ALLIED

Allied Announces First-Quarter Results

TORONTO, APRIL 28, 2021

Allied Properties Real Estate Investment Trust ("Allied") (TSX: "AP.UN") today announced results for its first quarter ended March 31, 2021. "Despite ongoing shut-downs across Canada, our operating and leasing momentum continued to accelerate in the first quarter," said Michael Emory, President & CEO. "We collected 97.6% of our rental revenue. Of the 2.4% we deferred, we expect to collect 1.5% under the Canada Emergency Rent Subsidy. Same-asset NOI and FFO per unit were in-line with the comparable (pre-shut-down) quarter last year, while AFFO per unit was up 3%. The quarter once again confirmed that our team, our properties and our user-base are resilient."

OPERATIONS

Gross monthly rent due in the first quarter was $169 million. 1.2% of the total amount due derives from parking use, 8.3% from retail use, 16% from urban-data-centre (UDC) use and 74.5% from office use. Allied collected 97.6% of the total amount due in the quarter and afforded deferrals aggregating $4.0 million, primarily to storefront retail users, at least $2.5 million of which is expected to be paid pursuant to the Canada Emergency Rent Subsidy (CERS). Management continues the process of scaling down its pandemic-related deferral program through extensive case-by-case discussions with Allied's storefront retail users, most of which are exceptionally well located in downtown Toronto. Accordingly, Allied recorded a smaller provision in the first quarter ($241,000), bringing the total provision in relation to deferrals to $3 million. Allied has not yet utilized any portion of the provision.

LEASING

In the second half of 2020 and thus far in 2021, Allied experienced accelerating leasing momentum in both its urban-workspace portfolio and UDC portfolio. Most notably, Allied leased 22,447 square feet of space at 250 Front Street West in April of this year, bringing the leased area of that facility to 85.9% and the leased area of its UDC portfolio to 93.8%.

The occupied area of Allied's rental portfolio at the end of the first quarter was 91.4%, down 3.1% from the end of the comparable quarter, with leased area at 91.9%, down 2.9% from the end of the comparable quarter. While the decline in occupancy and leased area occurred during the global pandemic, the majority related to ongoing building transformation in Montréal, Toronto and Calgary and was not caused by the pandemic.

The average in-place net rent per occupied square foot at the end of the first quarter was $24.13, up 5.3% from the end of the comparable quarter. More than any other single operating performance indicator, this reflects the accelerating leasing momentum Allied experienced in the second half of 2020 and the first quarter of 2021.

Allied renewed or replaced leases for 71.8% of the space that matured in the quarter. This resulted in an overall increase of 5.4% in net rent per square foot from the affected space (10.6% excluding leases that matured in Calgary) and a weighted-average lease term of 5.7 years for the entire rental portfolio.

FIRST-QUARTER RESULTS

Allied's financial and operating results are summarized below:

	AS AT MARCH 31			
(In thousands except for per unit and % amounts)	2021	2020	CHANGE	% CHANGE
Investment properties	**$8,925,155**	$8,232,495	$692,660	8.4%
Unencumbered investment properties	**$6,942,140**	$6,012,110	$930,030	15.5%
Cost of PUD as a % of GBV	**10.0%**	9.7%	0.3%	—
NAV per unit	**$48.72**	$48.17	$0.55	1.1%
Total indebtedness ratio	**31.1%**	27.2%	3.9%	—
Annualized Adjusted EBITDA	**$356,184**	$342,576	$13,608	4.0%
Net debt as a multiple of Annualized Adjusted EBITDA	**7.9x**	6.8x	1.1x	—
Interest-coverage ratio including capitalized interest and excluding prepayment costs	**3.3x**	3.3x	—	—

	FOR THE THREE MONTHS ENDED MARCH 31			
(In thousands except for per unit and % amounts)	2021	2020	CHANGE	% CHANGE
Adjusted EBITDA	**$89,046**	$85,644	$3,402	4.0%
Net income excluding fair value adjustments and prepayment costs	**$62,870**	$60,717	$2,153	3.5%
Net income	**$77,522**	$254,913	$(177,391)	(69.6%)
Same asset NOI - rental portfolio	**$78,517**	$78,731	$(214)	(0.3%)
Same asset NOI - total portfolio	**$79,987**	$79,763	$224	0.3%
FFO	**$59,415**	$71,089	$(11,674)	(16.4%)
All amounts below are excluding condominium related items and prepayment costs				
FFO	**$73,797**	$71,676	$2,121	3.0%
FFO per unit (diluted)	**$0.580**	$0.582	$(0.002)	(0.3%)
FFO pay-out ratio	**73.3%**	70.8%	2.5%	—
AFFO	**$66,329**	$62,367	$3,962	6.4%
AFFO per unit (diluted)	**$0.521**	$0.506	$0.015	3.0%
AFFO pay-out ratio	**81.6%**	81.4%	0.2%	—

The operating results are summarized below:

	FOR THE THREE MONTHS ENDED MARCH 31			
	2021	2020	CHANGE	% CHANGE
Leased area	**91.9%**	94.8%	(2.9%)	—
Occupied area	**91.4%**	94.5%	(3.1%)	—
Average in-place net rent per occupied square foot	**$24.13**	$22.91	$1.22	5.3%
Renewal and replacement rate for leases maturing in the period	**71.8%**	61.2%	10.6%	—
Increase in net rent on maturing leases	**5.4%**	24.2%	(18.8%)	—

In the first quarter, same-asset NOI and FFO per unit were in-line with the comparable quarter last year, and AFFO per unit was up 3%, even though rental revenue was depressed temporarily as a result of (i) a reduction in the variable component of parking revenue and (ii) the provision booked in relation to deferrals. In addition, NAV per unit increased by 1.1% from the comparable quarter last year.

ALLOCATION OF CAPITAL AND FUNDING

Allied continues to make small, strategic in-fill acquisitions, principally in downtown Toronto. These afford respectable yields and augment existing concentrations with future intensification potential. Allied allocated $100 million to acquisitions like these in 2020 and another $33 million in the first quarter. Allied expects to continue allocating relatively small amounts of capital in this way over the remainder of the year.

Allied continues to allocate large amounts of capital to development activity with completion and return estimates remaining intact. Management estimates that current developments will increase Allied's annual EBITDA by approximately $79 million and have a weighted average lease term of 13 years.

OUTLOOK

Allied's internal forecast for 2021 calls for low-to-mid-single-digit percentage growth in each of same-asset NOI, FFO per unit and AFFO per unit. While Allied does not forecast NAV per unit growth, it does expect to propel further growth in 2021. Allied also expects to allocate a large amount of capital in 2021 with the same strategic coherence and discipline it demonstrated in prior years.

There are material areas of uncertainty in the current economic environment, one of the most significant for commercial real estate being the lack of visibility as to how office users, retail users and consumers will respond once physical-distancing measures are lifted or relaxed across Canada. There is also limited visibility as to the ultimate extent and severity of the general economic disruption flowing from the global pandemic.

Allied continues to have deep confidence in, and commitment to, its strategy of consolidating and intensifying distinctive urban workspace and network-dense UDCs in Canada's major cities. Allied firmly believes that its strategy is underpinned by the most important secular trends in Canadian and global real estate. Allied also firmly believes that it has the properties, the financial strength, the people and the platform necessary to execute its strategy for the ongoing benefit of its unitholders.

CAUTIONARY STATEMENTS

FFO, AFFO, NAV, EBITDA, Adjusted EBITDA, total debt and net debt are not financial measures defined by International Financial Reporting Standards ("IFRS"). Please see Allied's MD&A for a description of these measures and their reconciliation to financial measures defined by IFRS, as presented in Allied's most recent financial statements. These statements, together with accompanying notes and MD&A, have been filed on SEDAR, *www.sedar.com*, and are also available on Allied's website, *www.alliedreit.com*.

NOI is not a measure recognized under IFRS and does not have any standardized meaning prescribed by IFRS. NOI is presented in this press release because Management of Allied believes that this non-IFRS measure is an important financial performance indicator. NOI, as computed by Allied, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to NOI reported by such organizations.

This press release may contain forward-looking statements with respect to Allied, its operations, strategy, financial performance and condition and the expected impact of the global pandemic and consequent economic disruption. These statements generally can be identified by use of forward-looking words such as "forecast", "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. Allied's actual results and performance discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including the effect of the global pandemic and consequent economic disruption. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under "Risk Factors" in Allied's Annual Information Form which is available at *www.sedar.com*. The cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release, and Allied has no obligation to update such statements.

ABOUT ALLIED

Allied is a leading owner, manager and developer of (i) distinctive urban workspace in Canada's major cities and (ii) network-dense urban data centres in Toronto that form Canada's hub for global connectivity. Allied's business is providing knowledge-based organizations with distinctive urban environments for creativity and connectivity.

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