(3.5)
Rental Portfolio - Same Asset NOI	**$271,237**	$272,412	$(1,175)	(0.4)%
Development Portfolio - Same Asset NOI	**$27,555**	$12,541	$15,014	119.7%
Total Portfolio - Same Asset NOI	**$298,792**	$284,953	$13,839	4.9%
Acquisitions	**35,661**	25,633	10,028	
Dispositions	**34,629**	66,650	(32,021)	
Lease terminations	**221**	1,094	(873)	
Development fees and corporate items	**7,928**	9,580	(1,652)	
Total NOI	**$377,231**	$387,910	$(10,679)	(2.8)%

Same Asset NOI of the total portfolio increased by $13,839 or 4.9% for the year ended December 31, 2023. Same Asset NOI of the rental portfolio decreased by $1,175 or 0.4% as a result of non-renewals at The Castle and 99 Spadina in Toronto of $3,454 and suppressing occupancy at 375 Water Street in Vancouver of $450 to facilitate repositioning of the asset. This was partially offset by rent growth and rent commencement in Montréal of $1,898, and increased variable parking revenue of $2,528.

Same Asset NOI of the development portfolio increased by $15,014 or 119.7% primarily due to rent recommencement at The Well of $17,535. This was partially offset by suppressing occupancy to faciliate upgrade activity at 1001 Boulevard Robert-Bourassa in Montréal and RCA Building - 1001 Lenoir Street in Montréal of $1,786.

INTEREST EXPENSE

Interest expense for the three months and years ended December 31, 2023 and 2022, are as follows:

	THREE MONTHS ENDED		CHANGE	
	DECEMBER 31, 2023	DECEMBER 31, 2022	$	%
Interest on debt:				
Mortgages payable	**$953**	$1,133	$(180)	(15.9)%
Construction loans payable	**4,942**	2,236	2,706	121.0
Promissory note payable	**975**	504	471	93.5
Unsecured revolving operating facility	**685**	5,060	(4,375)	(86.5)
Senior unsecured debentures	**18,680**	18,675	5	—
Unsecured term loans	**7,111**	7,031	80	1.1
Interest on lease liabilities (1)	**774**	803	(29)	(3.6)
Amortization, net discount (premium) on debt	**996**	879	117	13.3
Amortization, net financing costs	**743**	641	102	15.9
Distributions on Exchangeable LP Units (2)	**10,983**	—	10,983	—
	$46,842	$36,962	$9,880	26.7%
Interest capitalized to qualifying investment properties and residential inventory	**(16,577)**	(15,676)	(901)	(5.7)
Interest expense excluding financing prepayment costs	**$30,265**	$21,286	$8,979	42.2%
Financing prepayment costs	**—**	(564)	564	(100.0)
Interest expense, IFRS basis	**$30,265**	$20,722	$9,543	46.1%

(1) Excludes interest on a lease liability held for sale of $nil (December 31, 2022 - $1,778).
(2) The distributions declared on Exchangeable LP Units are recognized as interest expense due to Allied's conversion to an open-end trust on June 12, 2023. For the three months ended December 31, 2023, the distributions on Exchangeable LP Units include a special cash distribution of $5,668 (December 31, 2022 - $nil).

For the three months ended December 31, 2023, interest expense on an IFRS basis increased by $9,543 or 46.1% over the comparable period primarily due to distributions on Exchangeable LP Units of $10,983 and higher interest expense on construction loans of $2,706 which had a higher outstanding balance at higher interest rates, partially offset by lower interest expense on the unsecured revolving operating facility of $4,375 and higher capitalized interest of $901. The unsecured revolving operating facility was fully repaid with proceeds from the disposition of the UDC portfolio on August 16, 2023.

For the three months ended December 31, 2023, capitalized interest increased over the comparable period by $901. This was due to the continuation of development and upgrade activities across the portfolio of $1,957, partially offset by the impact of a lower weighted average interest rate of $1,056.

	YEAR ENDED		CHANGE	
	DECEMBER 31, 2023	DECEMBER 31, 2022	$	%
Interest on debt:				
Mortgages payable	**$3,528**	$4,635	$(1,107)	(23.9)%
Construction loans payable	**16,675**	6,487	10,188	157.1
Promissory note payable	**3,967**	1,512	2,455	162.4
Unsecured revolving operating facility	**23,841**	11,125	12,716	114.3
Senior unsecured debentures	**74,710**	74,705	5	—
Unsecured term loans	**28,007**	20,592	7,415	36.0
Interest on lease liabilities (1)	**2,322**	3,224	(902)	(28.0)
Amortization, net discount (premium) on debt	**3,976**	2,401	1,575	65.6
Amortization, net financing costs	**2,865**	2,495	370	14.8
Distributions on Exchangeable LP Units (2)	**18,068**	—	18,068	—
	$177,959	$127,176	$50,783	39.9%
Interest capitalized to qualifying investment properties and residential inventory	**(70,886)**	(53,810)	(17,076)	31.7
Interest expense excluding financing prepayment costs	**$107,073**	$73,366	$33,707	45.9%
Financing prepayment costs	**—**	(564)	564	(100.0)
Interest expense, IFRS basis	**$107,073**	$72,802	$34,271	47.1%

(1) *Excludes interest on a lease liability held for sale of $4,433 (December 31, 2022 - $6,532).*
(2) *The distributions declared on Exchangeable LP Units are recognized as interest expense due to Allied's conversion to an open-end trust on June 12, 2023. For the year ended December 31, 2023, the distributions on Exchangeable LP Units include a special cash distribution of $5,668 (December 31, 2022 - $nil).*

For the year ended December 31, 2023, interest expense on an IFRS basis increased by $34,271 or 47.1% primarily due to distributions on Exchangeable LP Units of $18,068, higher interest expense on the unsecured revolving operating facility and construction loans of $22,904 which had a higher outstanding balance at higher interest rates, and the annualized impact of unsecured term loans of $7,415. This is partially offset by higher capitalized interest of $17,076. The unsecured revolving operating facility was fully repaid with proceeds from the disposition of the UDC portfolio on August 16, 2023.

For the year ended December 31, 2023, capitalized interest increased over the comparable period by $17,076. This was due to the continuation of development and upgrade activities across the portfolio of $10,847 and the remainder of $6,229 was due to a higher weighted average interest rate.

In accordance with IAS 23 - *Borrowing Costs*, interest may be capitalized on properties in connection with activity required to get the assets ready for their intended use (refer to note 2 (g) in Allied's audited consolidated financial statements for the year ended December 31, 2023, for further details). This would include upgrade work as well as work completed in relation to a future development, such as obtaining zoning approval, completing site approval plans, and engineering and architectural drawings. On completion of upgrade and development activity, the ability to capitalize interest expense ends, partially offsetting the financial impact of lease commencement.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months and years ended December 31, 2023 and 2022, are as follows:

	THREE MONTHS ENDED		CHANGE	
	DECEMBER 31, 2023	DECEMBER 31, 2022	$	%
Salaries and benefits	**$6,455**	$6,403	$52	0.8%
Professional and trustees fees	**1,120**	1,343	(223)	(16.6)
Office and general expenses	**1,913**	1,448	465	32.1
	$9,488	$9,194	$294	3.2%
Capitalized to qualifying investment properties	**(2,759)**	(3,400)	641	18.9
Total general and administrative expenses, IFRS basis	**$6,729**	$5,794	$935	16.1%

For the three months ended December 31, 2023, general and administrative expenses increased by $935 or 16.1% from the comparable period. This was primarily due to lower capitalization to qualifying investment properties of $641 as there were no directly attributable employee costs relating to the disposition of the UDC portfolio in the three months ended December 31, 2023.

	YEAR ENDED		CHANGE	
	DECEMBER 31, 2023	DECEMBER 31, 2022	$	%
Salaries and benefits	**$21,197**	$21,119	$78	0.4%
Professional and trustees fees	**6,749**	6,051	698	11.5
Office and general expenses	**6,897**	5,549	1,348	24.3
	$34,843	$32,719	$2,124	6.5%
Capitalized to qualifying investment properties	**(11,266)**	(10,126)	(1,140)	(11.3)
Total general and administrative expenses, IFRS basis	**$23,577**	$22,593	$984	4.4%

For the year ended December 31, 2023, general and administrative expenses increased by $984 or 4.4% from the comparable period primarily due to amortization of a prepaid naming right of $1,419, and change in mark-to-market adjustments on unit-based compensation liabilities of $629, partially offset by higher capitalization to qualifying investment properties of $757 for directly attributable employee costs relating to the disposition of the UDC Portfolio.

INTEREST INCOME

Interest income for the three months and years ended December 31, 2023 and 2022, are as follows:

	THREE MONTHS ENDED		CHANGE	
	DECEMBER 31, 2023	DECEMBER 31, 2022	$	%
Interest on loans receivable	**$10,544**	$8,482	$2,062	24.3%
Guarantee fees	**910**	794	116	14.6
Interest on cash, cash equivalents and deposit	**7,295**	153	7,142	4,668.0
Interest income, IFRS basis	**$18,749**	$9,429	$9,320	98.8%

For the three months ended December 31, 2023, interest income increased by $9,320 or 98.8% over the comparative period primarily due to interest income earned on cash received from the disposition of the UDC portfolio of $7,118 and interest income earned on a higher balance of loans receivable of $2,062.

	YEAR ENDED		CHANGE	
	DECEMBER 31, 2023	DECEMBER 31, 2022	$	%
Interest on loans receivable	**$38,362**	$28,765	$9,597	33.4%
Guarantee fees	**3,487**	2,820	667	23.7
Interest on cash, cash equivalents and deposit	**11,756**	495	11,261	2,274.9
Interest income, IFRS basis	**$53,605**	$32,080	$21,525	67.1%

For the year ended December 31, 2023, interest income increased by $21,525 or 67.1% from the comparable period primarily due to interest income earned on cash received from the disposition of the UDC portfolio of $10,958 and interest income earned on a higher balance of loans receivable of $9,597.

OTHER FINANCIAL PERFORMANCE MEASURES

Allied's internal forecast for 2023 was low-to-mid-single-digit percentage growth in each of FFO per unit, AFFO per unit and Same Asset NOI. The actual results for the year ended December 31, 2023, was a decline of 2.3% on FFO per unit, an increase of 0.1% in AFFO per unit and a decline of 0.4% on Same Asset NOI in the rental portfolio.

Allied's FFO per unit growth was lower than expected due to extended lease-up timeframes and higher interest expense. The extended lease-up timeframes resulted in Allied's occupancy as at December 31, 2023, to be 86.4%. The higher interest expense of $14,104 was due to higher draws on the unsecured credit facility as a result of the timing of the closing of the Urban Data Centre portfolio sale and higher interest rates. Allied's AFFO per unit met expectations due to lower than expected regular leasing expenditures as a result of extended lease-up timeframes, partially offset by the change in FFO per unit. Allied's Same Asset NOI was lower than expected due to extended lease-up timeframes as described above.

FUNDS FROM OPERATIONS ("FFO") AND FFO EXCLUDING CONDOMINIUM RELATED ITEMS, FINANCING PREPAYMENT COSTS, AND THE MARK-TO-MARKET ADJUSTMENT ON UNIT-BASED COMPENSATION

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

Allied initiated condominium pre-sales at KING Toronto, a 50/50 joint arrangement with Westbank, in the fourth quarter of 2018. For the three months and year ended December 31, 2023, Allied incurred $89 and $538, respectively, of condominium marketing costs in connection with the pre-sales activity. Marketing costs associated with merchant development are expensed when incurred. Allied and Westbank have initiated construction of KING Toronto.

For the three months ended December 31, 2023, FFO per unit excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled $0.614. This is a decrease of $0.004 or 0.6% over the comparable period in the prior year. The decrease was primarily due to a decrease in operating income of $11,975 ($16,559 is related to the UDC portfolio which was sold in August 2023), partially offset by an increase in interest income of $9,320, lower interest expense of $1,440 (which excludes the distributions on Exchangeable LP Units) and lower general and administrative expenses of $935.

For the year ended December 31, 2023, FFO per unit excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled $2.380. This is a decrease of $0.055 or 2.3% over the comparable period in the prior year. The decrease was primarily due to a decrease in operating income of $8,650 ($30,473 is related to the UDC portfolio which was sold in August 2023) and a higher interest expense of $14,104 (which excludes the distributions on Exchangeable LP Units), partially offset by an increase in interest income of $21,525.

To ensure sufficient cash is retained to meet capital improvement and leasing objectives, Allied strives to maintain an appropriate FFO pay-out ratio excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation. Refer to Non-GAAP Measures on page 16. For the three months and year ended December 31, 2023, the FFO pay-out ratio excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation was 73.3% and 75.6%, respectively.

ADJUSTED FUNDS FROM OPERATIONS ("AFFO") EXCLUDING CONDOMINIUM RELATED ITEMS, FINANCING PREPAYMENT COSTS, AND THE MARK-TO-MARKET ADJUSTMENT ON UNIT-BASED COMPENSATION

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

For the three months ended December 31, 2023, AFFO per unit excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled $0.562. This represents an increase of $0.014 or 2.6% over the comparable period in the prior year. The increase was primarily due to lower maintenance capital expenditures of $1,733 and lower regular leasing expenditures of $1,290, partially offset by the changes in FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation discussed above.

For the year ended December 31, 2023, AFFO per unit excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled $2.177. This represents an increase of $0.003 or 0.1% over the comparable period in the prior year. The increase was primarily due to lower regular leasing expenditures by $6,769 and lower maintenance capital expenditures of $2,915, partially offset by higher amortization of straight-line rent by $2,754, and the changes in FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation discussed above.

To ensure sufficient cash is retained to meet capital improvement and leasing objectives, Allied strives to maintain an appropriate AFFO pay-out ratio excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, which is the ratio of actual distributions to AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation in a given period. For the three months and year ended December 31, 2023, the AFFO pay-out ratio excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation was 80.0% and 82.7%, respectively.

RECONCILIATION OF FFO AND AFFO

The following table reconciles Allied's net (loss) income and comprehensive (loss) income from continuing operations to FFO, FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, AFFO, and AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, which are on a non-GAAP basis, for the three months and years ended December 31, 2023, and 2022. Refer to Non-GAAP Measures on page 16.

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

	THREE MONTHS ENDED		
	DECEMBER 31, 2023	DECEMBER 31, 2022	CHANGE
Adjustment relating to joint venture:			
Amortization of straight-line rent	**(43)**	(25)	(18)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$78,611**	$76,553	$2,058
Weighted average number of units [4]			
Basic	**139,765,128**	139,765,128	—
Diluted	**139,765,128**	139,765,128	—
Per unit - basic			
FFO	**$0.611**	$0.621	$(0.010)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.614**	$0.618	$(0.004)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.562**	$0.548	$0.014
Per unit - diluted			
FFO	**$0.611**	$0.621	$(0.010)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.614**	$0.618	$(0.004)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.562**	$0.548	$0.014
Pay-out Ratio			
FFO	**73.6%**	70.5%	3.1%
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**73.3%**	70.8%	2.5%
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**80.0%**	79.9%	0.1%

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

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

(3) Refer to Capital Expenditures on page 44 for a description of regular leasing expenditures.

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

	YEAR ENDED		
	DECEMBER 31, 2023	DECEMBER 31, 2022	CHANGE
Net (loss) income and comprehensive (loss) income from continuing operations	**$(545,707)**	$174,669	$(720,376)
Net income and comprehensive income from discontinued operations	**124,991**	200,694	(75,703)
Adjustment to fair value of investment properties and investment properties held for sale	**663,803**	(69,182)	732,985
Adjustment to fair value of Exchangeable LP Units	**(28,696)**	—	(28,696)
Adjustment to fair value of derivative instruments	**8,535**	(37,343)	45,878
Impairment of residential inventory	**15,376**	15,729	(353)
Transaction costs	**13,413**	—	13,413
Incremental leasing costs	**9,184**	9,281	(97)
Amortization of improvement allowances	**31,456**	32,302	(846)
Amortization of property, plant and equipment [(1)]	**405**	224	181
Distributions on Exchangeable LP Units	**18,068**	—	18,068
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**19,677**	6,101	13,576
Amortization of improvement allowances	**660**	613	47
Interest expense [(2)]	**1,413**	1,389	24
FFO	**$332,578**	$334,477	$(1,899)
Condominium marketing costs	**538**	602	(64)
Financing prepayment costs	**—**	(564)	564
Mark-to-market adjustment on unit-based compensation	**(494)**	(1,123)	629
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$332,622**	$333,392	$(770)
Amortization of straight-line rent	**(9,579)**	(6,825)	(2,754)
Regular leasing expenditures [(3)]	**(7,187)**	(13,956)	6,769
Regular and recoverable maintenance capital expenditures	**(5,011)**	(7,926)	2,915
Incremental leasing costs (related to regular leasing expenditures)	**(6,430)**	(6,497)	67
Adjustment relating to joint venture:			
Amortization of straight-line rent	**(190)**	(609)	419
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$304,225**	$297,579	$6,646
Weighted average number of units [(4)]			
Basic	**139,765,128**	136,880,675	2,884,453
Diluted	**139,765,128**	136,904,082	2,861,046

	YEAR ENDED		
	DECEMBER 31, 2023	DECEMBER 31, 2022	CHANGE
Per unit - basic			
FFO	**$2.380**	$2.444	$(0.064)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$2.380**	$2.436	$(0.056)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$2.177**	$2.174	$0.003
Per unit - diluted			
FFO	**$2.380**	$2.443	$(0.063)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$2.380**	$2.435	$(0.055)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$2.177**	$2.174	$0.003
Pay-out Ratio			
FFO	**75.6%**	71.6%	4.0%
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**75.6%**	71.8%	3.8%
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**82.7%**	80.4%	2.3%

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

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

(3) Refer to Capital Expenditures on page 44 for a description of regular leasing expenditures.

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

CAPITAL EXPENDITURES

Our portfolio requires ongoing maintenance capital expenditures and leasing expenditures.

Regular maintenance capital expenditures are costs incurred to maintain and sustain the existing property infrastructure, including structural repairs. Recoverable maintenance capital expenditures are typically not structural in nature, but allow the building to operate more efficiently, such as investing in building automation systems and HVAC systems. These improvements provide a direct benefit to users and can be recovered over the useful life of the asset according to the lease. Both regular maintenance capital expenditures and recoverable maintenance capital expenditures are deducted in the calculation of AFFO.

Regular leasing expenditures are leasing costs incurred to maintain the existing revenues of a property and are deducted in the calculation of AFFO. These costs are considered operational, and typically include improvement allowances, landlord's work and leasing commissions required to replace or renew users at existing rates or market rates.

Revenue-enhancing capital is invested to improve the revenue generating ability of the properties. This includes investments to change the use of space, increase gross leasable area, or materially improve the aesthetics or efficiency of a property. Development costs are investments to generate new revenue streams and/or to increase the productivity of a property. These consist of pre-development costs, carrying costs, direct construction costs, leasing costs, improvement allowances, borrowing costs, and costs of internal staff directly attributable to the projects under development.

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022	**DECEMBER 31, 2023**	DECEMBER 31, 2022
Revenue-enhancing capital and development costs	**$145,546**	$93,398	**$434,793**	$391,210
Regular and recoverable maintenance capital expenditures	**$616**	$2,349	**$5,011**	$7,926
Total capital expenditures	**$146,162**	$95,747	**$439,804**	$399,136
Revenue-enhancing leasing expenditures	**$21,700**	$26,430	**$81,108**	$69,686
Regular leasing expenditures	**$1,565**	$2,855	**$7,187**	$13,956
Total improvement allowances and leasing commissions	**$23,265**	$29,285	**$88,295**	$83,642

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA")

The following table reconciles Allied's net (loss) income and comprehensive (loss) income to Adjusted EBITDA, a non-GAAP measure, for the three months and years ended December 31, 2023, and December 31, 2022. Refer to Non-GAAP Measures on page 16.

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

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

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

Section III
–Leasing

Allied strives to maintain high levels of occupancy and leased area. At December 31, 2023, Allied's rental portfolio was 87.3% leased.

STATUS

Leasing status for the rental portfolio as at December 31, 2023, is summarized below:

	GLA	AS A % OF TOTAL GLA [1]
Leased area (occupied & committed) on December 31, 2022	12,998,230	90.8%
Vacancy committed for future leases	(166,163)	
Occupancy - December 31, 2022	12,832,067	89.6%
Previously committed vacant space now occupied	166,163	
New leases and expansions on vacant space	214,932	
New vacancies during the year	(731,786)	
Surrender/early termination agreements	(109,556)	
Suite additions, remeasurements and removals	11,483	
Occupancy (pre-2023 acquisitions, dispositions and transfers)	12,383,303	86.5%
Occupancy related to transfers from/(to) PUD	542,776	
Occupancy - December 31, 2023	**12,926,079**	**86.4%**
Vacancy committed for future leases	121,756	
Leased area (occupied & committed) - December 31, 2023	**13,047,835**	**87.3%**

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

Of the 14,954,282 square feet total GLA in Allied's rental portfolio, 12,926,079 square feet were occupied on December 31, 2023. Another 121,756 square feet were subject to contractual lease commitments with users whose leases commence subsequent to December 31, 2023, bringing the leased area to 13,047,835 square feet, which represents 87.3% of Allied's total rental portfolio GLA.

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

FIXTURING COMMENCEMENT (OCCUPANCY)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	THEREAFTER	TOTAL
Lease commitments - GLA	97,063	5,723	8,000	—	10,970	121,756
% of lease commitments	79.7%	4.7%	6.6%	—%	9.0%	100.0%

In most instances, occupancy commences with a fixturing period prior to rent commencement. During the fixturing period, straight-line rent revenue is recognized. Thereafter, base and additional rent are paid by the user and recognized as rental revenue. In cases where interest and realty taxes were being capitalized prior to occupancy (in accordance with IFRS), capitalization ends on occupancy. During occupancy, rental revenue is recognized and interest and realty taxes are expensed.

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

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

RENT COMMENCEMENT (ECONOMIC OCCUPANCY)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	THEREAFTER	TOTAL
Lease commitments - GLA	22,654	10,170	9,743	50,697	28,492	121,756
% of lease commitments	18.6%	8.4%	8.0%	41.6%	23.4%	100.0%

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

	DECEMBER 31, 2023	SEPTEMBER 30, 2023	JUNE 30, 2023	MARCH 31, 2023
Toronto	**516,084**	555,850	530,563	442,813
Montréal	**152,207**	156,937	216,812	268,399
Calgary	**70,714**	74,924	70,714	75,536
Vancouver	**22,343**	35,681	16,964	33,193
Total square feet	**761,348**	823,392	835,053	819,941
% of Total GLA	**5.1%**	5.6%	5.8%	5.7%

ACTIVITY

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

Leasing activity in connection with the rental portfolio for the year ended December 31, 2023, 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, 2022	14,317,179			
Leased area as at December 31, 2022	12,998,230			
Unleased area as at December 31, 2022	1,318,949			
Area expiring on December 31, 2022, and vacant on January 1, 2023	170,554			
Vacancy related to transfers from/(to) PUD	40,132			
Unleased area on January 1, 2023, including re-measurement (1)	1,529,635	310,577	20.3%	1,219,058
Maturities during the year ended December 31, 2023 (2)	1,844,524	1,010,643	54.8%	833,881
Maturities in future years		529,861		
Total (3)	**3,374,159**	**1,851,081**		**2,052,939**

(1) The unleased area on January 1, 2023, including re-measurement, consists of Allied's rental properties owned as at December 31, 2023.
(2) Some maturities occurred at December 31, 2023, and are included in Allied's leased area.
(3) The information above is net of transfers to/from PUD and investment properties held for sale.

Allied endeavours to renew leases in advance of expiry. Including the early renewals in the prior year related to the maturities in the three months and year ended December 31, 2023, Allied leased 59.7% and 59.9% of the GLA, respectively, which is summarized in the following table:

	THREE MONTHS ENDED DECEMBER 31, 2023			YEAR ENDED DECEMBER 31, 2023		
	LEASABLE SF	LEASED SF BY DECEMBER 31	% LEASED BY DECEMBER 31	LEASABLE SF	LEASED SF BY DECEMBER 31	% LEASED BY DECEMBER 31
Maturities during the period (leased in prior year) (1)	1,361	1,361	100.0%	234,491	234,491	100.0%
Maturities during the period (leased in current year)	715,161	426,235	59.6%	1,844,524	1,010,643	54.8%
Total	**716,522**	**427,596**	**59.7%**	**2,079,015**	**1,245,134**	**59.9%**

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

The tables below summarize the rental rates achieved for leases that were renewed in the rental portfolio for the three months and year ended December 31, 2023.

LEASING SPREAD ON RENEWALS	THREE MONTHS ENDED DECEMBER 31, 2023				YEAR ENDED DECEMBER 31, 2023			
	EXPIRING RATE	RENEWAL RATE	SPREAD	SQUARE FEET	EXPIRING RATE	RENEWAL RATE	SPREAD	SQUARE FEET
Ending-to-Starting Base Rent								
Total Portfolio	$26.13	$27.08	3.6%	366,603	$24.23	$25.87	6.8%	1,212,880
Average-to-Average Base Rent								
Total Portfolio	$25.29	$27.23	7.7%	366,603	$23.46	$26.51	13.0%	1,212,880

Leasing activity resulted in an increase of 6.8% in ending-to-starting and 13.0% in average-to-average net rent per square foot from maturing leases upon renewal for the year ended December 31, 2023, illustrating Allied's ability to generate rent growth upon renewal.

LEASE RENEWAL RATE	YEAR ENDED DECEMBER 31, 2023		
	ABOVE IN-PLACE RENTS	AT IN-PLACE RENTS	BELOW IN-PLACE RENTS
% of total leased SF	49.2%	44.2%	6.6%
Maturing leases - weighted average rent	$23.15	$25.56	$23.44
Renewing leases - weighted average rent	$27.01	$25.56	$19.40

The following table outlines leasing activity in the rental portfolio for the three months and year ended December 31, 2023:

	THREE MONTHS ENDED DECEMBER 31, 2023			YEAR ENDED DECEMBER 31, 2023		
	NEW LEASES	RENEWALS	TOTAL	NEW LEASES	RENEWALS	TOTAL
Tours			272			1,113
Net leased square feet	193,080	366,603	559,683	638,201	1,212,880	1,851,081
Number of transactions	51	77	128	170	238	408
Lease term (in years)	5.0	2.7	3.5	4.8	3.9	4.2
Net effective rent (per square foot per year) [1]						
Net annualized rent	$20.56	$27.23	$24.93	$20.38	$26.51	$24.40
Tenant improvements	(2.64)	(1.42)	(1.84)	(2.80)	(3.55)	(3.29)
Leasing commissions	(1.35)	(0.62)	(0.87)	(1.51)	(0.68)	(0.96)
Landlord's work	(1.11)	(1.07)	(1.08)	(1.16)	(0.36)	(0.63)
Total leasing costs	$(5.10)	$(3.11)	$(3.79)	$(5.47)	$(4.59)	$(4.88)
Net effective rent	**$15.46**	**$24.12**	**$21.14**	**$14.91**	**$21.92**	**$19.52**

(1) *Calculated based on a weighted average of leased square feet.*

USER PROFILE

The following sets out Allied's user-mix on the basis of percentage of rental revenue for the year ended December 31, 2023:

CATEGORY	% OF RENTAL REVENUE [1] DECEMBER 31, 2023
Business services and professional	39.2%
Telecommunications and information technology	17.2
Media and entertainment	13.4
Retail	9.8
Financial services	6.7
Government	5.8
Life sciences	3.4
Parking and other	2.9
Educational and institutional	1.6
	100.0%

(1) *The rental revenue is on a proportionate basis, which is a non-GAAP measure. Refer to Non-GAAP Measures on page 16.*

The following sets out information on the top-10 users by rental revenue for the year ended December 31, 2023:

USER	% OF RENTAL REVENUE (1) DECEMBER 31, 2023	WEIGHTED AVERAGE REMAINING LEASE TERM (YEARS)	% OF TOTAL RENTAL GLA	CREDIT RATING DBRS/S&P/ MOODY'S
Ubisoft Divertissements Inc.	3.2%	8.5	3.6%	Not Rated
Google Canada Corporation	2.7	8.6	3.2	-/AA+/Aa2
Shopify Inc.	2.6	10.5	1.8	Not Rated
Société Québecoise des Infrastructures	1.9	4.4	1.9	AAL/AA-/Aa2
TMG MacManus Canada Inc.	1.7	5.9	1.8	Not Rated
Morgan Stanley Services Canada Corp	1.7	5.9	1.5	AH/A-/A1
National Capital Commission	1.5	10.7	1.3	AAA/AAA/Aaa
National Bank of Canada	1.3	2.8	1.3	AA/A/Aa3
Technicolor Canada Inc.	1.3	4.4	1.0	*Not Rated
Unity Technologies Canada Company	1.2	7.0	1.1	Not Rated
	19.1%	**7.2**	**18.5%**	

** Credit rating for parent company*

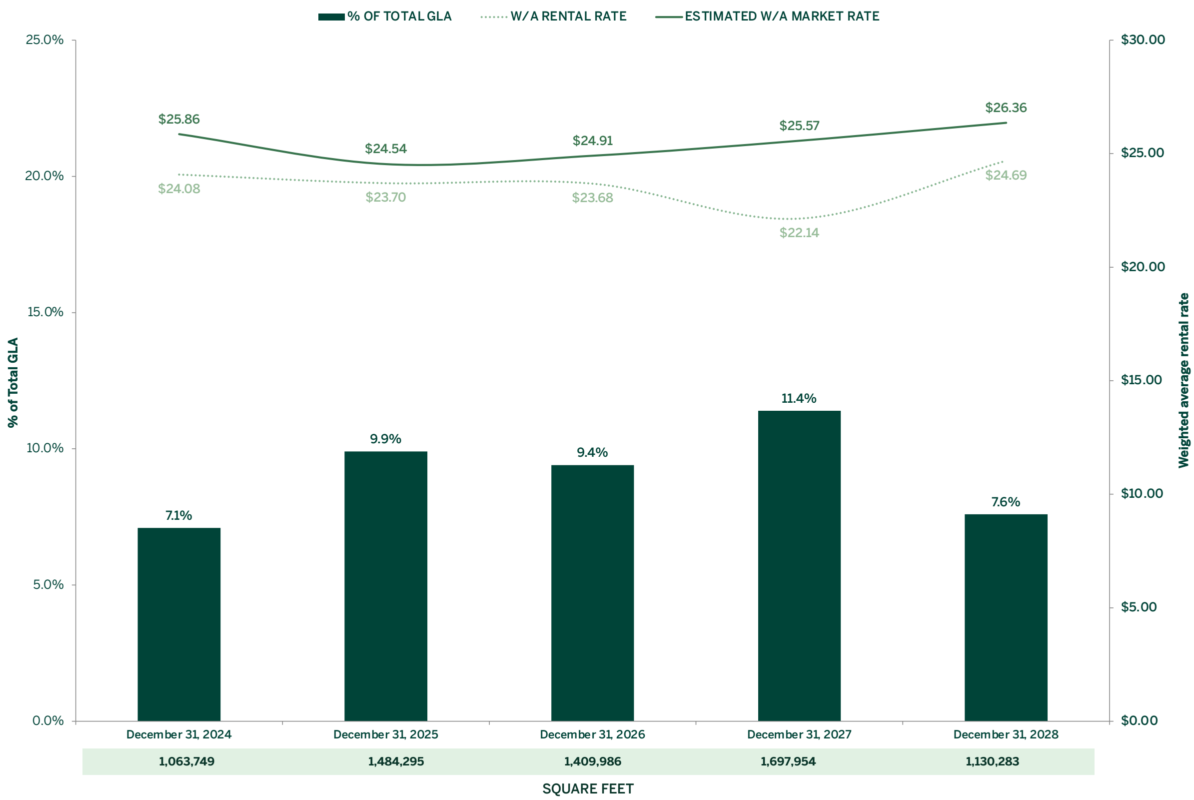
(1) The rental revenue is on a proportionate basis, which is a non-GAAP measure. Refer to Non-GAAP Measures on page 16.

LEASE MATURITY

As at December 31, 2023, 87.3% of the GLA in Allied's rental portfolio was leased and its weighted average term to maturity was 5.8 years. The estimated weighted average market net rental rate is based on Management's estimates of today's market rental rates and is supported by independent appraisals of certain properties. There can be no assurance that Management's current estimates are accurate or that they will not change with the passage of time.

The following contains information on the urban workspace leases that mature through 2028 and the corresponding estimated weighted average market rental rate as at December 31, 2023. Where the renewal rate on maturity is contractually predetermined, it is reflected below as the market rental rate.

TOTAL RENTAL PORTFOLIO	SQUARE FEET	% OF TOTAL GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2024	1,063,749	7.1%	$24.08	$25.86
December 31, 2025	1,484,295	9.9%	$23.70	$24.54
December 31, 2026	1,409,986	9.4%	$23.68	$24.91
December 31, 2027	1,697,954	11.4%	$22.14	$25.57
December 31, 2028	1,130,283	7.6%	$24.69	$26.36



The following tables contain information on lease maturities by segment:

MONTRÉAL & OTTAWA	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2024	395,171	6.0%	$16.64	$19.11
December 31, 2025	366,800	5.6%	$18.22	$19.28
December 31, 2026	548,296	8.4%	$17.29	$18.73
December 31, 2027	792,118	12.1%	$16.54	$21.13
December 31, 2028	477,083	7.3%	$18.57	$19.20

TORONTO & KITCHENER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2024	410,317	6.7%	$28.40	$30.57
December 31, 2025	816,936	13.4%	$26.80	$29.17
December 31, 2026	511,464	8.4%	$27.00	$28.18
December 31, 2027	700,473	11.5%	$27.90	$31.15
December 31, 2028	439,345	7.2%	$32.43	$35.16

CALGARY	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2024	90,363	6.8%	$16.08	$12.15
December 31, 2025	239,103	18.0%	$17.60	$12.91
December 31, 2026	134,320	10.1%	$15.54	$14.05
December 31, 2027	100,796	7.6%	$13.00	$11.36
December 31, 2028	134,759	10.2%	$11.77	$13.06

VANCOUVER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2024	167,898	17.2%	$35.37	$37.63
December 31, 2025	61,456	6.3%	$38.85	$39.66
December 31, 2026	215,906	22.1%	$37.12	$39.61
December 31, 2027	104,567	10.7%	$34.74	$35.57
December 31, 2028	79,096	8.1%	$40.64	$43.38

Section IV
–Historical Performance

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

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Rental revenue (1)(2)	$150,898	$138,455	$136,137	$138,490	$135,924	$131,823	$130,780	$120,942
Property operating costs (1)(2)	(69,029)	(58,558)	(58,037)	(61,325)	(58,639)	(56,401)	(55,686)	(53,535)
Operating income (1)(2)	$81,869	$79,897	$78,100	$77,165	$77,285	$75,422	$75,094	$67,407
Net (loss) income and comprehensive (loss) income (1)	$(499,340)	$(33,958)	$126,265	$(13,683)	$41,392	$46,743	$100,038	$187,190
per unit (basic and diluted) (1)	$(3.57)	$(0.24)	$0.90	$(0.10)	$0.30	$0.33	$0.72	$1.46
Net (loss) income attributable to Unitholders (1)	$(499,340)	$(33,958)	$124,032	$(16,447)	$39,223	$44,573	$97,869	$187,190
per unit (basic and diluted) (1)	$(3.57)	$(0.24)	$0.89	$(0.12)	$0.28	$0.32	$0.70	$1.46
Net (loss) income from continuing operations (1)(2)	$(499,340)	$(25,746)	$11,081	$(31,702)	$20,178	$101	$85,516	$68,874
per unit (basic and diluted) (1)(2)	$(3.57)	$(0.18)	$0.08	$(0.23)	$0.14	$—	$0.61	$0.54
Net (loss) income from continuing operations attributable to Unitholders (1)(2)	$(499,340)	$(25,746)	$8,848	$(34,466)	$18,009	$(2,068)	$83,347	$68,874
per unit (basic and diluted) (1)(2)	$(3.57)	$(0.18)	$0.06	$(0.25)	$0.13	$(0.01)	$0.60	$0.54
Weighted average units (diluted) (3)	139,765,128	139,765,128	139,765,128	139,765,128	139,765,128	139,765,373	139,860,134	128,279,982
Distributions (1)(4)	$62,895	$62,895	$62,894	$62,894	$61,134	$61,131	$61,132	$55,966
FFO (5)	$85,460	$83,719	$82,224	$81,175	$86,755	$85,332	$85,050	$77,340
FFO per unit (diluted) (5)	$0.611	$0.599	$0.588	$0.581	$0.621	$0.611	$0.608	$0.603
FFO pay-out ratio (5)	73.6%	75.1%	76.5%	77.5%	70.5%	71.6%	71.9%	72.4%
All amounts below are excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation (6)								
FFO (5)	$85,765	$83,556	$82,216	$81,085	$86,325	$84,747	$84,747	$77,573
FFO per unit (diluted) (5)	$0.614	$0.598	$0.588	$0.580	$0.618	$0.606	$0.606	$0.605
FFO payout-ratio (5)	73.3%	75.3%	76.5%	77.6%	70.8%	72.1%	72.1%	72.1%
AFFO (5)	$78,611	$76,174	$74,958	$74,482	$76,553	$73,508	$75,947	$71,571
AFFO per unit (diluted) (5)	$0.562	$0.545	$0.536	$0.533	$0.548	$0.526	$0.543	$0.558
AFFO payout-ratio (5)	80.0%	82.6%	83.9%	84.4%	79.9%	83.2%	80.5%	78.2%

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
NAV per unit (7)	$45.60	$49.83	$50.80	$50.41	$50.96	$51.10	$51.20	$50.92
Net debt as a multiple of annualized adjusted EBITDA (5)(8)	8.2x	7.9x	10.5x	10.5x	9.8x	9.6x	9.6x	10.2x
Total indebtedness ratio (5)	34.7%	34.2%	36.9%	36.5%	35.6%	34.3%	33.9%	33.3%
Total rental GLA	14,954	14,759	14,479	14,423	14,317	14,968	14,812	15,417
Leased rental GLA	13,048	12,934	12,690	12,809	12,998	13,582	13,468	13,775
Leased area %	87.3%	87.6%	87.6%	88.8%	90.8%	90.7%	90.9%	89.3%

(1) This measure is presented on an IFRS basis.
(2) Excludes the results of the UDC segment which was classified as a discontinued operation in Q4 2022. The prior period comparative figures have been revised accordingly.
(3) This includes the weighted average number of Units and Exchangeable LP Units.
(4) Starting Q2 2022, this includes distributions on Units and Exchangeable LP Units. The distributions in Q4 2023 exclude the special cash distributions declared of $61,419 on Units and $5,668 on Exchangeable LP Units, and the special Unit distribution declared of $639,780.
(5) This is a non-GAAP measure, refer to page 16. These non-GAAP measures include the results of the continuing operations and the discontinued operations.
(6) In the fourth quarter of 2022, Allied incurred ($564) of financing prepayment costs for an accelerated amortization of deferred premium in connection with the favourable refinancing of a mortgage.
(7) Prior to Allied's conversion to an open-end trust, net asset value per unit ("NAV per unit") was calculated as total equity as at the corresponding period ended, divided by the actual number of Units and Exchangeable LP Units outstanding at period end. On Allied's conversion to an open-end trust on June 12, 2023, NAV per unit was calculated as total equity plus the value of Exchangeable LP Units as at the corresponding period ended, divided by the actual number of Units and Exchangeable LP Units. The rationale for including the value of Exchangeable LP Units is because they are economically equivalent to Units, receive distributions equal to the distributions paid on the Units and are exchangeable, at the holder's option, for Units.
(8) Net debt as a multiple of annualized adjusted EBITDA for Q1 2022 including the expected annualized EBITDA from the six properties acquired from Choice Properties on March 31, 2022, is 9.4x.

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

Section V
–Asset Profile

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

The following table reconciles the consolidated balance sheets on an IFRS basis to a proportionate basis, a non-GAAP measure, as at December 31, 2023, and December 31, 2022. Refer to Non-GAAP Measures on page 16.

	DECEMBER 31, 2023			DECEMBER 31, 2022		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Assets						
Non-current assets						
Investment properties	$9,387,032	$102,200	$9,489,232	$9,669,005	$120,630	$9,789,635
Residential inventory	209,783	—	209,783	187,272	—	187,272
Investment in joint venture	8,866	(8,866)	—	7,089	(7,089)	—
Loans and notes receivable	321,371	—	321,371	174,019	—	174,019
Other assets	48,528	1,382	49,910	56,221	1,372	57,593
	9,975,580	94,716	10,070,296	10,093,606	114,913	10,208,519
Current assets						
Cash and cash equivalents	211,069	1,054	212,123	20,990	1,273	22,263
Loan receivable from joint venture	93,291	(93,291)	—	113,287	(113,287)	—
Loans and notes receivable	188,382	—	188,382	258,093	—	258,093
Accounts receivable, prepaid expenses and deposits	140,963	851	141,814	65,544	613	66,157
Investment properties held for sale	—	—	—	1,354,830	—	1,354,830
	633,705	(91,386)	542,319	1,812,744	(111,401)	1,701,343
Total assets	$10,609,285	$3,330	$10,612,615	$11,906,350	$3,512	$11,909,862
Liabilities						
Non-current liabilities						
Debt	$3,510,366	$—	$3,510,366	$3,864,256	$—	$3,864,256
Lease liabilities	50,639	—	50,639	50,851	—	50,851
Other liabilities	48,784	—	48,784	43,438	—	43,438
	3,609,789	—	3,609,789	3,958,545	—	3,958,545

	DECEMBER 31, 2023			DECEMBER 31, 2022		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Current liabilities						
Exchangeable LP Units	**238,309**	**—**	**238,309**	—	—	—
Debt	**149,245**	**—**	**149,245**	346,929	—	346,929
Accounts payable and other liabilities	**476,863**	**3,330**	**480,193**	370,823	3,512	374,335
Lease liability held for sale	**—**	**—**	**—**	107,215	—	107,215
	864,417	**3,330**	**867,747**	824,967	3,512	828,479
Total liabilities	**$4,474,206**	**$3,330**	**$4,477,536**	$4,783,512	$3,512	$4,787,024
Equity						
Unitholders' equity	**$6,135,079**	**$—**	**$6,135,079**	$6,581,166	$—	$6,581,166
Non-controlling interests	**—**	**—**	**—**	541,672	—	541,672
Total equity	**$6,135,079**	**$—**	**$6,135,079**	$7,122,838	$—	$7,122,838
Total liabilities and equity	**$10,609,285**	**$3,330**	**$10,612,615**	$11,906,350	$3,512	$11,909,862

As at December 31, 2023, Allied's portfolio of 213 investment properties consists of 201 rental properties (five of which are partially under development), and 12 development properties. Allied's portfolio of investment properties has a fair value of $9,489,232, including one equity accounted investment in a joint venture.

Changes to the carrying amounts of investment properties and investment properties held for sale on a proportionate basis, a non-GAAP measure, are summarized in the following table. Refer to Non-GAAP Measures on page 16.

	THREE MONTHS ENDED DECEMBER 31, 2023			YEAR ENDED DECEMBER 31, 2023		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT	TOTAL
Balance, beginning of period	$8,618,544	$1,235,460	$9,854,004	$9,615,025	$1,529,440	$11,144,465
Additions:						
Improvement allowances (1)	19,352	(1,568)	17,784	62,197	9,421	71,618
Leasing commissions (1)	5,485	(4)	5,481	16,350	327	16,677
Capital expenditures (1)	82,887	63,275	146,162	211,749	228,055	439,804
Dispositions	(20,000)	—	(20,000)	(1,477,000)	—	(1,477,000)
Transfers from PUD	209,400	(209,400)	—	688,540	(688,540)	—
Transfers to PUD	(1,170)	1,170	—	(89,320)	89,320	—
Transfers to other assets	(252)	—	(252)	(505)	—	(505)
Amortization of straight-line rent and improvement allowances (1)	(4,027)	(310)	(4,337)	(25,486)	3,139	(22,347)
Fair value (loss) gain on investment properties and investment properties held for sale (1)	(439,147)	(70,463)	(509,610)	(530,478)	(153,002)	(683,480)
Balance, end of period	$8,471,072	$1,018,160	$9,489,232	$8,471,072	$1,018,160	$9,489,232

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three months and year ended December 31, 2023: improvement allowances of $205 and $773, respectively; leasing commissions of $3 and $97, respectively; capital expenditures of $337 and $847, respectively; amortization of straight-line rent and improvement allowances of $(126) and $(470), respectively; and a fair value loss on investment properties of $15,039 and $19,677, respectively.

As at December 31, 2023, Allied did not have any investment properties held for sale. There were five investment properties held for sale as at December 31, 2022, totaling $1,354,830, four located in Toronto and one located in Montréal. The decrease of $1,354,830 for the year ended December 31, 2023, is due to the disposition of investment properties held for sale.

For the three months ended December 31, 2023, Allied recognized a fair value loss on investment properties and investment properties held for sale of $509,610 on a proportionate basis. This was primarily in the rental portfolio due to the expansion of capitalization rates to reflect the current macroeconomic conditions and the extended lease-up timeframes.

For the year ended December 31, 2023, Allied recognized a fair value loss on investment properties and investment properties held for sale of $683,480 on a proportionate basis. This was primarily in the rental portfolio due to the expansion of capitalization rates to reflect the current macroeconomic conditions and extended lease-up timeframes, and higher costs of projects in the development portfolio, partially offset by a fair value gain on the UDC portfolio.

For the three months ended December 31, 2023, Allied capitalized $16,890 of borrowing costs to its capital expenditures on a proportionate basis, $11,209 of which related to development activity and $3,428 to upgrade activity in the rental portfolio. Allied capitalized $2,253 of borrowing costs to qualifying residential inventory.

For the year ended December 31, 2023, Allied capitalized $72,300 of borrowing costs to its capital expenditures on a proportionate basis, $52,537 of which related to development activity and $10,548 to upgrade activity in the rental portfolio. Allied capitalized $9,215 of borrowing costs to qualifying residential inventory.

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

Discounted cash flow method ("DCF method") - Under this approach, discount rates are applied to the projected annual operating cash flows, generally over a ten-year period, including a terminal value of the properties based on a capitalization rate applied to the estimated net operating income ("NOI"), a non-GAAP measure, in the terminal year. This method is primarily used to value the rental portfolio, and, in some cases, investment properties held for sale.

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. This method is primarily used to value the development portfolio and ancillary parking facilities and, in some cases, investment properties held for sale.

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. Currently, this method is used only to value residential use.

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

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

In valuing the investment properties as at December 31, 2023, the value derived using the DCF method was compared to the value that would have been calculated by applying a capitalization rate to stabilized NOI. This is done to assess the reasonability of the value obtained under the DCF method. The resulting portfolio weighted average capitalization rate was 4.83%, detailed in the table below:

	DECEMBER 31, 2023			DECEMBER 31, 2022		
OVERALL CAPITALIZATION RATE	**RANGE %**	**WEIGHTED AVERAGE %**	**FAIR VALUE $ (1)**	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $ (1)
Montréal & Ottawa	**4.50% - 7.00%**	**5.08%**	**$2,550,767**	4.50% - 7.00%	4.98%	$2,490,473
Toronto & Kitchener	**4.00% - 6.00%**	**4.66%**	**4,663,539**	4.00% - 5.75%	4.39%	4,396,581
Calgary	**6.75% - 7.75%**	**7.19%**	**246,946**	5.75% - 7.50%	6.58%	286,467
Vancouver	**4.00% - 4.50%**	**4.18%**	**906,880**	4.00% - 4.25%	4.03%	967,050
Rental Properties	**4.00% - 7.75%**	**4.81%**	**$8,368,132**	4.00% - 7.50%	4.62%	$8,140,571
Residential Properties	**4.00% - 4.50%**	**4.38%**	**102,940**	3.75% - 5.00%	4.61%	119,624
Properties Under Development	**4.25% - 7.50%**	**5.12%**	**1,018,160**	4.00% - 7.25%	4.66%	1,529,440
Investment Properties	**4.00% - 7.75%**	**4.83%**	**$9,489,232**	3.75% - 7.50%	4.62%	$9,789,635
Investment Properties Held for Sale	**N/A**	**N/A**	**$—**	4.50% - 5.25%	4.80%	$1,354,830
			$9,489,232			$11,144,465

(1) Presented on a proportionate basis, which is a non-GAAP measure. Refer to Non-GAAP Measures on page 16.

RENTAL PROPERTIES

Allied's rental portfolio was built by consolidating the ownership of urban office properties. Scale within each city of focus proved to be important as Allied grew. It enabled Allied to provide users with greater expansion flexibility, more parking and better human and digital connectivity than its direct competitors. Scale across the country also proved to be important. It enabled Allied to serve national and global users better, to expand its growth opportunities and to achieve meaningful geographic diversification.

URBAN WORKSPACE

Allied has evolved into a leading owner-operator of urban workspace in Canada's major cities. It owns 201 rental properties in six Canadian cities (five of these rental properties are partially under development) as at December 31, 2023.

ACQUISITIONS AND DISPOSITIONS

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

On August 16, 2023, Allied closed on the disposition of the UDC portfolio to KDDI Canada Inc., a wholly owned subsidiary of KDDI Corporation ("KDDI") for total gross cash proceeds of $1,350,000, which represented the fair value of these investment properties at the time of disposition net of the lease liability at 250 Front Street W. Therefore, there was no gain or loss recorded on closing. The UDC portfolio includes 151 Front Street W, 905 King Street W and 250 Front Street W and the lease liability at 250 Front Street W.

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

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 unutilized 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 112 properties in Toronto now comprise 5.4 million square feet of current rental portfolio GLA and are situated on 40.0 acres of underutilized land immediately east and west of the Downtown Core. With achievable rezoning, the underlying land in our Toronto portfolio could permit up to 12.0 million square feet of GLA, 6.6 million square feet more than currently is in place.

Allied entered the Montréal market in April of 2005. The 34 properties in Montréal now comprise 6.3 million square feet of current rental portfolio GLA. As they are much larger buildings on average than those comprising the Toronto portfolio, the 46.1 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 9.4 million square feet of GLA, 3.1 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 is 2.3 million square feet that is currently in PUD and 10.0 million square feet that is potential incremental density which totals 12.3 million square feet as at December 31, 2023. Of the 10.0 million square feet of potential incremental density, 4.8 million square feet is reflected in the appraised fair values, mainly at properties where zoning approvals are in place. The remaining 5.2 million square feet is not reflected in the appraised fair values.

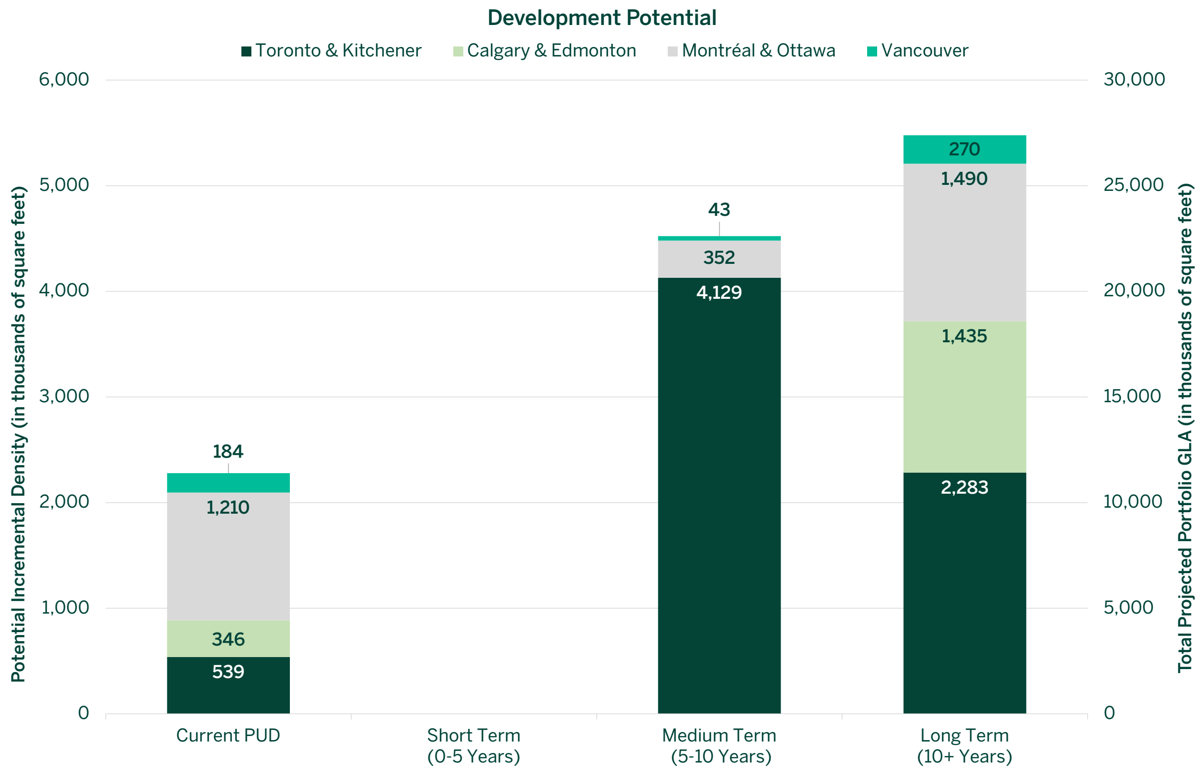
POTENTIAL INCREMENTAL DENSITY (IN SQUARE FEET) - GEOGRAPHIC BREAKDOWN

CITY	CURRENT GLA	CURRENT PUD (ESTIMATED ON COMPLETION)	POTENTIAL INCREMENTAL DENSITY	TOTAL POTENTIAL GLA
Toronto (1)	5,392,443	538,585	6,079,112	12,010,140
Kitchener	709,088	—	332,616	1,041,704
Montréal (2)	6,317,019	1,209,805	1,841,945	9,368,769
Ottawa	231,270	—	—	231,270
Calgary	1,327,159	48,502	1,434,755	2,810,416
Edmonton	—	297,851	—	297,851
Vancouver	977,303	183,640	312,923	1,473,866
Total	**14,954,282**	**2,278,383**	**10,001,351**	**27,234,016**

(1) *The GLA estimated on completion for properties under development in Toronto excludes 636,028 square feet of GLA at The Well and 76,734 square feet of Adelaide & Duncan, which has been transferred to the rental portfolio.*

(2) *The GLA estimated on completion for properties under development in Montréal excludes 100,208 square feet of GLA at 700 Saint Hubert, which has been transferred to the rental portfolio.*

The timing of development for the 10.0 million square feet of potential incremental density is impossible to predict with precision, however the chart below provides a reasonable estimate of when the potential could begin to be realized. One factor is our self-imposed limitation on development activity. The focus will be on the Toronto portfolio.



Allied has initiated the intensification approval process for seven properties in Toronto and three properties in Montréal, all of which are owned in their entirety by Allied. These properties are identified in the following table:

PROPERTY NAME	REZONING APPROVAL STATUS	USE	CURRENT GLA	ESTIMATED GLA ON COMPLETION	ESTIMATED COMPLETION
The Castle (1)	In progress	Office, limited retail	180,281	440,000	Unscheduled
King & Peter (2)	Completed	Office, limited retail	86,230	790,000	Unscheduled
King & Spadina (3)	In progress	Office, limited retail	77,550	430,000	Unscheduled
King & Brant (4)	Completed	Office, residential, retail	22,275	240,000	Unscheduled
Union Centre	Completed	Office, limited retail	41,787	1,330,000	Unscheduled
Bathurst Street Assembly (5)	In progress	Office, residential, retail	36,919	318,000	Unscheduled
Adelaide & Spadina (6)	Completed	Office, retail	11,015	230,000	Unscheduled
Le Nordelec - Lot A (7)	In progress	Office	—	230,000	Unscheduled
Le Nordelec - Lot B (8)	In progress	Office, residential	32,893	744,000	Unscheduled
Le Nordelec - Lot E (9)	Completed	Office	7,550	135,000	Unscheduled
Total			**496,500**	**4,887,000**	

(1) The Castle is comprised of 41-53 Fraser, 8 Pardee Avenue and 135 Liberty Street.
(2) King & Peter is comprised of 82 Peter and 388 King W.
(3) King & Spadina is comprised of 460 King W, 468 King W, the surface parking lot at 464 King W, and the surface parking lot at 78 Spadina.
(4) King & Brant is comprised of 540 King W, 544 King W and the surface parking lot at 7-9 Morrison.
(5) Bathurst Street Assembly is comprised of 141 Bathurst, 579 Richmond, the surface parking lot at 555 Richmond and the associated ancillary residential properties at Bathurst and Richmond.
(6) Adelaide & Spadina is comprised of 383 Adelaide W and 387 Adelaide W.
(7) Le Nordelec - Lot A is comprised of 1900 Saint Patrick, a component of the 1751 Richardson & 1700 Saint-Patrick property.
(8) Le Nordelec - Lot B is compromised of 1655 Richardson and the adjacent surface parking lot.
(9) Le Nordelec - Lot E is comprised of 1301-1303 Montmorency.

Estimated GLA is based on applicable standards of area measurement and the expected or actual outcome of rezoning. These properties are currently generating NOI and will continue to do so until Allied initiates construction. With respect to the ultimate intensification of these properties, a significant amount of pre-leasing will be required on the larger projects before construction commences. Allied intends to align all new developments and redevelopments with its Net Zero Carbon Plan.

DEVELOPMENT PROPERTIES

Development is another way to create value and a particularly effective one for Allied, given the strategic positioning of its portfolio in the urban areas of Canada's major cities. Urban intensification is the single most important trend in relation to Allied's business. Not only does it anchor Allied's investment and operating focus, it provides the context within which Allied creates value for its Unitholders.

The completion of projects currently under development is an important component of Allied's growth. The expectation is largely contingent upon completing the development projects in the manner contemplated. The most important factor affecting completion will be successful lease-up of space in the development portfolio. The material assumption is that there continues to be demand for leasing office space. Allied will not commence material development of its urban office portfolio unless it has significant pre-leased commitments to mitigate risk. Pursuant to Allied's Declaration of Trust, the cost of Properties Under Development cannot exceed 15% of GBV. At December 31, 2023, the cost of Allied's Properties Under Development was 11.6% of GBV (December 31, 2022 - 12.6%). This self-imposed limitation is intended to align the magnitude of Allied's development activity with the overall size of the business.

Properties Under Development consist of properties purchased with the intention of being developed or redeveloped before being operated and properties transferred from the rental portfolio once activities changing the condition or state of the property, such as the de-leasing process, commence.

Allied has the following 12 Properties Under Development and five rental properties partially under development. Eight of the projects are ground-up developments and nine are redevelopments.

GROUND-UP DEVELOPMENTS

Ground-up development involves construction of significant amounts of new leasable area.

PROPERTY NAME	USE	ESTIMATED GLA ON COMPLETION (SF)	% OF OFFICE DEVELOPMENT PRE-LEASED
The Well, Toronto (1)(2)(3)	Office, retail	763,000	98%
Adelaide & Duncan, Toronto (1)(3)(4)	Office, retail, residential	230,000	100
QRC West Phase II, Toronto (5)	Office, retail	93,134	100
KING Toronto, Toronto (1)(6)	Office, retail	100,000	—
108 East 5th Avenue, Vancouver (1)	Office	102,000	54
700 Saint Hubert, Montréal (3)(7)	Office, retail	144,114	70
365 Railway, Vancouver	Office	60,000	—
810 Saint Antoine, Montréal (8)	Retail, residential	380,000	N/A
Total		**1,872,248**	**81%**

(1) These properties are co-owned, reflected in the table above at Allied's ownership interest.
(2) Each of Allied and RioCan own an undivided 50% interest in The Well. The GLA components (in square feet) at Allied's 50% share will be as follows: approximately 584,000 of office, 160,000 of retail, 19,000 of storage and the residential air rights. The residential air rights and associated underground parking and transfer floor slab developments ("The Well Air Rights") were sold by the co-ownership in phases since Q4 2020, and the last phase closed in January 2022.
(3) A portion of the property been transferred to the rental portfolio. The information in the table includes both the rental and development portions.
(4) The GLA components (in square feet) at our 50% share are as follows: 144,000 of residential, 77,000 of office and 9,000 of retail.
(5) The GLA components (in square feet) are as follows: 77,434 of office and 15,700 of retail.
(6) Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied sold a 50% undivided interest to Westbank. KING Toronto is comprised of the following properties: 489 King W, 495 King W, 499 King W, 511-529 King W, 533 King W, and 539 King W. The GLA components (in square feet) at our 50% share will be as follows: 60,000 of retail and 40,000 of office.
(7) The GLA components (in square feet) are as follows: 143,314 of office and 800 of retail.
(8) The GLA components (in square feet) are as follows: 350,000 of residential and 30,000 of retail.

REDEVELOPMENTS

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

PROPERTY NAME	USE	ESTIMATED GLA (SF)
400 Atlantic, Montréal (1)	Office, retail	87,473
Boardwalk-Revillon Building, Edmonton (2)	Office, retail	297,851
185 Spadina, Toronto	Office	55,213
342 Water, Vancouver (3)	Office, retail	21,640
1001 Boulevard Robert-Bourassa, Montréal (4)(5)	Office, retail	298,342
RCA Building, Montréal (5)	Office	215,305
422-424 Wellington W, Toronto	Retail	10,000
3575 Saint Laurent, Montréal (6)	Office, retail	184,779
Kipling Square, Calgary (7)	Office	48,502
Total		**1,219,105**

(1) The GLA components (in square feet) are as follows: 87,181 of office and 292 of retail.
(2) The GLA components (in square feet) are as follows: 233,559 of office and 64,292 of retail.
(3) The GLA components (in square feet) are as follows: 15,385 of office and 6,255 of retail.
(4) The GLA components (in square feet) are as follows: 275,699 of office and 22,643 of retail.
(5) A portion of the property is under development. The GLA represents the portion under development.
(6) The GLA components (in square feet) are as follows: 169,166 of office and 15,613 of retail.
(7) Conversion from office to retail planning is underway to optimize the use of this property.

The following table sets out Allied's Properties Under Development as at December 31, 2023, as well as Management's estimates with respect to the financial outcome on completion. Estimated NOI from development completion is based on stabilized occupancy and, in the first year, its impact is moderated by the discontinuation of capitalized costs.

PROPERTY NAME	TRANSFER TO RENTAL PORTFOLIO	ESTIMATED ANNUAL NOI	ESTIMATED TOTAL COST	ESTIMATED YIELD ON COST	ESTIMATED COST TO COMPLETE
The Well, Toronto (1)(2)	Q3 2022 to Q2 2024	$37,500 - 43,250	$805,000	4.7% - 5.4%	$21,012
700 Saint Hubert, Montréal	Q3 2023 to Q2 2024	4,650 - 5,500	138,664	3.4% - 4.0%	3,695
Adelaide & Duncan, Toronto (1)(3)	Q4 2023 to Q4 2024	10,500 - 11,500	240,007	4.4% - 4.8%	45,255
QRC West, Phase II, Toronto	Q2 2024	4,660 - 4,770	94,700	4.9% - 5.0%	4,415
108 East 5th Avenue, Vancouver (1)	Q1 2025	4,350 - 4,600	108,884	4.0% - 4.2%	39,284
KING Toronto, Toronto (1)(4)	Q4 2025	5,000 - 6,000	128,505	3.9% - 4.9%	38,344
810 Saint Antoine, Montréal	TBD	TBD	TBD	TBD	TBD
365 Railway, Vancouver	TBD	TBD	TBD	TBD	TBD
Redevelopments	Q2 2024 to Q1 2025	24,415 - 27,290	576,717	4.2% - 4.7%	71,568
Total		**$91,075 - 102,910+**			

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

(2) The estimated costs are net of the actual gross proceeds from the sale of the The Well Air Rights of $111,758 (at Allied's share). The transfer of The Well to the rental portfolio is occurring in phases.

(3) The project is anticipated to be completed in two phases. The residential phase is scheduled for completion in Q4 2024.

(4) Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied sold a 50% undivided interest to Westbank. KING Toronto is comprised of the following properties: 489 King W, 495 King W, 499 King W, 511-529 King W, 533 King W, and 539 King W. The estimated gross proceeds from the sale of the residential inventory is in the range of $290,000 - $295,000. The estimated total cost includes the commercial and residential components and is net of the estimated gross proceeds from the sale of the residential inventory of $290,000.

The initial cost of Properties Under Development includes the acquisition cost of the property, direct development costs, operating costs, realty taxes and borrowing costs directly attributable to the development. Borrowing costs, operating costs and realty taxes associated with direct expenditures on Properties Under Development are capitalized. The amount of capitalized borrowing costs is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments.

Transfer to the rental portfolio occurs when the property is capable of operating in the manner intended by Management. Generally this occurs upon completion of construction and receipt of all necessary occupancy and other permits. In some instances, particularly in ground-up developments like The Well, base building work is underway during the fixturing period. In this case, transfer to the rental portfolio occurs when the base building work is complete. Estimated annual NOI is based on 100% economic occupancy. The most important factor affecting estimated annual NOI is the successful lease-up of vacant space in the development properties at current levels of net rent per square foot. The material assumption is that the office leasing market in the relevant markets remains stable. Estimated total cost includes acquisition cost, estimated total construction, financing costs and realty taxes. The material assumption made in formulating the estimated total cost is that construction and financing costs remain stable for the remainder of the development period. Estimated yield on cost is the estimated annual NOI as a percentage of the estimated total cost. Estimated cost to complete is the difference between the estimated total cost and the costs incurred to date.

RESIDENTIAL INVENTORY

Residential inventory is as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
KING Toronto	**$209,783**	$187,272

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

	DECEMBER 31, 2023	DECEMBER 31, 2022
Balance, beginning of year	**$187,272**	$170,980
Development expenditures	**37,887**	32,021
Impairment	**(15,376)**	(15,729)
Balance, end of year	**$209,783**	$187,272

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, totaling 440 units. As at December 31, 2023, 397 units or 90% have been pre-sold, subject to customary closing conditions. Management expects the condominium sales to close in 2025.

Residential inventory carrying value is calculated as the estimated gross proceeds less estimated costs to complete. The impairment during the year ended December 31, 2023, and year ended December 31, 2022, reflects higher estimated costs to complete.

LOANS RECEIVABLE

As at December 31, 2023, total loans receivable outstanding is $509,697 (December 31, 2022 - $432,032).

In February 2015, Allied entered into a joint arrangement with Westbank and completed the acquisition of an undivided 50% interest in Adelaide & Duncan. As part of the arrangement, Allied advanced $21,173 to Westbank for its purchase of a 50% undivided interest in the property. The facility is secured by a charge on the property (subordinated to the construction lender) and assignment of rents and leases. Interest accrues and is payable monthly at a rate of 7.75% per annum. The loan is repayable when the joint arrangement obtains external permanent financing. As at December 31, 2023, the loan receivable outstanding is $21,173 (December 31, 2022 - $21,173).

On August 1, 2017, Allied entered into an arrangement with Westbank to provide a credit facility of up to $100,000, plus interest, for the land acquisition and the pre-development costs of 400 West Georgia in Vancouver. The facility is secured by Westbank's covenant and a charge on the property (subordinated to the construction lender). On February 11, 2019, the facility was increased to $160,000, plus interest and on August 18, 2022, the facility was further increased to $175,000, plus interest. On May 18, 2022, Westbank exercised its option to extend the maturity date from August 31, 2022, to August 31, 2023. On January 12, 2023, the maturity date of the facility was extended to February 29, 2024. On December 6, 2023, the maturity date of the facility was further extended to August 20, 2024. Interest accrues to the credit facility monthly at a rate of 6.75% per annum up to August 31, 2022. Thereafter, interest accrues to the credit facility monthly at the greater of 6.75% per annum and the prime rate plus 3.00% per annum. On placement of permanent financing, Allied intends to acquire a 50% undivided interest in 400 West Georgia based on total development costs. As at December 31, 2023, the loan receivable outstanding including interest is $188,355 (December 31, 2022 - $161,032).

On November 30, 2018, Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied advanced a loan (the "Original Facility"), originally in the principal amount of $67,030, to Westbank for its purchase of a 50% undivided interest in the property. Further advances were made to Westbank under the Original Facility and the aggregate principal amount of the loan was increased to $73,414. Interest accrues to the Original Facility at a rate of 7.00% per annum for the period up to and including November 30, 2023. Thereafter, interest accrues to the Original Facility at the greater of (i) 7.00% per annum; and (ii) prime plus 3.00% per annum. During the fourth quarter of 2023, the loan was further amended to (i) add an additional credit facility in an aggregate principal amount not to exceed $40,000 (the "Additional Facility"); and (ii) extend the maturity date of the Original Facility to the earlier of December 31, 2026, or the closing of the condominium units (this maturity date also applies to the Additional Facility). The maturity date of the Original Facility was previously the earlier of November 30, 2023, or the closing of the condominium units. Interest accrues to the Additional Facility at a rate of prime plus 8.00% per annum. As at December 31, 2023, the total loan receivable outstanding including interest is $112,161 (December 31, 2022 - $97,037).

On March 18, 2019, Allied made an amendment to the joint arrangement with Perimeter to develop Breithaupt Phase III and a loan receivable arrangement to provide 50% of the pre-development costs. The facility is secured by a charge on the property (subordinated to the construction lender). Interest accrues at a rate of 7.00% per annum and is payable on loan repayment. The loan is repayable in installments upon completion of development and rent commencement. As at December 31, 2023, the loan receivable outstanding is $9,913 (December 31, 2022 - $9,913).

On July 31, 2019, Allied entered into an arrangement with Westbank to provide a credit facility of up to $185,000, plus interest, for the land acquisition and the pre-development costs of 150 West Georgia in Vancouver. The facility is secured by a first mortgage on the property for a fixed term. On placement of construction financing, the mortgage will be secured by a charge on the property (subordinated to the construction lender). Interest accrues to the credit facility monthly at a rate of 7.00% per annum. The credit facility matures on December 9, 2025. On placement of permanent financing, Allied intends to acquire a 50% undivided interest in 150 West Georgia based on an agreed upon formula. As at December 31, 2023, the loan receivable outstanding is $178,095 (December 31, 2022 - $142,877).

Allied has assessed the expected credit losses on an individual loan basis. Allied assesses the risk of expected credit losses, including considering the status of corporate guarantees and/or registered mortgage charges and assignment of leases, outcome of credit checks on borrowers, results of monitoring the financial and operating performance of borrowers, construction and leasing status on the development projects, timing of rent commencement on leases, and status of scheduled principal and interest payments.

The table below summarizes the loans receivable as at December 31, 2023, and December 31, 2022.

	DECEMBER 31, 2023	DECEMBER 31, 2022
Adelaide & Duncan	**$21,173**	$21,173
400 West Georgia	**188,355**	161,032
KING Toronto	**112,161**	97,037
Breithaupt Phase III	**9,913**	9,913
150 West Georgia	**178,095**	142,877
Total loans receivable	**$509,697**	$432,032

Section VI
–Liquidity and Capital Resources

Allied's liquidity and capital resources are used to fund capital investments including development activity and leasing costs, interest expense and distributions to Unitholders. The primary source of liquidity is net operating income generated from rental properties, which is dependent on rental and occupancy rates and the structure of lease agreements, among other variables.

Allied has financed its operations through the use of equity, Exchangeable LP Units, mortgage debt secured by rental properties, construction loans, a promissory note payable, an unsecured revolving operating facility, senior unsecured debentures and unsecured term loans. Conservative financial management has been consistently applied through the use of long term, fixed rate, debt financing. Allied's objective is to maximize financial flexibility while continuing to strengthen the balance sheet. Management intends to achieve this by continuing to access the equity market, unsecured debenture market, unsecured loans and growing the pool of unencumbered investment properties. As at December 31, 2023, 92.3% of investment properties on a proportionate basis were unencumbered.

In November 2021, Allied established an at-the-market equity program (the "ATM Program") which allowed it to issue and sell up to $300,000 of Units to the public, from time to time, at its discretion. The ATM Program was designed to provide Allied with additional financing flexibility which was used in conjunction with other existing funding sources. The ATM Program was effective until July 2, 2023.

Allied has various sources of liquidity, including cash and cash equivalents and the unused portion of its unsecured revolving operating facility, which totaled $997,217 as at December 31, 2023, compared to $166,700 as at December 31, 2022. The increase of $830,517 in liquidity is primarily due to the full repayment of the unsecured revolving operating facility with proceeds from the sale of Allied's UDC portfolio on August 16, 2023.

DEBT

The following illustrates the calculation of debt (net of transaction costs) on an IFRS basis and net debt, a non-GAAP measure, as at December 31, 2023, and December 31, 2022. As at December 31, 2023, 92.7% of Allied's debt is at a fixed rate (December 31, 2022 - 86.3%). Refer to Non-GAAP Measures on page 16.

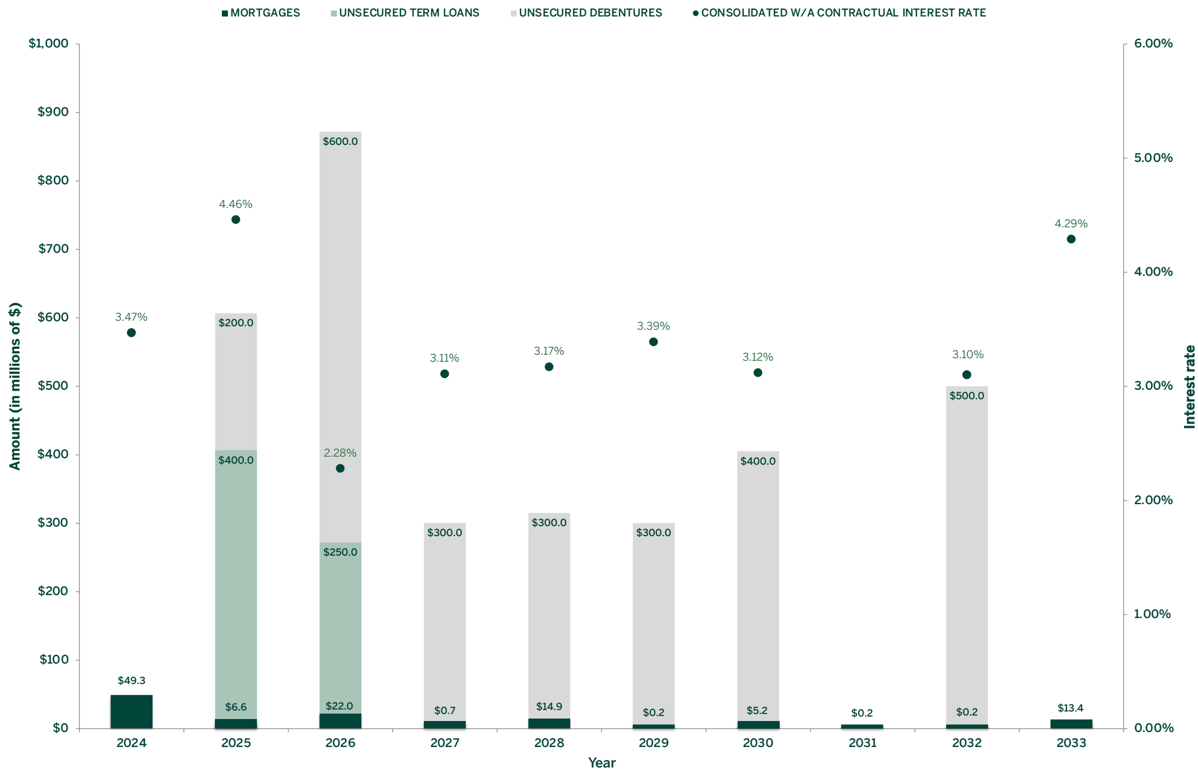
	DECEMBER 31, 2023	DECEMBER 31, 2022
Mortgages payable	**$111,875**	$112,822
Construction loans payable	**307,013**	223,725
Promissory note payable	**—**	195,673
Unsecured revolving operating facility	**—**	440,000
Senior unsecured debentures	**2,591,569**	2,589,939
Unsecured term loans	**649,154**	649,026
Debt, IFRS basis	**$3,659,611**	$4,211,185
Less: cash, cash equivalents and deposit [1]	**288,595**	22,263
Net debt	**$3,371,016**	$4,188,922

(1) *This is on a proportionate basis and includes cash and cash equivalents attributable to TELUS Sky totaling $1,054 as at December 31, 2023 (December 31, 2022 - $1,273).*

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

	MORTGAGES PAYABLE	INTEREST RATE OF MATURING MORTGAGES	SENIOR UNSECURED DEBENTURES	INTEREST RATE	UNSECURED TERM LOANS	INTEREST RATE	TOTAL	CONSOLIDATED INTEREST RATE OF MATURING DEBT
2024	$49,345	3.47%	$—	—%	$—	—%	$49,345	3.47%
2025	6,578	—	200,000	3.64	400,000	4.87	606,578	4.46
2026	21,996	3.59	600,000	1.73	250,000	3.50	871,996	2.28
2027	655	—	300,000	3.11	—	—	300,655	3.11
2028	14,926	4.04	300,000	3.13	—	—	314,926	3.17
2029	183	—	300,000	3.39	—	—	300,183	3.39
2030	5,191	—	400,000	3.12	—	—	405,191	3.12
2031	199	—	—	—	—	—	199	—
2032	208	—	500,000	3.10	—	—	500,208	3.10
2033	13,396	4.29	—	—	—	—	13,396	4.29
	$112,677	3.38%	$2,600,000	2.86%	$650,000	4.34%	$3,362,677	3.17%

The chart below summarizes the maturities of principal for Allied's debt (excluding construction loans and the unsecured revolving operating facility), which has a weighted average term of 4.1 years, as at December 31, 2023:



The table below summarizes the weighted average effective interest rate as at December 31, 2023:

	MORTGAGES PAYABLE	PROMISSORY NOTE PAYABLE (1)	SENIOR UNSECURED DEBENTURES	UNSECURED TERM LOANS	TOTAL
Weighted Average Effective Interest Rate as at December 31, 2023	3.08%	N/A	2.86%	4.34%	3.19%

(1) The promissory note payable had a weighted average effective interest rate of 3.81% up to its repayment on December 29, 2023.

MORTGAGES PAYABLE

As at December 31, 2023, mortgages payable, net of financing costs, total $111,875 and have a weighted average contractual interest rate of 3.38% (December 31, 2022 - 3.37%). The weighted average term of the mortgage debt is 3.3 years (December 31, 2022 - 3.0 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, 2023	DECEMBER 31, 2022
2024	$2,676	$46,669	$49,345	
2025	6,578	—	6,578	
2026	1,553	20,443	21,996	
2027	655	—	655	
2028	469	14,457	14,926	
2029	183	—	183	
2030	5,191	—	5,191	
2031	199	—	199	
2032	208	—	208	
2033	107	13,289	13,396	
2034	—	—	—	
Mortgages, principal	$17,819	$94,858	$112,677	$112,990
Net premium on assumed mortgages			233	584
Net financing costs			(1,035)	(752)
			$111,875	$112,822

CONSTRUCTION LOANS PAYABLE

As at December 31, 2023, and December 31, 2022, Allied's obligations under the construction loans are as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	DECEMBER 31, 2023	DECEMBER 31, 2022
Adelaide & Duncan	50%	August 11, 2025	**$110,046**	$85,485
Breithaupt Phase III	50%	March 31, 2025	**58,005**	50,472
KING Toronto	50%	December 17, 2024	**99,900**	71,762
108 East 5th Avenue	50%	December 6, 2025	**39,062**	16,006
			$307,013	$223,725

On January 31, 2019, the Adelaide & Duncan joint arrangement obtained a $270,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share is $135,000. The loan bears interest at bank prime plus 35 basis points or bankers' acceptance rate plus 135 basis points with a standby fee of 25 basis points and a letter of credit fee of 100 basis points. On August 11, 2023, the loan maturity was extended from August 11, 2023, to August 11, 2025, and the facility limit was increased from $270,000 to $295,000, in which Allied's 50% share is $147,500. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on up to $147,500 of the facility. On August 23, 2019, the Adelaide & Duncan joint arrangement entered into a swap agreement to fix approximately 75% of the construction loan up to $209,572 at 2.86%. The swap matured on March 31, 2023, so the construction loan is no longer fixed and is subject to the facility's variable rate.

On February 21, 2020, Allied and Perimeter obtained a $138,000 construction loan for the Breithaupt Phase III joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is $69,000. On December 1, 2022, Allied and Perimeter exercised their option to extend the loan maturity to June 2, 2023, which bears interest at bank prime or bankers' acceptance rate plus 120 basis points with a standby fee of 20 basis points and a letter of credit fee of 100 basis points. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on up to $69,000 of the facility. On May 31, 2023, the loan maturity was extended to September 29, 2023. On September 27, 2023, the loan maturity was further extended to March 31, 2025, and the interest rate was updated to bank prime plus 25 basis points or bankers' acceptance rate plus 145 basis points with a standby fee of 20 basis points and a letter of credit fee of 100 basis points.

On December 17, 2020, Allied and Westbank obtained a $465,000 green construction lending facility for the KING Toronto joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is $232,500. Up to $120,000 of the deposits paid by the purchasers of the KING Toronto condominium units can be released to the KING Toronto joint arrangement to fund the construction of the condominium units ("Purchaser Deposits"). As at December 31, 2023, $92,402 of the Purchaser Deposits was released. When the release of the Purchaser Deposits exceeds $80,000, the facility limit is reduced. As such, on November 6, 2023, the facility limit was decreased from $465,000 to $452,598, in which Allied's 50% share is $226,299. The loan matures on December 17, 2024, and bears interest at bank prime plus 45 basis points or bankers' acceptance rate plus 145 basis points with a standby fee of 25 basis points and a letter of credit fee of 100 basis points. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on up to $226,299 of the facility.

On December 5, 2022, the 108 East 5th Avenue joint arrangement obtained a $150,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share is $75,000. The loan matures on December 6, 2025, and bears interest at prime plus 35 basis points or bankers' acceptance rate plus 135 basis points with a standby fee of 27 basis points and a letter of credit fee rate of 100 basis points. These interest rates and the standby fee (other than the letter of credit fee) are subject to variability based on the achievement of two distinct sustainability performance targets. For each sustainability performance target achieved, the interest rate and standby fee would decrease by 0.025% per annum and 0.005% per annum, respectively. In addition, if certain sustainability minimums are not achieved, the interest rate and standby fee would increase by 0.025% per annum and 0.005% per annum, respectively. Depending on the applicable sustainability performance target or sustainability minimum, the settlement of these interest rate variations and the standby fee occurs either annually or at the earlier of December 6, 2025, and the date the construction lending facility is fully repaid. Allied has provided a joint and several guarantee of the entire facility and is earning a related guarantee fee on up to $75,000 of the facility. On January 13, 2023, the 108 East 5th Avenue joint arrangement entered into a swap agreement to fix approximately 75% of the construction loan up to $110,175 at 4.90%.

PROMISSORY NOTE PAYABLE

On March 31, 2022, Allied acquired a portfolio of six properties from Choice Properties, which was partially settled with the issuance of a $200,000 promissory note. The promissory note was secured by a first registered charge on five of the six properties acquired and was fully repaid on December 29, 2023.

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	DECEMBER 31, 2023	DECEMBER 31, 2022
Promissory note payable	1.00% for 2022, 2.00% for 2023	December 29, 2023	Quarterly	$—	$200,000
Net discount on promissory note payable				—	(4,327)
				$—	$195,673

UNSECURED REVOLVING OPERATING FACILITY

As at December 31, 2023, and December 31, 2022, Allied's obligation under the unsecured revolving operating facility (the "Unsecured Facility") is as follows:

			DECEMBER 31, 2023				
	MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured Facility limit $800,000 (1)	January 30, 2025	Prime + 0.45% or Bankers' acceptance + 1.45% (2)	0.29%	$800,000	$—	$(14,906)	$785,094

(1) This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $900,000.
(2) The interest rates for this facility were subject to certain conditions being met up to August 15, 2023.

On March 31, 2023, Allied amended the Unsecured Facility to increase the limit by $100,000 to $700,000 and on June 26, 2023, Allied amended the Unsecured Facility to increase the limit by $100,000 to $800,000. On January 26, 2024, Allied updated the Unsecured Facility of $800,000 by extending the maturity date to January 26, 2027, and the facility is now provided by a syndicate of lenders. The Unsecured Facility bears interest at a variable rate of either prime plus 45 basis points or the Canadian overnight repo rate average ("CORRA") plus 145 basis points per annum with a standby fee of 29 basis points and a letter of credit fee rate of 145 basis points.

			DECEMBER 31, 2022				
	MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured Facility limit $600,000 (1)	January 30, 2025	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$600,000	$(440,000)	$(15,563)	$144,437

(1) This Unsecured Facility contained a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $700,000.
(2) The conditions on the interest rates for this facility were met for the year ended December 31, 2022.

SENIOR UNSECURED DEBENTURES

As at December 31, 2023, and December 31, 2022, Allied's obligations under the senior unsecured debentures are as follows:

SERIES	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	DECEMBER 31, 2023	DECEMBER 31, 2022
Series C	3.636%	April 21, 2025	April 21 and October 21	**$200,000**	$200,000
Series D	3.394%	August 15, 2029	February 15 and August 15	**300,000**	300,000
Series E	3.113%	April 8, 2027	April 8 and October 8	**300,000**	300,000
Series F	3.117%	February 21, 2030	February 21 and August 21	**400,000**	400,000
Series G	3.131%	May 15, 2028	May 15 and November 15	**300,000**	300,000
Series H	1.726%	February 12, 2026	February 12 and August 12	**600,000**	600,000
Series I	3.095%	February 6, 2032	February 6 and August 6	**500,000**	500,000
Unsecured Debentures, principal				**$2,600,000**	$2,600,000
Net financing costs				**(8,431)**	(10,061)
				$2,591,569	$2,589,939

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

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

UNSECURED TERM LOANS

As at December 31, 2023, and December 31, 2022, Allied's obligations under the unsecured term loans are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	DECEMBER 31, 2023	DECEMBER 31, 2022
Unsecured term loan	3.496%	January 14, 2026	Monthly	**$250,000**	$250,000
Unsecured term loan	4.865%	October 22, 2025	Monthly	**400,000**	400,000
Unsecured Term Loans, principal				**$650,000**	$650,000
Net financing costs				**(846)**	(974)
				$649,154	$649,026

The two unsecured term loans are collectively referred to as “Unsecured Term Loans”. The respective financing costs are amortized using the effective interest method and recorded to interest expense.

On April 22, 2022, Allied entered into an unsecured term loan with a financial institution for $400,000 at a rate of prime plus 10 basis points or bankers’ acceptance plus 110 basis points, due on October 22, 2025. The proceeds from the loan were used to repay the Unsecured Facility. Debt financing costs of $700 were incurred and recorded against the principal owing. On June 24, 2022, Allied entered into a swap agreement to fix the rate at 4.86%. On December 21, 2022, Allied amended the swap agreement for the settlement period, which increased the rate from 4.86% to 4.865%.

On February 3, 2023, Allied extended the maturity date on its $250,000 unsecured term loan from January 14, 2024, to January 14, 2026, by exercising two one-year extension options. Debt financing costs of $300 were incurred for these extensions.

CREDIT RATINGS

Allied’s credit ratings as at December 31, 2023, are summarized below:

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

DBRS Limited (“DBRS”) provides issuer ratings and credit ratings of debt securities for commercial issuers that indicate the risk associated with a borrower’s capabilities to fulfill its obligations. The minimum DBRS investment grade rating is “BBB (low),” with the highest rating being “AAA.”

On August 16, 2023, DBRS confirmed Allied’s issuer rating and senior unsecured debentures ratings at BBB with a stable trend, following Allied’s announcement on the closing of the sale of its UDC Portfolio.

The above-mentioned ratings assigned to Allied and the Unsecured Debentures are not recommendations to buy, sell or hold any securities of Allied. Allied has paid customary rating fees to DBRS in connection with the above-mentioned ratings. There can be no assurance that any rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by the rating agency if in its judgment circumstances so warrant.

Moody’s Investor Services Inc. (“Moody’s”) previously rated Allied Baa3 with a negative outlook. During the fourth quarter, Allied discontinued Moody’s credit rating services.

FINANCIAL COVENANTS

The Unsecured Facility, Unsecured Term Loans, construction loans payable and Unsecured Debentures contain numerous financial covenants. Failure to comply with the covenants could result in a default, which, if not waived or cured, could result in adverse financial consequences. Effective June 2023, the agreements governing the Unsecured Facility, Unsecured Term Loans, construction loans payable and Unsecured Debentures were amended to exclude the value of the Exchangeable LP Units recognized as a liability and the distribution on the Exchangeable LP Units recognized as an interest expense from the calculation of certain covenants. Effective December 2023, waivers were obtained related to the agreements governing the Unsecured Facility, construction loans payable and Unsecured Term Loans to exclude the special cash distribution and the special Unit distribution from the calculation of the distribution payout ratio. The related covenants are as follows:

UNSECURED FACILITY AND UNSECURED TERM LOANS

The following outlines the covenants as defined in the agreements governing the Unsecured Facility and Unsecured Term Loans. The covenants are calculated on a proportionate basis, as required in these agreements. Refer to Non-GAAP Measures on page 16.

COVENANT (1)	THRESHOLD	DECEMBER 31, 2023	DECEMBER 31, 2022
Indebtedness ratio	Below 60%	**34.7%**	35.6%
Secured indebtedness ratio	Below 45%	**4.0%**	4.5%
Debt service coverage ratio (2)	Consolidated adjusted EBITDA to be more than 1.5 times debt service payments	**2.5x**	3.0x
Equity maintenance	At least $1,250,000 plus 75% of future equity issuances ($2,819,658)	**$6,135,079**	$6,581,166
Unencumbered property assets value ratio	Unencumbered property assets to be more than 1.4 times total unsecured debt	**2.7x**	2.6x
Distribution payout ratio	Maintain distributions below 100% of FFO	**73.7%**	71.2%

(1) *Includes results from continuing operations, discontinued operations and assets and liabilities classified as held for sale.*
(2) *The debt service coverage ratio as at December 31, 2023, includes financing prepayment costs of $nil for the twelve months ended December 31, 2023 (December 31, 2022 - $(564) for an accelerated amortization of deferred premium). Excluding these financing prepayment costs, the debt service coverage ratio as at December 31, 2023, would be 2.5x (December 31, 2022 - 2.9x).*

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. Refer to Non-GAAP Measures on page 16.

COVENANT	THRESHOLD	DECEMBER 31, 2023	DECEMBER 31, 2022
Pro forma interest coverage ratio	Maintain a 12-month rolling consolidated *pro forma* EBITDA of at least 1.65 times *pro forma* interest expense	**3.0x**	2.8x
Pro forma asset coverage test	Maintain net consolidated indebtedness below 65% of net aggregate assets on a *pro forma* basis	**34.8%**	35.5%
Equity maintenance (1)	Maintain Unitholders' equity above $300,000	**$6,135,079**	$6,581,166
Pro forma unencumbered net aggregate adjusted asset ratio	Maintain *pro forma* unencumbered net aggregate adjusted assets above 1.4 times consolidated unsecured indebtedness	**3.0x**	2.8x

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

As at December 31, 2023, Allied was in compliance with the terms and covenants of the agreements governing the Unsecured Facility, the Unsecured Term Loans and the Unsecured Debentures.

A number of other financial ratios are also monitored by Allied, such as net debt as a multiple of annualized adjusted EBITDA and interest coverage ratio - including interest capitalized. These ratios are presented in Section I—Overview.

EQUITY

UNITS (AUTHORIZED - UNLIMITED)

Each Unit represents a single vote at any meeting of holders of Units and Special Voting Units (as defined below) and entitles the holders of Units and Special Voting Units to receive a *pro rata* share of all distributions, in accordance with the conditions provided for in the Declaration of Trust.

The following represents the number of Units issued and outstanding, and the related carrying value of equity, for the years ended December 31, 2023, and December 31, 2022.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2022	127,737,851	$3,902,655
Restricted Unit Plan (net of forfeitures) (note 18(b))	—	(2,661)
Unit Option Plan - options exercised (note 18(a))	6,332	200
Unit issuance (net of costs)	211,800	9,184
Balance at December 31, 2022	127,955,983	$3,909,378
Restricted Unit Plan (net of forfeitures (note 18(b))	**—**	**(2,250)**
Distribution in Units [(1)]	**31,703,663**	**639,780**
Consolidation of Units [(1)]	**(31,703,663)**	**—**
Balance at December 31, 2023	**127,955,983**	**$4,546,908**

(1) This represents the special Unit distribution. See Note 16 of the audited consolidated financial statements for the year ended December 31, 2023.

In January 2022, Allied issued 211,800 Units under the ATM Program in settlement of trades executed at the end of December 2021 at a weighted average price of $44.02 per Unit for gross proceeds of $9,324, and incurred commissions of $140, for net proceeds of $9,184.

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

As at January 31, 2024, 127,955,983 Units and 1,712,971 options to purchase Units were issued and outstanding.

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

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022	**DECEMBER 31, 2023**	DECEMBER 31, 2022
Units	**127,955,983**	127,955,983	**127,955,983**	127,951,020
Exchangeable LP Units (1)	**11,809,145**	11,809,145	**11,809,145**	8,929,655
Total units - basic	**139,765,128**	139,765,128	**139,765,128**	136,880,675
Unit Option Plan	**—**	—	**—**	23,407
Total units - fully diluted	**139,765,128**	139,765,128	**139,765,128**	136,904,082

(1) Issued on March 31, 2022.

NORMAL COURSE ISSUER BID

On February 22, 2023, Allied received approval from the Toronto Stock Exchange ("TSX") for the renewal of its normal course issuer bid ("NCIB"), which entitles Allied to purchase up to 12,582,628 of its outstanding Units, representing approximately 10% of its public float as at February 10, 2023. The NCIB commenced February 24, 2023, and will expire on February 23, 2024, or such earlier date as Allied completes its purchases pursuant to the NCIB. All purchases under the NCIB will be made on the open market through the facilities of the TSX or alternate trading systems in Canada at market prices prevailing at the time of purchase. Any Units that are repurchased will either be cancelled or delivered to participants under Allied's Restricted Unit Plan or to employees pursuant to Allied's employee programs.

During the year ended December 31, 2023, Allied purchased 76,959 Units for $2,250 at a weighted average price of $29.25 per Unit under its NCIB program, of which 76,450 Units were purchased for delivery to participants under Allied's Restricted Unit Plan and 509 Units were purchased for certain employee rewards outside of Allied's Restricted Unit Plan.

COMPENSATION PLANS

Allied adopted a unit option plan (the "Unit Option Plan") providing for the issuance, from time to time, at the discretion of the trustees, of options to purchase Units for cash. Participation in the Unit Option Plan is restricted to certain employees of Allied. The Unit Option Plan complies with the requirements of the TSX. The exercise price of any option granted will not be less than the closing market price of the Units on the day preceding the date of grant. The term of the options do not exceed ten years. Options granted prior to February 22, 2017, vest evenly over three years; options granted subsequently vest evenly over four years from the date of grant. All options are settled in Units. Effective December 2021, no further options will be granted under the Unit Option Plan.

At December 31, 2023, Allied had granted options to purchase up to 1,712,971 Units outstanding, of which 1,437,023 had vested. At December 31, 2022, Allied had granted options to purchase 1,717,043 Units outstanding, of which 1,151,274 had vested.

For the year ended December 31, 2023, Allied recorded a unit-based compensation expense of $389 (December 31, 2022 - $876) in general and administrative expense in the consolidated statements of (loss) income and comprehensive (loss) income related to the Unit Option Plan.

In March 2010, Allied adopted a restricted unit plan (the "Restricted Unit Plan"), whereby restricted Units ("Restricted Units") are granted to certain key employees and trustees, at the discretion of the Board of Trustees. The Restricted Units are purchased in the open market. Employees and trustees who are granted Restricted Units have the right to vote and to receive distributions from the date of the grant. Generally, the Restricted Units granted to employees vest as to one-third on each of the three anniversaries following the date of the grant. Restricted Units granted to non-management trustees are fully vested. Whether vested or not, without the specific authority of the Governance and Compensation Committee, the Restricted Units may not be sold, mortgaged or otherwise disposed of for a period of six years following the date of the grant, except that in the case of a non-management trustee, the release date will be automatically accelerated to the date such person ceases to hold office as a trustee of Allied. The Restricted Unit Plan contains provisions providing for the vesting or forfeiture of unvested Restricted Units within specified time periods in the event the employee's employment is terminated, and authorizes the Chief Executive Officer, in his or her discretion, to accelerate the release date and vesting of Restricted Units in certain circumstances where an employee's employment is terminated. At December 31, 2023, Allied had 294,254 Restricted Units outstanding (December 31, 2022 - 322,411).

For the year ended December 31, 2023, Allied recorded a unit-based compensation expense of $2,421, (December 31, 2022 - $2,807) in general and administrative expense in the consolidated statements of (loss) income and comprehensive (loss) income related to the Restricted Unit Plan.

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

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Plan Units, beginning of period	**179,193**	—
Granted	**170,461**	172,500
Settled	**(7,274)**	—
Forfeited	**—**	(1,035)
Distributions equivalents	**28,897**	7,728
Plan Units, end of period	**371,277**	179,193

For the year ended December 31, 2023, Allied recorded a unit-based compensation expense of $1,327 (December 31, 2022 - $738), including the mark-to-market adjustment, in general and administrative expense in the consolidated statements of (loss) income and comprehensive (loss) income. During the year ended December 31, 2023, 7,274 Plan Units vested and were settled in cash resulting in a decrease of $127 to the unit-based compensation liabilities.

EXCHANGEABLE LP UNITS

EXCHANGEABLE LP UNITS (AUTHORIZED - UNLIMITED)

The Exchangeable LP Units issued by Allied Properties Exchangeable Limited Partnership (the "Partnership") are economically equivalent to Units, receive distributions equal to the distributions paid on the Units and are exchangeable, on a one-for-one basis, at the holder's option, for Units. All Exchangeable LP Units are held, directly or indirectly, by Choice Properties.

The 11,809,145 Exchangeable LP Units issued on March 31, 2022, in connection with the acquisition of six properties from Choice Properties contain lock-up and standstill restrictions. On each of June 30, 2023, September 30, 2023, and December 31, 2023, the lock-up expired on 2,952,286 Exchangeable LP Units. The following Exchangeable LP Units are subject to lock-up and the expiration is based on the following schedule:

LOCK-UP EXPIRATION DATE	NUMBER OF EXCHANGEABLE LP UNITS ELIGIBLE FOR RELEASE
March 31, 2024	2,952,287

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 Declaration of Trust was amended on March 4, 2022, to provide for the creation and issuance of the 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, 2023, and December 31, 2022.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2022	—	$—
Unit issuance (net of costs)	11,809,145	550,660
Distributions	—	(15,496)
Retained Earnings	—	6,508
Balance at December 31, 2022	11,809,145	$541,672
Distributions	—	(8,857)
Retained Earnings	—	4,997
Reclassification of Exchangeable LP Units	—	(270,807)
Fair value gain on Exchangeable LP Units	—	(28,696)
Balance at December 31, 2023	**11,809,145**	**$238,309**

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

DISTRIBUTIONS

Allied is focused on increasing distributions to its Unitholders on a regular and prudent basis. During the first 12 months of operations, Allied made regular monthly distributions of $1.10 per unit on an annualized basis. The distribution increases since then are set out in the table below:

	MARCH 2004	MARCH 2005	MARCH 2006	MARCH 2007	MARCH 2008	DECEMBER 2012	DECEMBER 2013	DECEMBER 2014
Annualized increase per Unit	$0.04	$0.04	$0.04	$0.04	$0.06	$0.04	$0.05	$0.05
% increase	3.6%	3.5%	3.4%	3.3%	4.8%	3.0%	3.7%	3.5%
Annualized distribution per Unit	$1.14	$1.18	$1.22	$1.26	$1.32	$1.36	$1.41	$1.46

	DECEMBER 2015	DECEMBER 2016	DECEMBER 2017	DECEMBER 2018	JANUARY 2020	JANUARY 2021	JANUARY 2022	JANUARY 2023
Annualized increase per Unit	$0.04	$0.03	$0.03	$0.04	$0.05	$0.05	$0.05	$0.05
% increase	2.7%	2.0%	2.0%	2.6%	3.1%	3.0%	2.9%	2.9%
Annualized distribution per Unit	$1.50	$1.53	$1.56	$1.60	$1.65	$1.70	$1.75	$1.80

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

On December 29, 2023, 31,703,663 Units were distributed at a price of $20.18 per Unit, for an aggregate value of $639,780. Immediately following the Special Distribution of Units, the outstanding Units of Allied were consolidated such that each Unitholder held, after the consolidation, the same number of Units as held immediately prior to the Special Distribution.

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, 2023, to December 31, 2023, was $26,925, which includes a special cash distribution of $5,668, which is $0.48 per Exchangeable LP Unit, for which Choice Properties elected to receive a loan in lieu of all of the distributions. The loan in lieu of distributions issued to Choice Properties for the cash advances made during the year ended December 31, 2023, was a note receivable of $21,207 and $7,440 was advanced to Choice Properties as a note receivable on January 15, 2024. Since there is a legally enforceable right and an intention by Allied and Choice Properties to settle the note receivable from Choice Properties and the distributions payable to Choice Properties on a net basis on the first business day following the end of the fiscal year, these financial instruments are offset on the balance sheet. On January 2, 2024, $21,207 of the note receivable due from Choice Properties was settled on a net basis against the distributions payable to Choice Properties.

SOURCES OF DISTRIBUTIONS

For the three months and year ended December 31, 2023, Allied declared $62,895 and $251,578 in distributions, respectively, excluding the Special Distribution (December 31, 2022 - $61,134 and $239,363, respectively), which includes distributions to holders of the Exchangeable LP Units of $16,297 and $26,925, respectively (December 31, 2022 - $5,165 and $15,496, respectively).

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022	**DECEMBER 31, 2023**	DECEMBER 31, 2022
Distributions declared (1)	**$62,895**	$61,134	**$251,578**	$239,363
Net (loss) income and comprehensive (loss) income	**$(499,340)**	$41,392	**$(420,716)**	$375,363
Cash flows provided by operating activities	**$133,427**	$94,509	**$320,886**	$321,193
AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation (2)	**$78,611**	$76,553	**$304,225**	$297,579
AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation payout ratio (2)	**80.0%**	79.9%	**82.7%**	80.4%
(Deficit) excess of net (loss) income over distributions declared	**$(562,235)**	$(19,742)	**$(672,294)**	$136,000
Excess of cash flows provided by operating activities over distributions declared	**$70,532**	$33,375	**$69,308**	$81,830
Excess of cash provided by AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation over distributions declared	**$15,716**	$15,419	**$52,647**	$58,216

(1) Distributions declared excludes the Special Distribution of $67,087.
(2) This is a non-GAAP measure, refer to page 16.

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

The rate of distribution (excluding the Special Distribution) as at December 31, 2023, amounts to $1.80 per Unit per annum (December 31, 2022 - $1.75 per Unit per annum).

COMMITMENTS

At December 31, 2023, Allied had future commitments as set out below, excluding the amount held within equity accounted investments:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Capital expenditures and committed acquisitions	**$168,071**	$247,819

As at December 31, 2023, commitments of $406 (December 31, 2022 - $510) were held within equity accounted investments.

The above does not include Allied's lease liability commitments, which are disclosed in note 13 of the audited consolidated financial statements for the year ended December 31, 2023.

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 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, 2023, 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, 2023, 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) at December 31, 2023, 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. 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 National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) at December 31, 2023, 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, 2023, that have materially affected, or are reasonably likely to materially affect, Allied's internal controls over financial reporting.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance of control issues, including whether instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that Management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) that controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by Management override.

Section IX
–Risks and Uncertainties

There are certain risk factors inherent in the investment and ownership of real estate. Real estate investments are capital intensive, and success from real estate investments depends upon maintaining occupancy levels and rental income flows to generate acceptable returns. These success factors are dependent on general economic conditions and local real estate markets, demand for leased premises and competition from other available properties.

Allied's portfolio is focused on a particular asset class in seven metropolitan real estate markets in Canada. This focus enables Management to capitalize on certain economies of scale and competitive advantages that would not otherwise be available.

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

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 53. Allied also seeks to mitigate this risk by diversifying its user-mix and managing its exposure to its top-10 users and by engaging in proactive user communication to manage lease renewal and replacement activity well in advance of lease expiries. For Allied's current user profile schedule, refer to page 51.

In evaluating lease roll-over risk, it is informative to determine Allied's sensitivity to a decline in occupancy. As at December 31, 2023, Allied had total GLA in the rental portfolio of 14,954,282 square feet, of which 87.3% is leased. The weighted average annual rental revenue is approximately $43.87 per square foot, therefore for every full-year decline of 100 basis points in occupancy, Allied's annual rental revenue would decline by approximately $5,724. 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.

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.

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 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.

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.

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. If Allied were to dispose 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.

JOINT ARRANGEMENTS AND PARTNERSHIPS

Allied has entered into various joint arrangements and partnerships with different entities. If these joint arrangements or partnerships do not perform as expected or default on financial obligations, Allied has an associated risk. Allied reduces this risk by seeking to negotiate contractual rights upon default, to enter into agreements with financially stable partners and to work with partners who have a successful record of completing development projects.

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 arrangements.

RELIANCE ON KEY PERSONNEL

The management of Allied depends on the services of certain key personnel, particularly its Chief Executive Officer, Cecilia Williams, and its Chief Financial Officer, Nanthini Mahalingam. 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

FINANCING AND INTEREST RATE RISK; ACCESS TO CAPITAL

Allied is subject to risk associated with debt financing. Allied's financing may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in Allied's cost of borrowing. The availability of debt to re-finance existing and maturing loans and the cost of servicing such debt will influence Allied's success. In order to minimize risk associated with debt financing, Allied strives to re-finance maturing loans with long-term fixed-rate debt and to stagger the maturities over time. For Allied's current debt-maturity schedule, refer to page 78.

Interest rates on debt for mortgages payable, unsecured debentures and unsecured term loans are between 1.73% and 4.87% with a weighted average contractual interest rate of 3.17%. The weighted average term of our debt (excluding construction loans and the Unsecured Facility) is 4.1 years. Refer to note 12(b) and (d) of the audited consolidated financial statements for further details.

Allied is additionally subject to risk associated with equity financing. The ability to access the equity capital markets at appropriate points in time and at an acceptable cost will influence Allied's success. In order to minimize the risk associated with equity financing, Allied engages in extensive investor relations activity with retail and institutional investors globally and strives to fix the cost of equity in conjunction with a clear use of proceeds.

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

AVAILABILITY OF CASH FLOW AND DISTRIBUTIONS

There can be no assurance that Allied will maintain or increase its distribution levels in the future. Distributions are made at the discretion of the Trustees based on many factors, including provisions of the Declaration of Trust, macroeconomic and industry specific environments, the overall financial condition of Allied, future capital requirements, debt covenants, and taxable income. 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. The market value of the Units may be negatively impacted if Allied is unable to maintain its distribution levels in the future.

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 top-10 users is 19.1% of rental revenue and the credit quality of our top-10 users continues to improve.

As Allied has provided loans and advances to facilitate property development, further credit risks arise in the event that borrowers default on the repayment of the amounts owed to Allied. Allied's loans and advances will typically be subordinate to prior ranking mortgage or charges. As at December 31, 2023, Allied had $509,697 in loans receivable, the majority of which is loaned to affiliates of a single private company. In the event of a large commercial real estate market correction, the fair market value of an underlying property may be unable to support the loan value. Allied mitigates this risk by obtaining corporate guarantees and/or registered mortgage charges and assignment of leases, performing credit checks on potential borrowers, monitoring the financial and operating performance of borrowers, construction and leasing status on the development projects, timing of rent commencement on leases, and status of scheduled principal and interest payments.

UNIT PRICE RISK

Unit price risk arises from the unit-based compensation liabilities and Exchangeable LP Units 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 (loss) income and comprehensive (loss) 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.

OTHER RISKS

GENERAL ECONOMIC CONDITIONS

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. 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, trade protectionism and disruptions, 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 the markets in which Allied operates and in turn could have an adverse effect on Allied.

CYBERSECURITY RISK

The efficient operation of Allied's business is dependent on computer hardware and software systems. Information systems are vulnerable to cybersecurity incidents. A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of Allied's information resources. A cybersecurity incident is an intentional attack or an unintentional event including, but not limited to, malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Allied's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to its business relationships with users, the disclosure of confidential information including personally identifiable information, potential liability to third parties, loss of revenue, additional regulatory scrutiny and fines, as well as litigation and other costs and expenses. Allied undertakes regular internal and external assessments of its information security posture, including annual third-party penetration testing and ongoing third-party assessment of Allied's information technology footprint. Allied has adopted ISO 27001:2013 as a guiding framework for its portfolio. For information stored with or processed by third parties, Allied undertakes due diligence prior to working with them and uses contractual means to ensure compliance to standards set by Allied. Allied's employees complete information security training every four months and an external Information Technology General Controls audit is completed annually. Additionally, Allied monitors and assesses risks surrounding collection, usage, storage, protection, and retention/destruction practices of personal data. Allied also maintains information security risk insurance coverage. Since inception, Allied has not experienced an unauthorized intrusion or infiltration of its systems that has resulted in a data breach. These measures, as well as Allied's increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

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.

On June 22, 2007, specified investment flow through trusts or partnerships ("SIFT") rules were introduced and changed the manner in which certain trusts are taxed. 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. While there is uncertainty surrounding the interpretation of the relevant provisions of the REIT exemption and application of SIFT rules, Allied expects that it will qualify for the REIT exemption.

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.

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) and/or the treatment of mutual fund trusts 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 and tax-free 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 and tax-free 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.

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.

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.

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.

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, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
28 Atlantic	10,065	—	10,065		—	10,065	100.0%
32 Atlantic	50,434	—	50,434		—	50,434	100.0%
47 Jefferson	6,884	—	6,884		—	6,884	100.0%
64 Jefferson	78,820	—	78,820		—	78,820	100.0%
College & Manning - 547-549 College	—	2,708	2,708		—	2,708	100.0%
College & Manning - 559-563 College (1)	24,627	2,634	27,261		3,202	24,059	88.3%
College & Palmerston - 491 College (1)	8,863	3,717	12,580		—	12,580	100.0%
The Castle - 135 Liberty	55,526	—	55,526		22,339	33,187	59.8%
The Castle - 41 Fraser	14,857	—	14,857		—	14,857	100.0%
The Castle - 47 Fraser	7,468	3,480	10,948		—	10,948	100.0%
The Castle - 49 Fraser	17,472	—	17,472		10,363	7,109	40.7%
The Castle - 53 Fraser	78,797	—	78,797		48,740	30,057	38.1%
The Castle - 8 Pardee	—	2,681	2,681		—	2,681	100.0%
The Well - 8 Spadina (1)(6)	403,907	5,935	409,842		—	409,842	100.0%
The Well - 452 Front W (1)	64,245	—	64,245		—	64,245	100.0%
The Well - 460 Front W (1)(6)	31,003	—	31,003		—	31,003	100.0%
The Well - 482 Front W (1)	44,954	—	44,954		—	44,954	100.0%
The Well - 486 Front W (1)(6)	—	85,984	85,984		—	85,984	100.0%
King West	**897,922**	**107,139**	**1,005,061**	**6.7%**	**84,644**	**920,417**	**91.6%**
12 Brant	—	11,936	11,936		—	11,936	100.0%
141 Bathurst	10,101	—	10,101		3,483	6,618	65.5%
183 Bathurst	24,136	5,643	29,779		17,202	12,577	42.2%
241 Spadina	24,827	6,046	30,873		—	30,873	100.0%
379 Adelaide W	38,560	3,045	41,605		23,972	17,633	42.4%
383 Adelaide W	4,515	—	4,515		—	4,515	100.0%
387 Adelaide W	6,500	—	6,500		—	6,500	100.0%
420 Wellington W	31,339	3,163	34,502		—	34,502	100.0%
425 Adelaide W	70,846	3,809	74,655		5,254	69,401	93.0%
425-439 King W	66,486	23,497	89,983		6,599	83,384	92.7%
432 Wellington W	—	8,997	8,997		—	8,997	100.0%
441-443 King W	6,377	2,904	9,281		3,156	6,125	66.0%
445-455 King W	31,523	16,304	47,827		4,729	43,098	90.1%
460 King W	10,144	4,285	14,429		1,499	12,930	89.6%
461 King W	38,717	35,833	74,550		—	74,550	100.0%
468 King W	63,121	—	63,121		63,121	—	—%

DECEMBER 31, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
469 King W	61,618	12,273	73,891		18,485	55,406	75.0%
478 King W	—	8,701	8,701		—	8,701	100.0%
485 King W	12,339	—	12,339		—	12,339	100.0%
500 King W	44,130	21,598	65,728		15,326	50,402	76.7%
522 King W	28,850	21,863	50,713		28,850	21,863	43.1%
540 King W	—	5,935	5,935		—	5,935	100.0%
544 King W	16,340	—	16,340		—	16,340	100.0%
552-560 King W	6,784	17,395	24,179		—	24,179	100.0%
555 Richmond W	296,051	1,850	297,901		43,019	254,882	85.6%
579 Richmond W	26,818	—	26,818		4,300	22,518	84.0%
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	77,223	8,240	85,463		7,842	77,621	90.8%
King Portland Centre - 602-606 King W (1)	19,208	6,364	25,572		—	25,572	100.0%
King Portland Centre - 620 King W (1)	127,658	9,170	136,828		—	136,828	100.0%
King Portland Centre - 642 King W (1)	7,370	5,365	12,735		7,370	5,365	42.1%
King West Central	**1,211,629**	**265,522**	**1,477,151**	**9.9%**	**254,207**	**1,222,944**	**82.8%**
116 Simcoe	15,495	—	15,495		—	15,495	100.0%
117 & 119 John	—	7,562	7,562		—	7,562	100.0%
19 Duncan (5)(6)	76,734	—	76,734		—	76,734	100.0%
121 John	2,591	855	3,446		—	3,446	100.0%
125 John	2,171	798	2,969		—	2,969	100.0%
179 John	70,897	—	70,897		1,838	69,059	97.4%
180 John	45,631	—	45,631		—	45,631	100.0%
200 Adelaide W	26,614	—	26,614		—	26,614	100.0%
208-210 Adelaide W	11,477	—	11,477		6,027	5,450	47.5%
217 Richmond W	31,200	21,670	52,870		2,898	49,972	94.5%
257 Adelaide W	42,763	—	42,763		16,600	26,163	61.2%
312 Adelaide W	62,420	5,584	68,004		22,833	45,171	66.4%
331-333 Adelaide W	19,048	3,725	22,773		—	22,773	100.0%
358-360 Adelaide W	50,786	—	50,786		28,911	21,875	43.1%
388 King W	20,275	19,040	39,315		18,227	21,088	53.6%
82 Peter	40,069	6,846	46,915		16,024	30,891	65.8%
99 Spadina	51,140	—	51,140		7,985	43,155	84.4%
QRC West - 134 Peter, Phase I	298,782	8,213	306,995		14,749	292,246	95.2%

DECEMBER 31, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
QRC West - 364 Richmond W, Phase I	38,279	—	38,279		6,864	31,415	82.1%
Union Centre	41,787	—	41,787		4,952	36,835	88.1%
Entertainment District	**948,159**	**74,293**	**1,022,452**	**6.8%**	**147,908**	**874,544**	**85.5%**
110 Yonge (2)	77,910	2,376	80,286		9,087	71,199	88.7%
175 Bloor E (3)	295,913	9,177	305,090		49,259	255,831	83.9%
193 Yonge	34,349	16,898	51,247		—	51,247	100.0%
525 University	199,115	9,392	208,507		2,429	206,078	98.8%
Downtown	**607,287**	**37,843**	**645,130**	**4.3%**	**60,775**	**584,355**	**90.6%**
106 Front E	24,113	10,554	34,667		3,397	31,270	90.2%
184 Front E	84,116	4,829	88,945		26,734	62,211	69.9%
35-39 Front E	34,818	13,822	48,640		—	48,640	100.0%
36-40 Wellington E	15,494	9,993	25,487		8,073	17,414	68.3%
41-45 Front E	20,353	14,239	34,592		—	34,592	100.0%
45-55 Colborne	30,621	13,288	43,909		1,448	42,461	96.7%
47 Front E	9,069	4,337	13,406		2,867	10,539	78.6%
49 Front E	9,482	10,435	19,917		—	19,917	100.0%
50 Wellington E	22,112	12,454	34,566		3,424	31,142	90.1%
54 Esplanade	—	9,038	9,038		—	9,038	100.0%
56 Esplanade	59,270	22,137	81,407		27,296	54,111	66.5%
60 Adelaide E	106,438	4,608	111,046		10,494	100,552	90.5%
65 Front E	14,339	5,922	20,261		16,356	3,905	19.3%
70 Esplanade	19,590	6,109	25,699		—	25,699	100.0%
St. Lawrence Market	**449,815**	**141,765**	**591,580**	**4.0%**	**100,089**	**491,491**	**83.1%**
135-137 George	2,399	—	2,399		—	2,399	100.0%
133 George	1,617	—	1,617		—	1,617	100.0%
139-141 George	2,190	—	2,190		1,014	1,176	53.7%
204-214 King E	115,086	13,837	128,923		20,012	108,911	84.5%
230 Richmond E	73,542	—	73,542		—	73,542	100.0%
252-264 Adelaide E	44,537	2,582	47,119		10,844	36,275	77.0%
489 Queen E	31,737	—	31,737		—	31,737	100.0%
70 Richmond E	34,469	—	34,469		17,011	17,458	50.6%
Dominion Square - 468 Queen N	30,383	3,523	33,906		—	33,906	100.0%
Dominion Square - 468 Queen S	34,313	9,091	43,404		1,358	42,046	96.9%

DECEMBER 31, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
Dominion Square - 478-496 Queen	6,552	33,526	40,078		3,040	37,038	92.4%
QRC East - 111 Queen E	190,953	20,732	211,685		6,165	205,520	97.1%
Queen Richmond	**567,778**	**83,291**	**651,069**	**4.4%**	**59,444**	**591,625**	**90.9%**
Toronto	**4,682,590**	**709,853**	**5,392,443**	**36.1%**	**707,067**	**4,685,376**	**86.9%**
195 Joseph	26,462	—	26,462		—	26,462	100.0%
20 Breithaupt (4)	147,029	—	147,029		—	147,029	100.0%
25 Breithaupt (4)	46,845	—	46,845		—	46,845	100.0%
51 Breithaupt (4)	66,355	—	66,355		2,597	63,758	96.1%
72 Victoria	90,023	—	90,023		17,507	72,516	80.6%
The Tannery - 151 Charles W	306,564	25,810	332,374		153,634	178,740	53.8%
Kitchener	**683,278**	**25,810**	**709,088**	**4.7%**	**173,738**	**535,350**	**75.5%**
Toronto & Kitchener	**5,365,868**	**735,663**	**6,101,531**	**40.8%**	**880,805**	**5,220,726**	**85.6%**
The Chambers - 40 Elgin	195,994	5,466	201,460		—	201,460	100.0%
The Chambers - 46 Elgin	28,054	1,756	29,810		2,430	27,380	91.8%
Ottawa	**224,048**	**7,222**	**231,270**	**1.5%**	**2,430**	**228,840**	**98.9%**
1001 Boulevard Robert-Bourassa (6)	681,039	9,742	690,781		—	690,781	100.0%
1010 Sherbrooke W	326,918	1,600	328,518		30,468	298,050	90.7%
3510 Saint-Laurent	85,645	15,022	100,667		8,807	91,860	91.3%
3530-3540 Saint-Laurent	52,321	4,008	56,329		4,780	51,549	91.5%
425 Viger	307,201	9,146	316,347		13,555	302,792	95.7%
4396-4410 Saint-Laurent	41,374	14,147	55,521		838	54,683	98.5%
4446 Saint-Laurent	72,855	7,251	80,106		21,635	58,471	73.0%
451-481 Saint-Catherine W	21,044	9,983	31,027		8,823	22,204	71.6%
480 Saint-Laurent	53,397	6,298	59,695		1,635	58,060	97.3%
5445 de Gaspé	483,685	896	484,581		53,713	430,868	88.9%
5455 de Gaspé	466,769	22,562	489,331		24,008	465,323	95.1%
5505 Saint-Laurent	243,788	2,221	246,009		2,221	243,788	99.1%
6300 Parc	184,510	3,933	188,443		14,417	174,026	92.3%
645 Wellington	128,690	7,421	136,111		4,810	131,301	96.5%
700 Saint Antoine	107,320	17,685	125,005		4,580	120,425	96.3%
700 Saint-Hubert (6)	100,208	—	100,208		—	100,208	100.0%
740 Saint-Maurice	68,703	—	68,703		—	68,703	100.0%

DECEMBER 31, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
747 Square-Victoria	532,549	37,752	570,301		54,527	515,774	90.4%
85 Saint-Paul W	79,707	—	79,707		7,852	71,855	90.1%
Cité Multimédia - 111 Boulevard Robert-Bourassa	359,039	12,571	371,610		146,476	225,134	60.6%
Cité Multimédia - 50 Queen	27,072	—	27,072		1,255	25,817	95.4%
Cité Multimédia - 700 Wellington	135,232	—	135,232		20,912	114,320	84.5%
Cité Multimédia - 75 Queen	253,311	2,513	255,824		75,008	180,816	70.7%
Cité Multimédia - 80 Queen	69,247	—	69,247		—	69,247	100.0%
Cité Multimédia - 87 Prince	99,089	1,040	100,129		3,254	96,875	96.8%
El Pro Lofts - 644 Courcelle	144,964	8,935	153,899		52,841	101,058	65.7%
Le Nordelec - 1301-1303 Montmorency	7,550	—	7,550		—	7,550	100.0%
Le Nordelec - 1655 Richardson	32,893	—	32,893		—	32,893	100.0%
Le Nordelec - 1751 Richardson	785,334	41,482	826,816		73,238	753,578	91.1%
RCA Building - 1001 Lenoir (6)	127,306	2,051	129,357		—	129,357	100.0%
Montréal	**6,078,760**	**238,259**	**6,317,019**	**42.2%**	**629,653**	**5,687,366**	**90.0%**
Montréal & Ottawa	**6,302,808**	**245,481**	**6,548,289**	**43.8%**	**632,083**	**5,916,206**	**90.3%**
613 11th SW	—	4,288	4,288		—	4,288	100.0%
617 11th SW	3,230	6,306	9,536		736	8,800	92.3%
Alberta Block - 805 1st SW	9,094	22,038	31,132		1,856	29,276	94.0%
Alberta Hotel - 808 1st SW	28,036	20,424	48,460		10,563	37,897	78.2%
Atrium on Eleventh - 625 11th SE	34,519	1,373	35,892		9,205	26,687	74.4%
Biscuit Block - 438 11th SE	51,298	—	51,298		—	51,298	100.0%
Burns Building - 237 8th SE	67,187	7,423	74,610		23,697	50,913	68.2%
Cooper Block - 809 10th SW	35,256	—	35,256		21,058	14,198	40.3%
Customs House - 134 11th SE	77,097	—	77,097		—	77,097	100.0%
Demcor Condo - 221 10th SE	14,253	—	14,253		7,021	7,232	50.7%

DECEMBER 31, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
Demcor Tower - 239 10th SE	25,280	—	25,280		2,938	22,342	88.4%
Five Roses Building - 731-739 10th SW	—	20,808	20,808		—	20,808	100.0%
Glenbow - 802 11th SW	—	7,319	7,319		—	7,319	100.0%
Glenbow - 822 11th SW	14,037	3,501	17,538		4,743	12,795	73.0%
Glenbow Annex - 816 11th SW	—	9,021	9,021		—	9,021	100.0%
Glenbow Cornerblock - 838 11th SW	10,998	11,212	22,210		11,212	10,998	49.5%
Glenbow Ellison - 812 11th SW	13,344	—	13,344		—	13,344	100.0%
Leeson Lineham Building - 209 8th SW	27,821	5,420	33,241		6,044	27,197	81.8%
LocalMotive - 1240 20th SE	57,536	—	57,536		—	57,536	100.0%
Odd Fellows - 100 6th SW	33,474	—	33,474		33,474	—	—%
Pilkington Building - 402 11th SE	40,018	—	40,018		—	40,018	100.0%
Roberts Block - 603-605 11th SW	23,624	27,499	51,123		12,082	39,041	76.4%
Sherwin Block - 738 11th SW	18,319	8,176	26,495		5,137	21,358	80.6%
Telephone Building - 119 6th SW	63,064	—	63,064		25,183	37,881	60.1%
TELUS Sky - 685 Centre SW (5)	150,784	4,353	155,137		38,951	116,186	74.9%
Theatre Grand - 608 1st Street SW	—	34,100	34,100		—	34,100	100.0%
The Lougheed Building - 604 1st Street SW	83,783	—	83,783		83,783	—	—%
Vintage Towers - 322-326 11th SW	188,696	23,717	212,413		5,062	207,351	97.6%
Woodstone Building - 1207-1215 13th SE	32,428	—	32,428		—	32,428	100.0%
Young Block - 129 8th SW	4,841	2,164	7,005		2,414	4,591	65.5%
Calgary	**1,108,017**	**219,142**	**1,327,159**	**8.9%**	**305,159**	**1,022,000**	**77.0%**
1040 Hamilton	36,278	9,162	45,440		1,215	44,225	97.3%
1050 Homer	38,302	4,797	43,099		—	43,099	100.0%
1185 West Georgia	161,119	4,869	165,988		12,653	153,335	92.4%
1220 Homer	21,708	—	21,708		—	21,708	100.0%
1286 Homer	25,613	—	25,613		—	25,613	100.0%
1508 West Broadway	81,809	64,271	146,080		1,362	144,718	99.1%

DECEMBER 31, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
151-155 West Hastings	38,512	—	38,512		—	38,512	100.0%
2233 Columbia	21,591	6,852	28,443		—	28,443	100.0%
375 Water	150,020	27,015	177,035		46,503	130,532	73.7%
840 Cambie	89,377	—	89,377		—	89,377	100.0%
948-950 Homer	23,245	21,758	45,003		—	45,003	100.0%
Dominion Building - 207 West Hastings	60,230	12,646	72,876		4,080	68,796	94.4%
Sun Tower - 128 West Pender	76,436	1,693	78,129		22,587	55,542	71.1%
Vancouver	**824,240**	**153,063**	**977,303**	**6.5%**	**88,400**	**888,903**	**91.0%**
Total Rental Portfolio	**13,600,933**	**1,353,349**	**14,954,282**	**100.0%**	**1,906,447**	**13,047,835**	**87.3%**

Note that the table above does not include ancillary residential properties, which total 13, and are included in the property count. The table above also excludes properties under development.

(1) RioCan/Allied Joint Arrangement
(2) Sutter Hill/Allied Joint Arrangement
(3) OPTrust/Allied Joint Arrangement
(4) Perimeter/Allied Joint Arrangement
(5) Westbank/Allied/TELUS Joint Venture
(6) A portion of the property is under development. Only the portion of GLA that is in the rental portfolio is included in the property table.

RENTAL RESIDENTIAL UNITS

PROPERTY	OCCUPANCY AT DECEMBER 31, 2023	OCCUPANCY AT DECEMBER 31, 2022
TELUS Sky	**79.8%**	81.4%
College & Manning	**94.7%**	96.8%

PROPERTIES UNDER DEVELOPMENT

PROPERTIES UNDER DEVELOPMENT	ESTIMATED GLA ON COMPLETION (SF)
The Well, Toronto [(1)(2)(3)]	763,000
400 Atlantic, Montréal	87,473
Boardwalk-Revillon Building, Edmonton [(4)]	297,851
185 Spadina, Toronto	55,213
342 Water, Vancouver	21,640
Adelaide & Duncan, Toronto [(1)(3)(5)]	230,000
1001 Boulevard Robert-Bourassa, Montréal [(3)]	298,342
RCA Building, Montréal [(3)]	215,305
422-424 Wellington W, Toronto	10,000
QRC West Phase II, Toronto [(6)]	93,134
KING Toronto, Toronto [(1)(7)]	100,000
108 East 5th Avenue, Vancouver [(1)]	102,000
700 Saint Hubert, Montréal [(3)]	144,114
3575 Saint-Laurent, Montréal	184,779
365 Railway, Vancouver	60,000
Kipling Square, Calgary	48,502
810 Saint Antoine, Montréal	380,000
Total Development Portfolio	**3,091,353**

(1) These properties are co-owned, reflected in the table above at Allied's ownership interest.
(2) Each of Allied and RioCan own an undivided 50% interest in The Well. The GLA components (in square feet) at Allied's 50% share will be as follows: approximately 584,000 of office, 160,000 of retail, 19,000 of storage and the residential air rights. The residential air rights and associated underground parking and transfer floor slab developments ("The Well Air Rights") were sold by the co-ownership in phases since Q4 2020, and the last phase closed in January 2022.
(3) A portion of the property is under development. The GLA represents the portion under development. The exceptions are The Well, 700 Saint Hubert and Adelaide & Duncan, which are ground-up developments, so the GLA includes the portion under development and in the rental portfolio.
(4) The GLA components (in square feet) are as follows: 233,559 of office and 64,292 of retail.
(5) The GLA components (in square feet) at our 50% share are as follows: 144,000 of residential, 77,000 of office and 9,000 of retail.
(6) The GLA components (in square feet) are as follows: 77,434 of office and 15,700 of retail.
(7) Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied sold a 50% undivided interest to Westbank. KING Toronto is comprised of the following properties: 489 King W, 495 King W, 499 King W, 511-529 King W, 533 King W, and 539 King W. The GLA components (in square feet) at our 50% share will be as follows: 60,000 of retail and 40,000 of office.

ANCILLARY PARKING FACILITIES

ANCILLARY PARKING FACILITIES	NUMBER OF SPACES
305 Joseph, Kitchener (1)	354
15 Brant, Toronto	208
78 Spadina, Toronto	39
7-9 Morrison, Toronto	25
105 George, Toronto	15
301 Markham, Toronto	47
388 Richmond, Toronto	121
464 King, Toronto	12
478 King, Toronto	131
560 King, Toronto	171
650 King, Toronto	71
Total Parking	**1,194**

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

Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

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 International Financial Reporting Standards and where appropriate, include amounts which are based on judgments, estimates and assumptions of Management.

Management has developed and maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are 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. The Committee 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 of Allied in accordance with Canadian generally accepted auditing standards to enable them to express to the Unitholders their opinion on the consolidated financial statements. The Auditors have direct and full 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 SHAREHOLDERS AND THE BOARD OF DIRECTORS 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, 2023 and 2022, and the consolidated statements of (loss) income and comprehensive (loss) income, 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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, 2023. 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— REFER TO NOTES 2(D), 3, AND 5 OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTER DESCRIPTION

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 effectiveness of controls over determining investment properties' fair value, including those over the determination of the anticipated rental rates, discount rates and terminal capitalization rates.
– Evaluated the reasonableness of management's forecast of anticipated rental rates by comparing management's forecasts with historical results, internal communications to management and the Board of Trustees, and contractual information, where applicable.
– 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 and will 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, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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 Antonio Ciciretto.

/s/ Deloitte LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
JANUARY 31, 2024
TORONTO, ONTARIO

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2023 AND DECEMBER 31, 2022

(in thousands of Canadian dollars)	NOTES	DECEMBER 31, 2023	DECEMBER 31, 2022
Assets			
Non-current assets			
Investment properties	5	**$9,387,032**	$9,669,005
Residential inventory	7	**209,783**	187,272
Investment in joint venture	8	**8,866**	7,089
Loans and notes receivable	9	**321,371**	174,019
Other assets	10	**48,528**	56,221
		$9,975,580	$10,093,606
Current assets			
Cash and cash equivalents	21	**211,069**	20,990
Loan receivable from joint venture	8	**93,291**	113,287
Loans and notes receivable	9	**188,382**	258,093
Accounts receivable, prepaid expenses and deposits	11	**140,963**	65,544
Investment properties held for sale	5, 6	**—**	1,354,830
		$633,705	$1,812,744
Total assets		**$10,609,285**	$11,906,350
Liabilities			
Non-current liabilities			
Debt	12	**$3,510,366**	$3,864,256
Lease liabilities	13	**50,639**	50,851
Other liabilities	14	**48,784**	43,438
		$3,609,789	$3,958,545
Current liabilities			
Exchangeable LP Units	17	**238,309**	—
Debt	12	**149,245**	346,929
Accounts payable and other liabilities	14	**476,863**	370,823
Lease liability held for sale	6, 13	**—**	107,215
		$864,417	$824,967
Total liabilities		**$4,474,206**	$4,783,512
Equity			
Unitholders' equity	16	**$6,135,079**	$6,581,166
Non-controlling interests	16	**—**	541,672
Total equity		**$6,135,079**	$7,122,838
Total liabilities and equity		**$10,609,285**	$11,906,350

Commitments and Contingencies (note 27)
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) INCOME AND COMPREHENSIVE (LOSS) INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

		YEAR ENDED	
(in thousands of Canadian dollars)	NOTES	DECEMBER 31, 2023	DECEMBER 31, 2022
Rental revenue	19, 23	**$563,980**	$519,468
Property operating costs	23	**(246,949)**	(224,260)
Operating income		**$317,031**	$295,208
Interest income		**53,605**	32,080
Interest expense	12 (g)	**(107,073)**	(72,802)
General and administrative expenses	20, 26 (c)	**(23,577)**	(22,593)
Condominium marketing expenses		**(538)**	(602)
Amortization of other assets	10	**(1,499)**	(1,325)
Transaction costs	4	**(167)**	—
Net loss from joint venture	8	**(15,622)**	(3,161)
Fair value loss on investment properties and investment properties held for sale	5, 6	**(772,652)**	(73,750)
Fair value gain on Exchangeable LP Units	17, 26 (c)	**28,696**	—
Fair value (loss) gain on derivative instruments	26 (e)	**(8,535)**	37,343
Impairment of residential inventory	7	**(15,376)**	(15,729)
Net (loss) income and comprehensive (loss) income from continuing operations		**$(545,707)**	$174,669
Net income and comprehensive income from discontinued operations	6	**$124,991**	$200,694
Net (loss) income and comprehensive (loss) income		**$(420,716)**	$375,363
Net (loss) income and comprehensive (loss) income attributable to:			
Unitholders' equity		**$(425,713)**	$368,855
Non-controlling interests		**4,997**	6,508
		$(420,716)	$375,363

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, 2023 AND 2022

(in thousands of Canadian dollars)	NOTES	ATTRIBUTABLE TO UNITHOLDERS				ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
		UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	UNITHOLDERS' EQUITY	EXCHANGEABLE LP UNITS	RETAINED EARNINGS	EXCHANGEABLE LP UNITS' EQUITY	TOTAL EQUITY
Balance at January 1, 2022	16	$3,902,655	$2,491,956	$31,161	$6,425,772	$—	$—	$—	$6,425,772
Net income and comprehensive income		—	368,855	—	368,855	—	6,508	6,508	375,363
Unit issuance (net of costs)	16	9,184	—	—	9,184	550,660	—	550,660	559,844
Distributions	16	—	(223,867)	—	(223,867)	—	(15,496)	(15,496)	(239,363)
Unit Option Plan – options exercised	16, 18 (a)	200	—	—	200	—	—	—	200
Contributed surplus – Unit Option Plan	18 (a)	—	—	876	876	—	—	—	876
Restricted Unit Plan (net of forfeitures)	16, 18 (b)	(2,661)	—	2,807	146	—	—	—	146
Balance at December 31, 2022		$3,909,378	$2,636,944	$34,844	$6,581,166	$550,660	$(8,988)	$541,672	$7,122,838

	NOTES	ATTRIBUTABLE TO UNITHOLDERS				ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
		UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	UNITHOLDERS' EQUITY	EXCHANGEABLE LP UNITS	RETAINED EARNINGS (DEFICIT)	EXCHANGEABLE LP UNITS' EQUITY	TOTAL EQUITY
Balance at January 1, 2023	**16**	**$3,909,378**	**$2,636,944**	**$34,844**	**$6,581,166**	**$550,660**	**$(8,988)**	**$541,672**	**$7,122,838**
Net (loss) income and comprehensive (loss) income		**—**	**(425,713)**	**—**	**(425,713)**	**—**	**4,997**	**4,997**	**(420,716)**
Distributions	**16**	**—**	**(291,740)**	**—**	**(291,740)**	**—**	**(8,857)**	**(8,857)**	**(300,597)**
Distributions in Units	**16**	**639,780**	**(639,780)**	**—**	**—**	**—**	**—**	**—**	**—**
Contributed surplus – Unit Option Plan	**18 (a)**	**—**	**—**	**389**	**389**	**—**	**—**	**—**	**389**
Restricted Unit Plan (net of forfeitures)	**16, 18 (b)**	**(2,250)**	**—**	**2,420**	**170**	**—**	**—**	**—**	**170**
Reclassification of Exchangeable LP Units	**2 (d)**	**—**	**270,807**	**—**	**270,807**	**(550,660)**	**12,848**	**(537,812)**	**(267,005)**
Balance at December 31, 2023		**$4,546,908**	**$1,550,518**	**$37,653**	**$6,135,079**	**$—**	**$—**	**$—**	**$6,135,079**

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, 2023 AND 2022

		YEAR ENDED	
(in thousands of Canadian dollars)	NOTES	DECEMBER 31, 2023	DECEMBER 31, 2022
Operating activities			
Net (loss) income for the year		**$(420,716)**	$375,363
Fair value loss (gain) on investment properties and investment properties held for sale	5	**663,803**	(69,182)
Fair value gain on Exchangeable LP Units	17, 26 (c)	**(28,696)**	—
Fair value loss (gain) on derivative instruments	26 (e)	**8,535**	(37,343)
Impairment of residential inventory	7	**15,376**	15,729
Interest expense (excluding the impact of capitalization)	12 (g)	**111,506**	79,334
Interest paid (excluding the impact of capitalization)	5, 7, 13, 17, 21	**(97,379)**	(77,727)
Interest income		**(53,605)**	(32,080)
Interest received		**41,201**	21,341
Net loss from joint venture	8	**15,622**	3,161
Amortization of other assets	10	**1,499**	1,325
Amortization of improvement allowances	5	**31,456**	32,302
Amortization of straight-line rent	5	**(9,579)**	(6,825)
Amortization of discount on debt	12 (g)	**3,976**	1,837
Amortization of lease liabilities	5, 13	**—**	155
Amortization of net financing costs	12 (g)	**2,865**	2,495
Unit-based compensation expense	18, 26 (c)	**4,137**	4,421
Settlement of unit-based compensation liabilities	18 (c)	**(127)**	—
Additions to residential inventory	7	**(37,887)**	(32,021)
Change in other non-cash operating items	9, 11, 14, 21	**68,899**	38,908
Cash provided by operating activities		**$320,886**	$321,193
Financing activities			
Proceeds from new mortgage payable	12 (a)	**15,034**	—
Repayment of mortgages payable	12 (a)	**(15,347)**	(16,932)
Principal payments of lease liabilities	13	**(212)**	(200)
Distributions paid on Units	16	**(229,783)**	(223,312)
Proceeds of Unit issuance (net of issuance costs)	16	**—**	9,184
Proceeds from exercise of Unit options	16, 18 (a)	**—**	200
Restricted Unit Plan (net of forfeitures)	16, 18 (b)	**(2,250)**	(2,661)
Repayment of promissory note payable	12 (c)	**(200,000)**	—
Proceeds from Unsecured Revolving Operating Facility	12 (d)	**310,000**	545,000
Repayments of Unsecured Revolving Operating Facility	12 (d)	**(750,000)**	(470,000)
Proceeds from construction loan	12 (b)	**83,288**	91,029
Proceeds from unsecured term loan (net of financing costs)	12 (f)	**—**	399,300
Financing costs		**(1,390)**	(10)
Cash (used in) provided by financing activities		**$(790,660)**	$331,598

(in thousands of Canadian dollars)	NOTES	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
Investing activities			
Acquisition of investment properties	4	—	(190,753)
Deposits on acquisitions		—	(928)
Additions to investment properties (including capitalized interest)	5, 12 (g)	(438,957)	(398,174)
Net proceeds on disposition of investment properties held for sale	4	1,277,055	74,437
Net proceeds on disposition of properties under development	4	—	15,254
Net distributions from equity accounted investments	8	2,597	1,253
Loans receivable issued to third-parties	9 (a), 21	(70,398)	(58,345)
Proceeds from loans receivable	9 (a)	—	343
Proceeds from notes receivable	9 (b)	24	22
Advances on note receivable from holder of Exchangeable LP Units	12 (g), 17	(21,207)	(13,774)
Additions to equipment and other assets	10	(1,836)	(859)
Leasing commissions	5	(16,580)	(20,603)
Improvement allowances	5	(70,845)	(62,222)
Cash provided by (used in) investing activities		$659,853	$(654,349)
Increase (decrease) in cash and cash equivalents		190,079	(1,558)
Cash and cash equivalents, beginning of year		20,990	22,548
Cash and cash equivalents, end of year		$211,069	$20,990

Note 21 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"). 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 (the "Class A Units").

On June 12, 2023, Allied completed its conversion from a "closed-end" trust to an "open-end" trust.

Allied is domiciled in Ontario, Canada. The address of Allied's registered office and its principal place of business is 134 Peter Street, Suite 1700, Toronto, Ontario, M5V 2H2.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements are presented in Canadian dollars.

(a) *Statement of compliance*

The consolidated financial statements of Allied for the years ended December 31, 2023 and 2022, are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the years presented unless otherwise noted.

The preparation of financial statements in accordance with IFRS 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 note 2 and 3 below.

The consolidated financial statements for the years ended December 31, 2023 and 2022, were approved and authorized for issue by the Board of Trustees (the "Board") on January 31, 2024.

(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 17;
- interest rate swaps as described in note 2 (i); and
- unit-based compensation liabilities as described in note 18 (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, 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.

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 revenue' and 'total operating expenses' respectively.

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) Income and Comprehensive (Loss) Income. Directly attributable expenditures include transaction costs such as due diligence costs, appraisal fees, environmental fees, legal fees, and brokerage fees.

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) Income and Comprehensive (Loss) Income. 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. Properties under development are measured using both a comparable sales method and a discounted cash flow method, net of costs to complete, as of the balance sheet date. For further details on methods used, 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 of the joint operations.

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 earnings (loss) of the joint venture is reflected in the Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income.

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.

When Allied transacts with a joint venture, profits and losses resulting from the transactions with the joint venture are recognized in Allied's consolidated financial statements only to the extent of interests in the joint venture that are not related to Allied.

(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 customers 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. Customer 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 immediately 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 six 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
Interest rate swaps	Fair value

Allied designated its accounts receivable, loans and notes receivable, and cash and cash equivalents as loans and receivables; its debt and accounts payable and other liabilities as other financial liabilities. 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. Financial assets are initially 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.

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, 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 tenant, historical credit loss experience, and the economic environment, where applicable.

For loans and notes receivable, Allied applies an ECL approach as required under IFRS 9, which reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on the credit deterioration from inception. The ECL reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. Allied assesses whether there has been a significant increase in credit risk since initial recognition of a financial instrument and its ECL measurement at each reporting date. Increases or decreases in the ECL are recognized as impairment gains or losses within interest (expense) income in net income (loss) and comprehensive income (loss). 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.

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) Income and Comprehensive (Loss) Income and are included within 'Interest expense', except for those interest-related charges capitalized to qualifying properties under development, rental properties or residential inventory.

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 mortgages, unsecured term loans and construction loans. Gains or losses arising from the change in fair values of the interest rate derivative contracts are recognized in the Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income.

(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.

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

Distributions 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. Prior to Allied's conversion to an open-end trust, the distributions paid on Exchangeable LP Units were recognized as reductions to equity that is attributable to non-controlling interests. On Allied's conversion to an open-end trust on June 12, 2023, the distributions paid on Exchangeable LP Units are recognized as interest expense on the Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income.

(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 18 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. During the periods in which the unit-based compensation liabilities are outstanding, the liabilities are adjusted for changes in the market value of the underlying units, with such positive or negative adjustments 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. Allied does not have any provisions as of the date of this report.

(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 a state of active development, 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, Leases. Allied accounts for its ROU assets that do not meet the definition of investment property as fixed assets. The ROU asset is initially measured at cost and, subsequently, at cost less any accumulated depreciation and impairment and adjusted for certain remeasurements of the lease obligation. 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)). Land held as part of the operating leases ("Ground Leases") which meets the definition of investment property is classified as ROU assets within investment properties. 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	ROU 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 the 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 groups of assets and liabilities which comprise disposal groups are presented as assets 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) Income and Comprehensive (Loss) Income. 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) Income and Comprehensive (Loss) Income.

(t) *Accounting standards effective in the year*

In February 2021, the IASB issued narrow-scope amendments to IAS 1, “Presentation of Financial Statements”, IFRS Practice Statement 2, “Making Materiality Judgements” and IAS 8, “Accounting Polices, Changes in Accounting Estimates and Errors”. Allied has adopted these amendments effective January 1, 2023. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarify how to distinguish changes in accounting policies from changes in accounting estimates. Allied’s financial disclosure is currently not materially affected by the application of the amendments.

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

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

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, identifying the point at which substantial completion of a development property occurs, and identifying the directly attributable borrowing costs to be included in the carrying value of the development property. 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.

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 believes 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.

4. ACQUISITIONS AND DISPOSITIONS

Acquisitions

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

During the year ended December 31, 2022, Allied completed the following property acquisitions:

PROPERTY	ACQUISITION DATE	PROPERTY TYPE	INVESTMENT PROPERTY	INTEREST ACQUIRED
108 East 5th Avenue, Vancouver	February 23, 2022	Development	$39,549	50%
1010 Sherbrooke W, Montréal	March 31, 2022	Office, Retail	116,248	100%
110 Yonge, Toronto	March 31, 2022	Office, Retail	55,757	50%
525 University, Toronto	March 31, 2022	Office, Retail	137,967	100%
175 Bloor E, Toronto	March 31, 2022	Office, Retail	166,547	50%
1508 West Broadway, Vancouver (1)	March 31, 2022	Office, Retail	166,408	100%
1185 West Georgia, Vancouver	March 31, 2022	Office, Retail	131,671	100%
540 King W, Toronto	April 8, 2022	Retail	26,615	100%
121 John, Toronto	July 6, 2022	Office, Retail	4,544	100%
700 Saint-Hubert, Montréal	October 31, 2022	Office	126,198	100%
			$971,504	

(1) *Allied acquired a leasehold interest in 1508 West Broadway.*

The total purchase price, including acquisition costs, for 108 East 5th Avenue of $39,549 is comprised of net cash consideration of $24,998, a mortgage assumption of $13,625, and a deferred mortgage premium of $926.

Six properties were acquired as a portfolio from Choice Properties for a total cost of $774,598, which includes $31,510 of acquisition costs, which was satisfied by i) a promissory note with a face value of $200,000 net of a deferred discount of $7,572, which matured on December 29, 2023, bearing interest at 1% and 2% per annum in 2022 and 2023, respectively (note 12) and ii) the issuance of 11,809,145 Exchangeable LP Units of $550,660. In addition, Allied assumed other liabilities of $9,571, which were reimbursed by Choice Properties.

The total purchase price, including acquisition costs, for 540 King Street West is comprised of net cash consideration of $26,615.

The total purchase price, including acquisition costs, for 121 John Street is comprised of net cash consideration of $4,541 and assumption of other liabilities of $3.

The total purchase price, including acquisition costs, for 700 Saint-Hubert is comprised of net cash consideration of $112,660 and assumptions of other liabilities of $13,538.

Dispositions

During the year ended December 31, 2023, Allied completed the following property dispositions:

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

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

During the year ended December 31, 2022, Allied completed the following property dispositions:

On January 24, 2022, Allied and its partners closed on the fifth and final phase of The Well air rights and associated underground parking and transfer floor slab developments for net cash consideration of $14,841 (at Allied's share), which represented the fair value at the time of disposition, so accordingly there was no gain or loss recorded. In addition, during the year ended December 31, 2022, Allied received cash of $413 (at Allied's share) for the release of a holdback related to the disposition of the first phase of The Well air rights.

On June 30, 2022, Allied closed on the disposition of two investment properties held for sale, which were 662 King Street West and 668 King Street West, both in Toronto, for net proceeds of $38,954 and $9,991, respectively (note 5). The total net cash consideration of $48,945 represented the fair value at the time of disposition, so there was no gain or loss recorded on closing. The disposition costs incurred were fully recoverable from the purchaser.

On August 16, 2022, Allied closed on the disposition of one investment property held for sale, 100 Lombard Street in Toronto, at a selling price of $26,000 (note 5), which represented the fair value at the time of disposition, so there was no gain or loss recorded on closing. In addition, Allied incurred net working capital adjustments of $487 and selling costs of $21, resulting in total net cash consideration of $25,492.

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, 2023			YEAR ENDED DECEMBER 31, 2022		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL
Balance, beginning of year	$9,494,395	$1,529,440	$11,023,835	$8,374,535	$1,238,830	$9,613,365
Additions:						
Acquisitions	—	—	—	805,757	165,747	971,504
Improvement allowances	61,424	9,421	70,845	60,494	1,728	62,222
Leasing commissions	16,253	327	16,580	14,714	5,889	20,603
Capital expenditures	210,902	228,055	438,957	134,630	263,544	398,174
Dispositions	(1,477,000)	—	(1,477,000)	(74,945)	(15,254)	(90,199)
Transfers from PUD	688,540	(688,540)	—	376,730	(376,730)	—
Transfers to PUD	(89,320)	89,320	—	(293,542)	293,542	—
Transfers (to) from other assets	(505)	—	(505)	3,900	—	3,900
Lease liabilities	—	—	—	561	—	561
Amortization of straight-line rent and improvement allowances	(25,016)	3,139	(21,877)	(26,866)	1,389	(25,477)
Fair value (loss) gain on investment properties and investment properties held for sale (1)	(510,801)	(153,002)	(663,803)	118,427	(49,245)	69,182
Balance, end of year	$8,368,872	$1,018,160	$9,387,032	$9,494,395	$1,529,440	$11,023,835
Investment properties	$8,368,872	$1,018,160	$9,387,032	$8,139,565	$1,529,440	$9,669,005
Investment properties held for sale	—	—	—	1,354,830	—	1,354,830
	$8,368,872	$1,018,160	$9,387,032	$9,494,395	$1,529,440	$11,023,835

(1) *Includes a fair value gain on investment properties held for sale for discontinued operations for the year ended December 31, 2023, of $108,849 (for the year ended December 31, 2022 - $142,932) which is presented separately in the net income from discontinued operations (note 6).*

As at December 31, 2023, Allied did not classify any investment properties as held for sale. As at December 31, 2022, Allied had five properties classified as investment properties held for sale totaling $1,354,830, four located in Toronto and one located in Montréal. The decrease of $1,354,830 in the year ended December 31, 2023, is primarily due to the sale of the UDC portfolio on August 16, 2023 (note 4).

For the year ended December 31, 2023, Allied capitalized $61,671 (December 31, 2022 - $47,606) of borrowing costs to qualifying investment properties.

Included in the investment properties amounts noted above are right-of-use assets with a fair value of $138,760 (December 31, 2022 - $162,400) representing the fair value of Allied's interest in four investment properties with corresponding lease liabilities. The leases' maturities range from 20.8 years to 78.5 years (December 31, 2022 - 21.8 years to 79.5 years). In addition, Allied has a prepaid land leasehold interest on a property with a fair value of $173,240 (December 31, 2022 - $178,020) and a maturity of 72.6 years (December 31, 2022 - 73.6 years).

Valuation methodology

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

(i) Discounted cash flow method - Under this approach, discount rates are applied to the projected annual operating cash flows, generally over a ten-year period, including a terminal value of the properties based on a capitalization rate applied to the estimated net operating income ("NOI"), a non-GAAP measure, in the terminal year. This method is primarily used to value the rental portfolio, and, in some cases, investment properties held for sale.

(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. This method is primarily used to value the development portfolio and ancillary parking facilities and, in some cases, investment properties held for sale.

(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. Currently, this method is used only to value residential use.

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

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

Significant inputs

There are significant unobservable inputs used, such as the discount rates and terminal capitalization rates, which are incorporated to derive the overall capitalization rates, in determining the fair value of each investment property and investment property held for sale. Accordingly, all investment properties and investment properties held for sale are measured in accordance with the fair value measurement hierarchy levels and the inputs comprise Level 3 unobservable inputs, reflecting Management's best estimate of what market participants would use in pricing the asset at the measurement date. Overall capitalization rates are inherently uncertain and may be impacted by various factors, including movements in interest rates in the geographies, markets where the assets are located, and may vary with different classes of buildings. Changes in estimates of overall 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 overall capitalization rates. Generally, an increase in overall 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, 2023	DECEMBER 31, 2022
Discount rate	**5.98%**	5.93%
Terminal capitalization rate	**5.18%**	4.99%
Overall capitalization rate	**4.82%**	4.64%
Discount horizon (years)	**10**	10

The analysis below shows the maximum impact on fair values of possible changes in overall capitalization rates, assuming no changes in NOI:

CHANGE IN OVERALL CAPITALIZATION RATE OF	-0.50%	-0.25%	+0.25%	+0.50%
Increase (decrease) in fair value				
Investment Properties	**$1,086,462**	**$513,514**	**$(462,871)**	**$(882,240)**

6. DISCONTINUED OPERATIONS

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

The following table summarizes the results from discontinued operations:

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Rental revenue	**$54,539**	$96,669
Property operating costs	**(20,718)**	(32,375)
Operating income	**$33,821**	$64,294
Interest expense	**(4,433)**	(6,532)
Fair value gain on investment properties held for sale	**108,849**	142,932
Transaction costs	**(13,246)**	—
Net income from discontinued operations	**$124,991**	$200,694

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

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Cash provided by (used in):		
Operating activities	**$15,598**	$53,521
Financing activities	**—**	—
Investing activities	**1,307,854**	(29,318)
	$1,323,452	$24,203

7. RESIDENTIAL INVENTORY

Residential inventory is as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
KING Toronto	**$209,783**	$187,272

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

	DECEMBER 31, 2023	DECEMBER 31, 2022
Balance, beginning of year	**$187,272**	$170,980
Development expenditures	**37,887**	32,021
Impairment	**(15,376)**	(15,729)
Balance, end of year	**$209,783**	$187,272

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, totaling 440 units.

During the year ended December 31, 2023, Allied recorded an impairment of $15,376 (December 31, 2022 - $15,729) on KING Toronto. Residential inventory carrying value is calculated as the estimated gross proceeds less estimated costs to complete. The impairment during the years ended December 31, 2023 and 2022, reflect higher estimated costs to complete.

For the year ended December 31, 2023, Allied capitalized $9,215 (December 31, 2022 - $6,204) of borrowing costs to qualifying residential inventory.

8. INVESTMENT IN JOINT VENTURE AND LOAN RECEIVABLE

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

	DECEMBER 31, 2023	DECEMBER 31, 2022
Investment in joint venture	**$8,866**	$7,089
Loan receivable from joint venture	**93,291**	113,287
	$102,157	$120,376
Current	**$93,291**	$113,287
Non-current	**8,866**	7,089
	$102,157	$120,376

On July 2, 2013, Allied entered into a partnership agreement whereby Allied holds a one-third voting and economic interest in 7th Avenue Sky Partnership (“TELUS Sky”). TELUS Sky was created with the specific purpose of acquiring the entire beneficial interest in the properties located at 100-114 7th Avenue SW, Calgary and participating in its construction, development and management.

On October 31, 2019, Allied advanced a construction loan to TELUS Sky, with the loan having a maximum limit of $114,000. The loan bears interest at bank prime plus 45 basis points or bankers’ acceptance rate plus 145 basis points. On July 14, 2023, TELUS Sky amended the construction loan agreement to extend the maturity date from July 15, 2023 to July 12, 2024, and repaid $19,996 of the construction loan. As a result, the construction loan’s maximum limit was reduced to $94,000 and the loan receivable outstanding after the repayment is $93,291. As at December 31, 2023, the loan receivable outstanding is $93,291 (December 31, 2022 - $113,287). Allied is providing a joint and several guarantee up to the amount of $94,000 to support the TELUS Sky facility.

Allied accounts for its interests in joint ventures using the equity method. The financial information below represents TELUS Sky at 100% and at Allied’s one-third interest.

	DECEMBER 31, 2023	DECEMBER 31, 2022
Current assets (including cash and cash equivalents)	**$5,715**	$5,658
Non-current assets	**310,746**	366,006
Current liabilities	**(289,863)**	(350,397)
Net assets of TELUS Sky at 100%	**$26,598**	$21,267
Net assets of TELUS Sky at Allied’s share	**$8,866**	$7,089

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Revenue	**$25,356**	$20,313
Expenses	**(13,260)**	(11,529)
Interest income	**69**	36
Fair value loss	**(59,031)**	(18,303)
Net loss and comprehensive loss of TELUS Sky at 100%	**$(46,866)**	$(9,483)
Net loss and comprehensive loss of TELUS Sky at Allied’s share	**$(15,622)**	$(3,161)

	DECEMBER 31, 2023	DECEMBER 31, 2022
Investment in joint venture, beginning of year	**$7,089**	$11,503
Net loss	**(15,622)**	(3,161)
Contributions [1]	**24,482**	3,192
Distributions	**(7,083)**	(4,445)
Investment in joint venture, end of year	**$8,866**	$7,089

(1) For the year ended December 31, 2023, Allied made a non-cash contribution to TELUS Sky for $19,996 (December 31, 2022 - $nil), resulting in a reduction to its loan receivable from joint venture by the same amount.

9. LOANS AND NOTES RECEIVABLE

Loans and notes receivable are as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Loans receivable (a)	**$509,697**	$432,032
Notes and other receivables (b)	**56**	80
	$509,753	$432,112
Current	**$188,382**	$258,093
Non-current	**321,371**	174,019
	$509,753	$432,112

(a) In February 2015, Allied entered into a joint arrangement with Westbank and completed the acquisition of an undivided 50% interest in Adelaide & Duncan. As part of the arrangement, Allied advanced $21,173 to Westbank for its purchase of a 50% undivided interest in the property. The facility is secured by a charge on the property (subordinated to the construction lender) and assignment of rents and leases. Interest accrues and is payable monthly at a rate of 7.75% per annum. The loan is repayable when the joint arrangement obtains external permanent financing. As at December 31, 2023, the loan receivable outstanding is $21,173 (December 31, 2022 - $21,173).

On August 1, 2017, Allied entered into an arrangement with Westbank to provide a credit facility of up to $100,000, plus interest, for the land acquisition and the pre-development costs of 400 West Georgia in Vancouver. The facility is secured by Westbank's covenant and a charge on the property (subordinated to the construction lender). On February 11, 2019, the facility was increased to $160,000, plus interest and on August 18, 2022, the facility was further increased to $175,000, plus interest. On May 18, 2022, Westbank exercised its option to extend the maturity date from August 31, 2022, to August 31, 2023. On January 12, 2023, the maturity date of the facility was extended to February 29, 2024. On December 6, 2023, the maturity date of the facility was further extended to August 20, 2024. Interest accrues to the credit facility monthly at a rate of 6.75% per annum up to August 31, 2022. Thereafter, interest accrues to the credit facility monthly at the greater of 6.75% per annum and the prime rate plus 3.00% per annum. As at December 31, 2023, the loan receivable outstanding including interest is $188,355 (December 31, 2022 - $161,032).

On November 30, 2018, Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied advanced a loan (the "Original Facility"), originally in the principal amount of $67,030, to Westbank for its purchase of a 50% undivided interest in the property. Further advances were made to Westbank under the Original Facility and the aggregate principal amount of the loan was increased to $73,414. Interest accrues to the Original Facility at a rate of 7.00% per annum for the period up to and including November 30, 2023. Thereafter, interest accrues to the Original Facility at the greater of (i) 7.00% per annum; and (ii) prime plus 3.00% per annum. During the fourth quarter of 2023, the loan was further amended to (i) add an additional credit facility in an aggregate principal amount not to exceed $40,000 (the "Additional Facility"); and (ii) extend the maturity date of the Original Facility to the earlier of December 31, 2026, or the closing of the condominium units (this maturity date also applies to the Additional Facility). The maturity date of the Original Facility was previously the earlier of November 30, 2023, or the closing of the condominium units. Interest accrues to the Additional Facility at a rate of prime plus 8.00% per annum. As at December 31, 2023, the total loan receivable outstanding including interest is $112,161 (December 31, 2022 - $97,037).

On March 18, 2019, Allied made an amendment to the joint arrangement with Perimeter to develop Breithaupt Phase III and a loan receivable arrangement to provide 50% of the pre-development costs. The facility is secured by a charge on the property (subordinated to the construction lender). Interest accrues at a rate of 7.00% per annum and is payable on loan repayment. The loan is repayable in installments upon completion of development and rent commencement. As at December 31, 2023, the loan receivable outstanding is $9,913 (December 31, 2022 - $9,913).

On July 31, 2019, Allied entered into an arrangement with Westbank to provide a credit facility of up to $185,000, plus interest, for the land acquisition and the pre-development costs of 150 West Georgia in Vancouver. The facility is secured by a first mortgage on the property for a fixed term. On placement of construction financing, the mortgage will be secured by a charge on the property (subordinated to the construction lender). Interest accrues to the credit facility monthly at a rate of 7.00% per annum. The credit facility matures on December 9, 2025. As at December 31, 2023, the loan receivable outstanding is $178,095 (December 31, 2022 - $142,877).

Allied has assessed the expected credit losses on an individual loan basis. Allied assesses the risk of expected credit losses, including considering the status of corporate guarantees and/or registered mortgage charges and assignment of leases, outcome of credit checks on borrowers, results of monitoring the financial and operating performance of borrowers, construction and leasing status on the development projects, timing of rent commencement on leases, and status of scheduled principal and interest payments. The expected credit losses estimated by Management considering the factors described above is $nil as at December 31, 2023 (December 31, 2022 - $nil).

(b) As at December 31, 2023, and December 31, 2022, the balance of notes and other receivables is made up of individually insignificant notes receivable.

10. OTHER ASSETS

Other assets consist of the following:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Equipment and other assets (1)	**$4,065**	$3,323
Property, plant and equipment (2)	**20,597**	20,497
Interest rate swap derivative assets	**23,866**	32,401
	$48,528	$56,221

(1) *During the year ended December 31, 2023, Allied recorded amortization of equipment and other assets of $1,094 (December 31, 2022 - $1,101).*

(2) *Property, plant and equipment relates to owner-occupied property. During the year ended December 31, 2023, Allied recorded amortization of owner-occupied property of $405 (December 31, 2022 - $224).*

11. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND DEPOSITS

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

	DECEMBER 31, 2023	DECEMBER 31, 2022
User trade receivables - net of allowance (a)	**$17,067**	$19,864
Other user receivables (b)	**8,197**	5,950
Miscellaneous receivables (c)	**24,218**	22,979
Prepaid expenses and deposits (d)	**91,481**	16,751
	$140,963	$65,544

(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, 2023	DECEMBER 31, 2022
Allowance for expected credit loss, beginning of year	**$11,336**	$9,177
Additional provision recorded during the year	**3,063**	3,117
Reversal of previous provisions	**(1,632)**	(829)
Receivables written off during the period	**(1,045)**	(129)
Allowance for expected credit loss, end of year	**$11,722**	$11,336

(b) *Other user receivables*

Other user receivables pertain to unbilled operating costs such as common area maintenance and property tax recoveries and chargebacks.

(c) *Miscellaneous receivables*

Miscellaneous receivables consist primarily of HST receivables from the government, interest rate swap receivables due from financial institutions, management fees and interest income due from external parties, and chargebacks on construction projects which are managed by Allied for tenants. As at December 31, 2023, 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 taxes, interest and a deposit on disposition.

12. DEBT

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

	DECEMBER 31, 2023	DECEMBER 31, 2022
Mortgages payable (a)	**$111,875**	$112,822
Construction loans payable (b)	**307,013**	223,725
Promissory note payable (c)	**—**	195,673
Unsecured revolving operating facility (d)	**—**	440,000
Senior unsecured debentures (e)	**2,591,569**	2,589,939
Unsecured term loans (f)	**649,154**	649,026
	$3,659,611	$4,211,185
Current	**$149,245**	$346,929
Non-current	**3,510,366**	3,864,256
	$3,659,611	$4,211,185

(a) *Mortgages payable*

Mortgages payable have a weighted average contractual interest rate of 3.38% as at December 31, 2023 (December 31, 2022 - 3.37%). The mortgages are secured by a first registered charge over specific investment properties and first general assignments of leases, insurance and registered chattel mortgages.

	PRINCIPAL REPAYMENTS	BALANCE DUE AT MATURITY	DECEMBER 31, 2023	DECEMBER 31, 2022
2024	$2,676	$46,669	$49,345	
2025	6,578	—	6,578	
2026	1,553	20,443	21,996	
2027	655	—	655	
2028	469	14,457	14,926	
2029	183	—	183	
2030	5,191	—	5,191	
2031	199	—	199	
2032	208	—	208	
2033	107	13,289	13,396	
Mortgages, principal	$17,819	$94,858	$112,677	$112,990
Net premium on assumed mortgages			233	584
Net financing costs			(1,035)	(752)
			$111,875	$112,822

(b) *Construction loans payable*

As at December 31, 2023, and December 31, 2022, Allied's obligations under the construction loans are as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	DECEMBER 31, 2023	DECEMBER 31, 2022
Adelaide & Duncan	50%	August 11, 2025	$110,046	$85,485
Breithaupt Phase III	50%	March 31, 2025	58,005	50,472
KING Toronto	50%	December 17, 2024	99,900	71,762
108 East 5th Avenue	50%	December 6, 2025	39,062	16,006
			$307,013	$223,725

On January 31, 2019, the Adelaide & Duncan joint arrangement obtained a $270,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share is $135,000. The loan bears interest at bank prime plus 35 basis points or bankers' acceptance rate plus 135 basis points with a standby fee of 25 basis points and a letter of credit fee of 100 basis points. On August 11, 2023, the loan maturity was extended from August 11, 2023, to August 11, 2025, and the facility limit was increased from $270,000 to $295,000, in which Allied's 50% share is $147,500. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on up to $147,500 of the facility. On August 23, 2019, the Adelaide & Duncan joint arrangement entered into a swap agreement to fix approximately 75% of the construction loan up to $209,572 at 2.86%. The swap matured on March 31, 2023, so the construction loan is no longer fixed and is subject to the facility's variable rate.

On February 21, 2020, Allied and Perimeter obtained a $138,000 construction loan for the Breithaupt Phase III joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is $69,000. On December 1, 2022, Allied and Perimeter exercised their option to extend the loan maturity to June 2, 2023, which bears interest at bank prime or bankers' acceptance rate plus 120 basis points with a standby fee of 20 basis points and a letter of credit fee of 100 basis points. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on up to $69,000 of the facility. On May 31, 2023, the loan maturity was extended to September 29, 2023. On September 27, 2023, the loan maturity was further extended to March 31, 2025, and the interest rate was updated to bank prime plus 25 basis points or bankers' acceptance rate plus 145 basis points with a standby fee of 20 basis points and a letter of credit fee of 100 basis points.

On December 17, 2020, Allied and Westbank obtained a $465,000 green construction lending facility for the KING Toronto joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is $232,500. Up to $120,000 of the deposits paid by the purchasers of the KING Toronto condominium units can be released to the KING Toronto joint arrangement to fund the construction of the condominium units ("Purchaser Deposits"). As at December 31, 2023, $92,402 of the Purchaser Deposits was released. When the release of the Purchaser Deposits exceeds $80,000, the facility limit is reduced. As such, on November 6, 2023, the facility limit was decreased from $465,000 to $452,598, in which Allied's 50% share is $226,299. The loan matures on December 17, 2024, and bears interest at bank prime plus 45 basis points or bankers' acceptance rate plus 145 basis points with a standby fee of 25 basis points and a letter of credit fee of 100 basis points. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on up to $226,299 of the facility.

On December 5, 2022, the 108 East 5th Avenue joint arrangement obtained a $150,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share is $75,000. The loan matures on December 6, 2025, and bears interest at prime plus 35 basis points or bankers' acceptance rate plus 135 basis points with a standby fee of 27 basis points and a letter of credit fee rate of 100 basis points. These interest rates and the standby fee (other than the letter of credit fee) are subject to variability based on the achievement of two distinct sustainability performance targets. For each sustainability performance target achieved, the interest rate and standby fee would decrease by 0.025% per annum and 0.005% per annum, respectively. In addition, if certain sustainability minimums are not achieved, the interest rate and standby fee would increase by 0.025% per annum and 0.005% per annum, respectively. Depending on the applicable sustainability performance target or sustainability minimum, the settlement of these interest rate variations and the standby fee occurs either annually or at the earlier of December 6, 2025, and the date the construction lending facility is fully repaid. Allied has provided a joint and several guarantee of the entire facility and is earning a related guarantee fee on up to $75,000 of the facility. On January 13, 2023, the 108 East 5th Avenue joint arrangement entered into a swap agreement to fix approximately 75% of the construction loan up to $110,175 at 4.90%.

(c) *Promissory note payable*

On March 31, 2022, Allied acquired a portfolio of six properties from Choice Properties which was partially settled with the issuance of a $200,000 promissory note (note 4). The promissory note was secured by a first registered charge on five of the six properties acquired and was fully repaid on December 29, 2023.

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	DECEMBER 31, 2023	DECEMBER 31, 2022
Promissory note payable	1.00% for 2022, 2.00% for 2023	December 29, 2023	Quarterly	$—	$200,000
Net discount on promissory note payable				—	(4,327)
				$—	$195,673

(d) *Unsecured revolving operating facility*

As at December 31, 2023, and December 31, 2022, Allied's obligation under the unsecured revolving operating facility (the "Unsecured Facility") is as follows:

	DECEMBER 31, 2023						
	MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured Facility limit $800,000 (1)	January 30, 2025	Prime + 0.45% or Bankers' acceptance + 1.45% (2)	0.29%	$800,000	$—	$(14,906)	$785,094

(1) This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $900,000.
(2) The interest rates for this facility were subject to certain conditions being met up to August 15, 2023.

On March 31, 2023, Allied amended the Unsecured Facility to increase the limit by $100,000 to $700,000 and on June 26, 2023, Allied amended the Unsecured Facility to increase the limit by $100,000 to $800,000. On January 26, 2024, Allied updated the Unsecured Facility of $800,000 by extending the maturity date to January 26, 2027, and the facility is now provided by a syndicate of lenders. The Unsecured Facility bears interest at a variable rate of either prime plus 45 basis points or the Canadian overnight repo rate average ("CORRA") plus 145 basis points per annum with a standby fee of 29 basis points and a letter of credit fee rate of 145 basis points.

	DECEMBER 31, 2022						
	MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured Facility limit $600,000 (1)	January 30, 2025	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$600,000	$(440,000)	$(15,563)	$144,437

(1) This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $700,000.
(2) The conditions on the interest rates for this facility were met for the year ended December 31, 2022

(e) *Senior unsecured debentures*

As at December 31, 2023, and December 31, 2022, Allied's obligations under the senior unsecured debentures are as follows:

SERIES	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	DECEMBER 31, 2023	DECEMBER 31, 2022
Series C	3.636%	April 21, 2025	April 21 and October 21	**$200,000**	$200,000
Series D	3.394%	August 15, 2029	February 15 and August 15	**300,000**	300,000
Series E	3.113%	April 8, 2027	April 8 and October 8	**300,000**	300,000
Series F	3.117%	February 21, 2030	February 21 and August 21	**400,000**	400,000
Series G	3.131%	May 15, 2028	May 15 and November 15	**300,000**	300,000
Series H	1.726%	February 12, 2026	February 12 and August 12	**600,000**	600,000
Series I	3.095%	February 6, 2032	February 6 and August 6	**500,000**	500,000
Unsecured Debentures, principal				**$2,600,000**	$2,600,000
Net financing costs				**(8,431)**	(10,061)
				$2,591,569	$2,589,939

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

The respective financing costs recognized are amortized using the effective interest method and recorded to interest expense (note 12 (g)).

(f) *Unsecured term loans*

As at December 31, 2023, and December 31, 2022, Allied's obligations under the unsecured term loans are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	DECEMBER 31, 2023	DECEMBER 31, 2022
Unsecured term loan	3.496%	January 14, 2026	Monthly	**$250,000**	$250,000
Unsecured term loan	4.865%	October 22, 2025	Monthly	**400,000**	400,000
Unsecured term loans, principal				**$650,000**	$650,000
Net financing costs				**(846)**	(974)
				$649,154	$649,026

The two unsecured term loans are collectively referred to as "Unsecured Term Loans". The respective financing costs are amortized using the effective interest method and recorded to interest expense (note 12 (g)).

On April 22, 2022, Allied entered into an unsecured term loan with a financial institution for $400,000 at a rate of prime plus 10 basis points or bankers' acceptance plus 110 basis points, due on October 22, 2025. The proceeds from the loan were used to repay the Unsecured Facility. Debt financing costs of $700 were incurred and recorded against the principal owing. On June 24, 2022, Allied entered into a swap agreement to fix the rate at 4.86%. On December 21, 2022, Allied amended the swap agreement for the settlement period, which increased the rate from 4.86% to 4.865%.

On February 3, 2023, Allied extended the maturity date on its $250,000 unsecured term loan from January 14, 2024, to January 14, 2026, by exercising two one-year extension options. Debt financing costs of $300 were incurred for these extensions.

(g) *Interest expense*

Interest expense consists of the following:

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Interest on debt:		
Mortgages payable	**$3,528**	$4,635
Construction loans payable	**16,675**	6,487
Promissory note payable	**3,967**	1,512
Unsecured Facility	**23,841**	11,125
Unsecured Debentures	**74,710**	74,705
Unsecured Term Loans	**28,007**	20,592
Interest on lease liabilities (1)	**2,322**	3,224
Amortization, net discount (premium) on debt	**3,976**	2,401
Amortization, net financing costs	**2,865**	2,495
Distributions on Exchangeable LP Units (2)	**18,068**	—
	$177,959	$127,176
Interest capitalized to qualifying investment properties and residential inventory	**(70,886)**	(53,810)
Interest expense excluding financing prepayment costs	**$107,073**	$73,366
Financing prepayment costs (3)	**—**	(564)
Interest expense	**$107,073**	$72,802

(1) *For the year ended December 31, 2023, excludes interest on a lease liability held for sale of $4,433, respectively (December 31, 2022 - $6,532) that is presented separately in the net income from discontinued operations (note 6).*

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

(3) *For the year ended December 31, 2023, financing prepayment costs include $nil of accelerated amortization of premium on debt (December 31, 2022 - $564).*

Borrowing costs have been capitalized to qualifying investment properties and residential inventory at a weighted average effective rate of 3.47% per annum (December 31, 2022 - 3.11%), which excludes directly attributable borrowing costs.

(h) *Schedule of principal repayments*

The table below summarizes the scheduled principal maturity for Allied's mortgages payable, construction loans payable, promissory note payable, Unsecured Facility, Unsecured Debentures and Unsecured Term Loans as at December 31, 2023:

	2024	2025	2026	2027	2028	THEREAFTER	TOTAL
Mortgages payable, principal repayments	$2,676	$6,578	$1,553	$655	$469	$5,888	$17,819
Mortgages payable, balance due at maturity	46,669	—	20,443	—	14,457	13,289	94,858
Construction loans payable	99,900	207,113	—	—	—	—	307,013
Promissory note payable	—	—	—	—	—	—	—
Unsecured Debentures	—	200,000	600,000	300,000	300,000	1,200,000	2,600,000
Unsecured Term Loans	—	400,000	250,000	—	—	—	650,000
Total	**$149,245**	**$813,691**	**$871,996**	**$300,655**	**$314,926**	**$1,219,177**	**$3,669,690**

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

13. LEASE LIABILITIES

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

	2024 (1)	2025 - 2028 (1)	THEREAFTER	DECEMBER 31, 2023	DECEMBER 31, 2022
Future minimum lease payments	**$3,373**	**$13,694**	**$136,733**	**$153,800**	$477,983
Interest (paid) accrued on lease obligations	**(227)**	**(1,283)**	**—**	**(1,510)**	(992)
Less: amounts representing interest payments	**(3,146)**	**(12,411)**	**(86,094)**	**(101,651)**	(318,925)
Present value of lease payments	**$—**	**$—**	**$50,639**	**$50,639**	$158,066
Current (2)				**$—**	$107,215
Non-current				**50,639**	50,851
				$50,639	$158,066

(1) *The future minimum lease payments prior to 2028 are less than the effective interest on the lease liabilities.*
(2) *The current lease liability of $107,215 as at December 31, 2022, was disposed in 2023 as part of the sale of the properties in the Urban Data Centres segment (note 6).*

Some of Allied's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income as required when contingent criteria are met. The lease agreements contain renewal options, purchase options, escalation clauses, additional debt and further leasing clauses. For the year ended December 31, 2023, minimum lease payments of $7,616 (December 31, 2022 - $9,689) were paid by Allied.

14. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consists of the following:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Trade payables and other liabilities	**$283,346**	$245,675
Prepaid user rents	**81,560**	81,489
Accrued interest payable on Unsecured Debentures	**23,238**	23,281
Distributions payable on Units (note 16)	**80,612**	18,656
Distributions payable on Exchangeable LP Units (note 17)	**7,440**	1,722
Residential deposits [1]	**47,513**	42,700
Unit-based compensation liabilities (note 18(c))	**1,938**	738
	$525,647	$414,261
Current	**$476,863**	$370,823
Non-current [2]	**48,784**	43,438
	$525,647	$414,261

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

(2) Non-current liabilities as at December 31, 2023, are composed of residential deposits totaling $47,513 and unit-based compensation liabilities totaling $1,271 (December 31, 2022 - $42,700 and $738, respectively).

15. FAIR VALUE MEASUREMENTS

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

		DECEMBER 31, 2023		DECEMBER 31, 2022	
	CLASSIFICATION/ MEASUREMENT	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial Assets:					
Loan receivable from joint venture (note 8)	Amortized cost	**$93,291**	**$93,291**	$113,287	$113,287
Loans and notes receivable (note 9)	Amortized cost	**509,753**	**502,004**	432,112	422,999
Interest rate swap derivative assets (note 10)	FVTPL	**23,866**	**23,866**	32,401	32,401
Accounts receivable, prepaid expenses and deposits (note 11)	Amortized cost	**140,963**	**140,963**	65,544	65,544
Cash and cash equivalents (note 21)	Amortized cost	**211,069**	**211,069**	20,990	20,990
Financial Liabilities:					
Debt (note 12)					
Mortgages	Amortized cost	**$111,875**	**$107,755**	$112,822	$107,030
Construction loans payable	Amortized cost	**307,013**	**307,013**	223,725	223,725
Promissory note payable	Amortized cost	**—**	**—**	195,673	194,145
Unsecured Facility	Amortized cost	**—**	**—**	440,000	440,000
Unsecured Debentures	Amortized cost	**2,591,569**	**2,266,700**	2,589,939	2,255,528
Unsecured Term Loans	Amortized cost	**649,154**	**641,686**	649,026	628,450
Accounts payable and other liabilities (note 14)	Amortized cost	**523,709**	**523,709**	413,523	413,523
Unit-based compensation liabilities (notes 14 and 18(c))	FVTPL	**1,938**	**1,938**	738	738
Exchangeable LP Units (note 17)	FVTPL	**238,309**	**238,309**	—	—

Allied uses various methods in estimating the fair value of assets and liabilities that are measured on a recurring or non-recurring basis in the Consolidated Balance Sheets after initial recognition. The fair value hierarchy reflects the significance of inputs used in determining the fair values.

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

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

	DECEMBER 31, 2023			DECEMBER 31, 2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial Assets:						
Loan receivable from joint venture (note 8)	$—	$93,291	$—	$—	$113,287	$—
Loans and notes receivable (note 9)	—	502,004	—	—	422,999	—
Interest rate swap derivative assets (note 10)	—	23,866	—	—	32,401	—
Accounts receivable, prepaid expenses and deposits (note 11)	—	140,963	—	—	65,544	—
Cash and cash equivalents (note 21)	211,069	—	—	20,990	—	—
Financial Liabilities:						
Debt (note 12)						
Mortgages	$—	$107,755	$—	$—	$107,030	$—
Construction loans payable	—	307,013	—	—	223,725	—
Promissory note payable	—	—	—	—	194,145	—
Unsecured Facility	—	—	—	—	440,000	—
Unsecured Debentures	—	2,266,700	—	—	2,255,528	—
Unsecured Term Loans	—	641,686	—	—	628,450	—
Accounts payable and other liabilities (note 14)	—	523,709	—	—	413,523	—
Unit-based compensation liabilities (notes 14 and 18(c))	—	1,938	—	—	738	—
Exchangeable LP Units (note 17)	—	238,309	—	—	—	—

There were no transfers between levels of the fair value hierarchy in either year.

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 derivative contracts is determined using forward 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 year 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 year end market rates for instruments of similar terms and credit risks that are observable in the market (Level 2).

16. EQUITY

Units (authorized - unlimited)

Each Unit represents a single vote at any meeting of holders of Units and Special Voting Units (as defined below) and entitles the holders of Units and Special Voting Units to receive a *pro rata* share of all distributions, in accordance with the conditions provided for in the Declaration of Trust.

The following represents the number of Units issued and outstanding, and the related carrying value of equity, for the years ended December 31, 2023, and December 31, 2022.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2022	127,737,851	$3,902,655
Restricted Unit Plan (net of forfeitures) (note 18(b))	—	(2,661)
Unit Option Plan - options exercised (note 18(a))	6,332	200
Unit issuance (net of costs)	211,800	9,184
Balance at December 31, 2022	127,955,983	$3,909,378
Restricted Unit Plan (net of forfeitures (note 18(b))	—	(2,250)
Distribution in Units	31,703,663	639,780
Consolidation of Units	(31,703,663)	—
Balance at December 31, 2023	**127,955,983**	**$4,546,908**

In January 2022, Allied issued 211,800 Units under the at-the-market program ("ATM Program") in settlement of trades executed at the end of December 2021 at a weighted average price of $44.02 per Unit for gross proceeds of $9,324, and incurred commissions of $140, for net proceeds of $9,184. The ATM Program is described in note 26(a).

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

Distributions

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

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

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

Normal course issuer bid

On February 22, 2023, Allied received approval from the Toronto Stock Exchange ("TSX") for the renewal of its normal course issuer bid ("NCIB"), which entitles Allied to purchase up to 12,582,628 of its outstanding Units, representing approximately 10% of its public float as at February 10, 2023. The NCIB commenced February 24, 2023, and will expire on February 23, 2024, or such earlier date as Allied completes its purchases pursuant to the NCIB. All purchases under the NCIB will be made on the open market through the facilities of the TSX or alternate trading systems in Canada at market prices prevailing at the time of purchase. Any Units that are repurchased will either be cancelled or delivered to participants under Allied's Restricted Unit Plan or to employees pursuant to Allied's employee programs.

During the year ended December 31, 2023, Allied purchased 76,959 Units for $2,250 at a weighted average price of $29.25 per Unit under its NCIB program, of which 76,450 Units were purchased for delivery to participants under Allied's Restricted Unit Plan and 509 Units were purchased for certain employee rewards outside of Allied's Restricted Unit Plan.

17. EXCHANGEABLE LP UNITS

Exchangeable LP Units (authorized - unlimited)

Exchangeable LP Units issued by the Partnership are economically equivalent to Units, receive distributions equal to the distributions paid on the Units and are exchangeable, at the holder's option, for Units. All Exchangeable LP Units are held, directly or indirectly, by Choice Properties.

The 11,809,145 Exchangeable LP Units issued on March 31, 2022, in connection with the acquisition of certain properties (see note 4) contain lock-up and standstill restrictions. On each of June 30, 2023, September 30, 2023, and December 31, 2023, the lock-up expired on 2,952,286 Exchangeable LP Units. The following Exchangeable LP Units are subject to lock-up and the expiration is based on the following schedule:

LOCK-UP EXPIRATION DATE	NUMBER OF EXCHANGEABLE LP UNITS ELIGIBLE FOR RELEASE
March 31, 2024	2,952,287

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 Declaration of Trust was amended on March 4, 2022, to provide for the creation and issuance of the 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, 2023, and December 31, 2022.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2022	—	$—
Unit issuance (net of costs)	11,809,145	550,660
Distributions	—	(15,496)
Retained Earnings	—	6,508
Balance at December 31, 2022	11,809,145	$541,672
Distributions	—	(8,857)
Retained Earnings	—	4,997
Reclassification of Exchangeable LP Units (note 2(d))	—	(270,807)
Fair value gain on Exchangeable LP Units	—	(28,696)
Balance at December 31, 2023	**11,809,145**	**$238,309**

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, 2023, to December 31, 2023, was $26,925, which includes a special cash distribution of $5,668, which is $0.48 per Exchangeable LP Unit, for which Choice Properties elected to receive a loan in lieu of all of the distributions. The loan in lieu of distributions issued to Choice Properties for the cash advances made during the year ended December 31, 2023, was a note receivable of $21,207 and $7,440 was advanced to Choice Properties as a note receivable on January 15, 2024. Since there is a legally enforceable right and an intention by Allied and Choice Properties to settle the note receivable from Choice Properties and the distributions payable to Choice Properties on a net basis on the first business day following the end of the fiscal year, these financial instruments are offset on the balance sheet. On January 2, 2024, $21,207 of the note receivable due from Choice Properties was settled on a net basis against the distributions payable to Choice Properties.

On January 15, 2024, the Partnership declared a distribution for the month of January 2024 of $0.15 per Exchangeable LP Unit, representing $1.80 per Exchangeable LP Unit on an annualized basis to holders of the Exchangeable Units as at January 31, 2024, for which Choice Properties elected to receive a loan in lieu of the distribution.

18. COMPENSATION PLANS

(a) *Unit Option Plan*

Allied adopted a Unit Option Plan providing for the issuance, from time to time, at the discretion of the trustees, of options to purchase Units for cash. Participation in the Unit Option Plan is restricted to certain employees of Allied. The Unit Option Plan complies with the requirements of the TSX. The exercise price of any option granted will not be less than the closing market price of the Units on the day preceding the date of grant. The term of the options do not exceed ten years. Options granted prior to February 22, 2017, vest evenly over three years and options granted subsequently vest evenly over four years from the date of grant. All options are settled in Units. Effective December 2021, no further options will be granted under the Unit Option Plan.

SUMMARY OF UNIT OPTION GRANTS:

DATE GRANTED	EXPIRY DATE	UNIT OPTIONS GRANTED	EXERCISE PRICE	EXERCISED - LIFE TO DATE	FORFEITED - LIFE TO DATE	NET OUTSTANDING	VESTED
March 1, 2016	March 1, 2026	540,480	$31.56	(350,831)	(23,204)	166,445	166,445
February 22, 2017	February 22, 2027	279,654	$35.34	(23,576)	—	256,078	256,078
February 14, 2018	February 14, 2028	198,807	$40.30	(14,685)	—	184,122	184,122
February 13, 2019	February 13, 2029	323,497	$47.53	(2,717)	(4,330)	316,450	316,450
February 5, 2020	February 5, 2030	352,230	$54.59	—	(1,594)	350,636	272,943
February 3, 2021	February 3, 2031	442,233	$36.55	(1,533)	(1,460)	439,240	240,985
		2,136,901		**(393,342)**	**(30,588)**	**1,712,971**	**1,437,023**

	YEAR ENDED			
	DECEMBER 31, 2023		DECEMBER 31, 2022	
	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**	**5.14**	$31.56-54.59	6.13

	YEAR ENDED			
	DECEMBER 31, 2023		DECEMBER 31, 2022	
	NUMBER OF UNITS	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER OF UNITS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**1,717,043**	**$41.98**	1,726,381	$41.95
Forfeited	**(4,072)**	**$31.56**	(3,006)	$43.28
Exercised	**—**	**$—**	(6,332)	$31.56
Balance, end of year	**1,712,971**	**$42.01**	1,717,043	$41.98
Units exercisable at the end of the year	**1,437,023**	**$42.08**	1,151,274	$41.32

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, 2023, Allied recorded a unit-based compensation expense of $389 (December 31, 2022 - $876) in general and administrative expense in the Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income.

(b) *Restricted Unit Plan*

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

The following is a summary of the activity of Allied's Restricted Unit Plan:

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Restricted Units, beginning of year	**322,411**	296,810
Granted	**76,450**	61,148
Released	**(104,607)**	(35,444)
Forfeited	**—**	(103)
Restricted Units, end of year	**294,254**	322,411

For the year ended December 31, 2023, Allied recorded a unit-based compensation expense of $2,421, (December 31, 2022 - $2,807) in general and administrative expense in the Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income.

(c) *Performance and Restricted Trust Unit Plan*

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

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Plan Units, beginning of year	**179,193**	—
Granted	**170,461**	172,500
Settled	**(7,274)**	—
Forfeited	**—**	(1,035)
Distribution equivalents	**28,897**	7,728
Plan Units, end of year	**371,277**	179,193

For the year ended December 31, 2023, Allied recorded a unit-based compensation expense of $1,327 (December 31, 2022 - $738), including the mark-to-market adjustment, in general and administrative expense in the Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income. During the year ended December 31, 2023, 7,274 Plan Units vested and were settled in cash resulting in a decrease of $127 to the unit-based compensation liabilities.

19. RENTAL REVENUE

Rental revenue includes the following:

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Rental revenue [1]	**$272,034**	$252,650
Tax and insurance recoveries	**109,172**	99,633
Miscellaneous revenue [2]	**23,601**	21,937
Operating cost recoveries	**159,173**	145,248
Total rental revenue	**$563,980**	$519,468

(1) Includes straight-line rent, amortization of tenant improvements and parking revenue earned at properties.
(2) Includes transient parking, percentage rent, lease terminations and other miscellaneous items.

Future minimum rental income from continuing operations is as follows:

	2024	2025	2026	2027	2028	THEREAFTER	TOTAL
Future minimum rental income	**$300,867**	**$282,915**	**$253,845**	**$220,301**	**$187,565**	**$770,030**	**$2,015,523**

20. GENERAL AND ADMINISTRATIVE EXPENSES

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Salaries and benefits	**$21,197**	$21,119
Professional and trustee fees	**6,749**	6,051
Office and general expenses	**6,897**	5,549
	$34,843	$32,719
Capitalized to qualifying investment properties	**(11,266)**	(10,126)
Total general and administrative expenses	**$23,577**	$22,593

21. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include the following components:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Cash	**$51,366**	$20,990
Short-term deposits	**159,703**	—
Total cash and cash equivalents	**$211,069**	$20,990

The following summarizes supplemental cash flow information in operating activities:

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Supplemental		
Interest paid on debt (including capitalized interest and financing prepayment costs (note 12))	**$168,265**	$131,537

The following summarizes supplemental cash flow information in investing activities:

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Supplemental		
Mortgages assumed (note 4)	**$—**	$13,625

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

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Net change in accounts receivable, prepaid expenses and deposits	**$(75,419)**	$(8,483)
Net change in loans and notes receivable	**(77,641)**	(64,350)
Net change in accounts payable and other liabilities	**111,386**	66,176
Other working capital changes	**110,573**	45,565
Change in non-cash operating items	**$68,899**	$38,908

22. JOINT OPERATIONS

Allied has investments in properties under joint arrangements which are accounted for as joint operations. The following tables summarize Allied's ownership interests in joint operations and its share of the rights to the assets, its share of the obligations with respect to liabilities, and its share of revenues and expenses for the joint operations in which it participates.

Allied's joint arrangements are governed by agreements with the respective co-owners. Included within the agreements are standard exit and transfer provisions that include, but are not limited to, buy/sell and/or right of first offers or refusals that provide for unwinding the arrangement. Allied is liable for its proportionate share of the obligations of the arrangement. In the event that there is default on payment by the co-owner, credit risk is typically mitigated with an option to remedy any non-performance by the defaulting co-owner, as well as recourse against the asset, whereby claims would be against both the underlying real estate investments and the co-owner in default.

			OWNERSHIP	
PROPERTIES	**LOCATION**	**CURRENT STATUS**	**DECEMBER 31, 2023**	DECEMBER 31, 2022
642 King W	Toronto, ON	Rental Property	**50%**	50%
Adelaide & Duncan	Toronto, ON	Rental Property and Property Under Development	**50%**	50%
Breithaupt Block	Kitchener, ON	Rental Property	**50%**	50%
College & Manning	Toronto, ON	Rental Property	**50%**	50%
College & Palmerston	Toronto, ON	Rental Property	**50%**	50%
KING Toronto	Toronto, ON	Property Under Development and Residential Inventory	**50%**	50%
King Portland Centre	Toronto, ON	Rental Property	**50%**	50%
The Well	Toronto, ON	Rental Property and Property Under Development	**50%**	50%
108 East 5th Avenue	Vancouver, BC	Property Under Development	**50%**	50%
175 Bloor Street E	Toronto, ON	Rental Property	**50%**	50%
110 Yonge Street	Toronto, ON	Rental Property	**50%**	50%

	DECEMBER 31, 2023	DECEMBER 31, 2022
Total assets	**$2,071,022**	$2,016,405
Total liabilities	**$709,396**	$570,821

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Revenue	**$70,333**	$35,071
Expenses	**(28,354)**	(13,669)
Income before impairment and fair value adjustment on investment properties	**$41,979**	$21,402
Impairment of KING Toronto	**(15,376)**	(15,729)
Fair value (loss) gain on investment properties	**(197,774)**	10,416
Net (loss) income	**$(171,171)**	$16,089

23. SEGMENTED INFORMATION

IFRS 8, *Operating Segments*, requires reportable segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker ("CODM") for the purpose of allocating resources to the segment and assessing its performance. Allied has determined that its CODM is the President and Chief Executive Officer. Allied's operating segments are managed by use of properties and cities. The urban office properties are managed by geographic location consisting of four groups of cities.

The CODM measures and evaluates the performance of Allied's operating segments based on operating income.

Management reviews assets and liabilities on a total basis and therefore assets and liabilities are not included in the segmented information below. All revenue is generated in Canada and all assets and liabilities are located in Canada.

Allied does not allocate interest expense to segments as debt is viewed by Management to be used for the purpose of acquisitions, development and improvement of all the properties. Similarly, interest income, general and administrative expenses, condominium marketing expenses, amortization of other assets, transaction costs, net loss from joint venture, fair value gain (loss) on investment properties and investment properties held for sale, fair value gain (loss) on Exchangeable LP units, fair value gain (loss) derivative instruments and impairment of residential inventory are not allocated to operating segments.

The Urban Data Centre segment is classified as discontinued operations (note 6) and is therefore excluded from the following tables, which present a reconciliation of operating income to net (loss) income from continuing operations for the years ended December 31, 2023 and 2022.

SEGMENTED CONSOLIDATED STATEMENTS OF (LOSS) INCOME FROM CONTINUING OPERATIONS

YEAR ENDED DECEMBER 31, 2023	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON (1)	VANCOUVER	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	$220,826	$258,911	$41,452	$51,243	$(8,452)	$563,980
Property operating costs	(112,565)	(97,970)	(22,423)	(18,411)	4,420	(246,949)
Operating income	$108,261	$160,941	$19,029	$32,832	$(4,032)	$317,031
Interest income						53,605
Interest expense						(107,073)
General and administrative expenses						(23,577)
Condominium marketing expenses						(538)
Amortization of other assets						(1,499)
Transaction costs						(167)
Net loss from joint venture						(15,622)
Fair value loss on investment properties and investment properties held for sale						(772,652)
Fair value gain on Exchangeable LP Units						28,696
Fair value loss on derivative instruments						(8,535)
Impairment of residential inventory						(15,376)
Net loss from continuing operations						$(545,707)

(1) Includes Allied's proportionate share of revenue and expenses of its investment in TELUS Sky.
(2) This is an adjustment to remove the impact of the TELUS Sky joint venture from the Calgary and Edmonton results, to arrive at the equity method of accounting.

YEAR ENDED DECEMBER 31, 2022	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON (1)	VANCOUVER	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	$209,163	$230,638	$39,561	$46,877	$(6,771)	$519,468
Property operating costs	(106,385)	(85,416)	(20,417)	(15,885)	3,843	(224,260)
Operating income	**$102,778**	**$145,222**	**$19,144**	**$30,992**	**$(2,928)**	**$295,208**
Interest income						32,080
Interest expense						(72,802)
General and administrative expenses						(22,593)
Condominium marketing expenses						(602)
Amortization of other assets						(1,325)
Net loss from joint venture						(3,161)
Fair value loss on investment properties and investment properties held for sale						(73,750)
Fair value gain on derivative instruments						37,343
Impairment of residential inventory						(15,729)
Net income from continuing operations						**$174,669**

(1) Includes Allied's proportionate share of revenue and expenses of its investment in TELUS Sky.
(2) This is an adjustment to remove the impact of the TELUS Sky joint venture from the Calgary and Edmonton results, to arrive at the equity method of accounting.

24. INCOME TAXES

Allied qualifies as a Real Estate Investment Trust and Mutual Fund Trust for income tax purposes. Pursuant to its Declaration of Trust, it also distributes or designates substantially all of its taxable income to Unitholders and deducts such distributions or designations for income tax purposes. Accordingly, there is no entity level tax and no provision for current and deferred income taxes in the financial statements. Income tax obligations relating to distributions of Allied are the obligations of the Unitholders.

25. RELATED PARTY TRANSACTIONS

Allied's related parties include its subsidiaries, nominee corporations, Allied Properties Management Trust, Allied Properties Management Limited Partnership, Allied Properties Management GP Limited, Allied Properties Exchangeable Limited Partnership, Allied Properties Exchangeable GP Inc., the TELUS Sky joint venture, key management personnel and their close family members.

Allied engages in third-party property management business, including the provision of services for properties in which a former trustee of Allied has an ownership interest. For the year ended December 31, 2023, real estate service revenue earned from these properties was $395 (December 31, 2022 - $405).

As of May 2, 2023, Allied engaged a private company controlled by a trustee to provide consulting services. For the year ended December 31, 2023, Allied incurred $712 (December 31, 2022 - $nil).

As at December 31, 2023, the loan to the TELUS Sky joint venture has a balance outstanding of $93,291 (December 31, 2022 - $113,287) (see note 8).

The transactions are in the normal course of operations and were measured at the amount set out in agreement between the respective related parties. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

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

	YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Salary, bonus and other short-term employee benefits	**$4,154**	$4,452
Unit-based compensation	**3,062**	4,328
Total	**$7,216**	$8,780

26. RISK MANAGEMENT

(a) *Capital management*

Allied defines capital as the aggregate of equity, Exchangeable LP Units, mortgages payable, construction loans payable, promissory note payable, Unsecured Facility, Unsecured Debentures, Unsecured Term Loans and lease liabilities. Allied manages its capital to comply with investment and debt restrictions pursuant to the Declaration of Trust, to comply with debt covenants, to ensure sufficient operating funds are available to fund business strategies, to fund leasing and capital expenditures, to fund acquisitions and development activities of properties, and to provide stable and growing cash distributions to Unitholders.

Various debt, equity and earnings distributions ratios are used to monitor capital adequacy requirements. For debt management, debt to gross book value and fair value, debt average term to maturity, and variable debt as a percentage of debt are the primary ratios used in capital management. The Declaration of Trust requires Allied to maintain debt to gross book value, as defined by the Declaration of Trust, of less than 60% (65% including convertible debentures, if any). As at December 31, 2023, the debt to gross book value ratio was 34.7% (December 31, 2022 - 35.6%).

On June 2, 2021, Allied filed a short form base shelf prospectus allowing for the issuance, from time to time, of Units and debt securities, or any combination thereof having an aggregate offering price of up to $3,000,000. This document was valid for a 25-month period ending on July 2, 2023. The short form base shelf prospectus filed on June 2, 2021, was amended on November 11, 2021 (the “Shelf Prospectus”), and was filed in each of the provinces and territories of Canada. On November 12, 2021, Allied filed a prospectus supplement to its Shelf Prospectus, allowing Allied to offer and issue Units under the ATM Program up to $300,000. Distributions of Units under the ATM Program were made pursuant to the terms of an equity distribution agreement (the “Distribution Agreement”) dated November 12, 2021, entered into among Allied, Goldman Sachs Canada Inc., National Bank Financial Inc. and Scotia Capital Inc. The volume and timing of any distributions of Units under the ATM Program was determined in Allied’s sole discretion. The ATM Program was effective until July 2, 2023.

Allied has certain key financial covenants in its Unsecured Debentures, Unsecured Facility and Unsecured Term Loans. The key financial covenants include debt service ratios and leverage ratios, as defined in the respective agreements. These ratios are evaluated by Allied on an ongoing basis to ensure compliance with the agreements. Allied was in compliance with each of the key financial covenants under these agreements as at December 31, 2023.

(b) *Market risk*

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in market prices. Allied is exposed to interest rate risk on its borrowings. All of Allied's mortgages payable as at December 31, 2023, are at fixed interest rates and are not exposed to changes in interest rates during the term of the debt. However, there is interest rate risk associated with Allied's fixed interest rate term debt due to the expected requirement to refinance such debts upon maturity. As fixed rate debt matures and as Allied utilizes additional floating rate debt under the Unsecured Facility, Allied will be further exposed to changes in interest rates. As at December 31, 2023, the Unsecured Facility, which is at a floating interest rate and is exposed to changes in interest rates, had a balance outstanding of $nil (December 31, 2022 - $440,000). Also, Allied has construction loans payable, of which $267,951 (December 31, 2022 - $138,240) is subject to floating interest rates and is exposed to changes in interest rates. In addition, there is a risk that interest rates will fluctuate from the date Allied commits to a debt to the date the interest rate is set with the lender. As part of its risk management program, Allied endeavours to maintain an appropriate mix of fixed rate and floating rate debt, to stagger the maturities of its debt and to minimize the time between committing to a debt and the date the interest rate is set with the lender.

The following table illustrates the annualized sensitivity of income and equity to a reasonably possible change in interest rates of +/- 1.0%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. This includes mortgages payable due within one year which have a fixed rate as at the reporting date, but are subject to interest rate risk upon refinancing. All other variables are held constant.

		-1.0%	+1.0%
AS AT DECEMBER 31, 2023	**CARRYING AMOUNT**	**INCOME IMPACT**	**INCOME IMPACT**
Construction loans payable [1]	$267,951	$2,680	$(2,680)
Mortgages payable due within one year	$49,345	$493	$(493)

(1) Includes a variable rate construction loan of $90,900 due within one year.

(c) *Unit price risk*

Unit price risk arises from the unit-based compensation liabilities and Exchangeable LP Units 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 (loss) income and comprehensive (loss) income when the Unit price declines.

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

		-$1.00	+$1.00
AS AT DECEMBER 31, 2023	CARRYING AMOUNT	INCOME IMPACT	INCOME IMPACT
Unit-based compensation liabilities	$1,938	$371	$(371)
Exchangeable LP Units	$238,309	$11,809	$(11,809)

(d) *Credit risk*

As Allied has provided loans and advances to facilitate property development, further credit risks arise in the event that borrowers default on the repayment of their amounts owing to Allied. Allied's loans and advances will be subordinate to prior ranking mortgages or charges. As at December 31, 2023, Allied had $509,697 outstanding in loans receivable (December 31, 2022 - $432,032) and $93,291 outstanding in joint venture loan receivable (December 31, 2022 - $113,287). In the event of a large commercial real estate market correction, the fair market value of an underlying property may be unable to support the loan value. Allied mitigates this risk by obtaining corporate guarantees and/or registered mortgage charges and assignment of leases, performing credit checks on potential borrowers, monitoring the financial and operating performance of borrowers, monitoring the status of development projects and ensuring interest payments are made on time. The expected credit losses estimated by Management, giving consideration to the factors above, as at December 31, 2023, are $nil (December 31, 2022 - $nil) (note 9).

Credit risk from user receivables arises from the possibility that users may experience financial difficulty and be unable to fulfill their lease commitments, resulting in Allied incurring a financial loss. Allied manages credit risk to mitigate exposure to financial loss by staggering lease maturities, diversifying revenue sources over a large user base, ensuring no individual user contributes a significant portion of Allied's revenues and conducting credit reviews of new users. The expected credit losses estimated by Management at December 31, 2023, are $11,722 (December 31, 2022 - $11,336) (note 11 (a)).

Allied considers that all the financial assets that are not impaired or past due for each of the reporting dates under review are of good quality. The carrying amount of accounts receivable best represents Allied's maximum exposure to credit risk. None of Allied's financial assets are secured by collateral or other credit enhancements.

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

	DECEMBER 31, 2023	DECEMBER 31, 2022
Less than 30 days	**$1,702**	$1,677
30 to 60 days	**1,318**	3,129
More than 60 days	**14,047**	15,058
Total	**$17,067**	$19,864

(e) *Liquidity risk*

Liquidity risk arises from the possibility of not having sufficient capital available to fund ongoing operations or the ability to refinance or meet obligations as they come due. Mitigation of liquidity risk is also managed through credit risk as discussed above. A portion of Allied's assets have been pledged as security under the related mortgages and other security agreements. Contractual interest rates on the mortgages payable are between 2.77% and 4.29% for December 31, 2023 (December 31, 2022 - 2.77% and 4.30%).

Allied entered into interest rate derivative contracts to limit its exposure to fluctuations in interest rates on $650,000 of its variable rate unsecured term loans and $39,062 of its construction loans (December 31, 2022 - $650,000 and $85,485, respectively). Allied does not have any variable rate mortgages. Gains or losses arising from the change in fair values of the interest rate derivative contracts are recognized in the Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income. For the year ended December 31, 2023, Allied recognized as part of the change in fair value adjustment on derivative instruments a fair value loss of $(8,535) (December 31, 2022 - fair value gain of $37,343).

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:

	2024	2025	2026	2027	2028	THEREAFTER	TOTAL
Mortgages payable	$52,537	$8,625	$23,982	$1,870	$15,875	$21,811	$124,700
Construction loans payable	119,950	214,486	—	—	—	—	334,436
Unsecured Debentures	74,485	270,849	662,035	352,188	342,822	1,283,047	2,985,426
Unsecured Term Loans	28,200	424,521	250,359	—	—	—	703,080
Total	**$275,172**	**$918,481**	**$936,376**	**$354,058**	**$358,697**	**$1,304,858**	**$4,147,642**

27. COMMITMENTS AND CONTINGENCIES

Allied has entered into commitments relating to development and upgrade activity. The commitments as at December 31, 2023, were $168,071 (December 31, 2022 - $247,819).

Commitments as at December 31, 2023, of $406 (December 31, 2022 - $510) were held within equity accounted investments.

Allied is subject to legal and other claims in the normal course of business. Management and legal counsel evaluate all claims. In the opinion of Management these claims are generally covered by Allied's insurance policies and any liability from such remaining claims are not probable to occur and would not have a material effect on the consolidated financial statements.

Allied, through a financial intermediary, has issued letters of credit in the amount of $23,226 as at December 31, 2023 (December 31, 2022 - $23,952).

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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