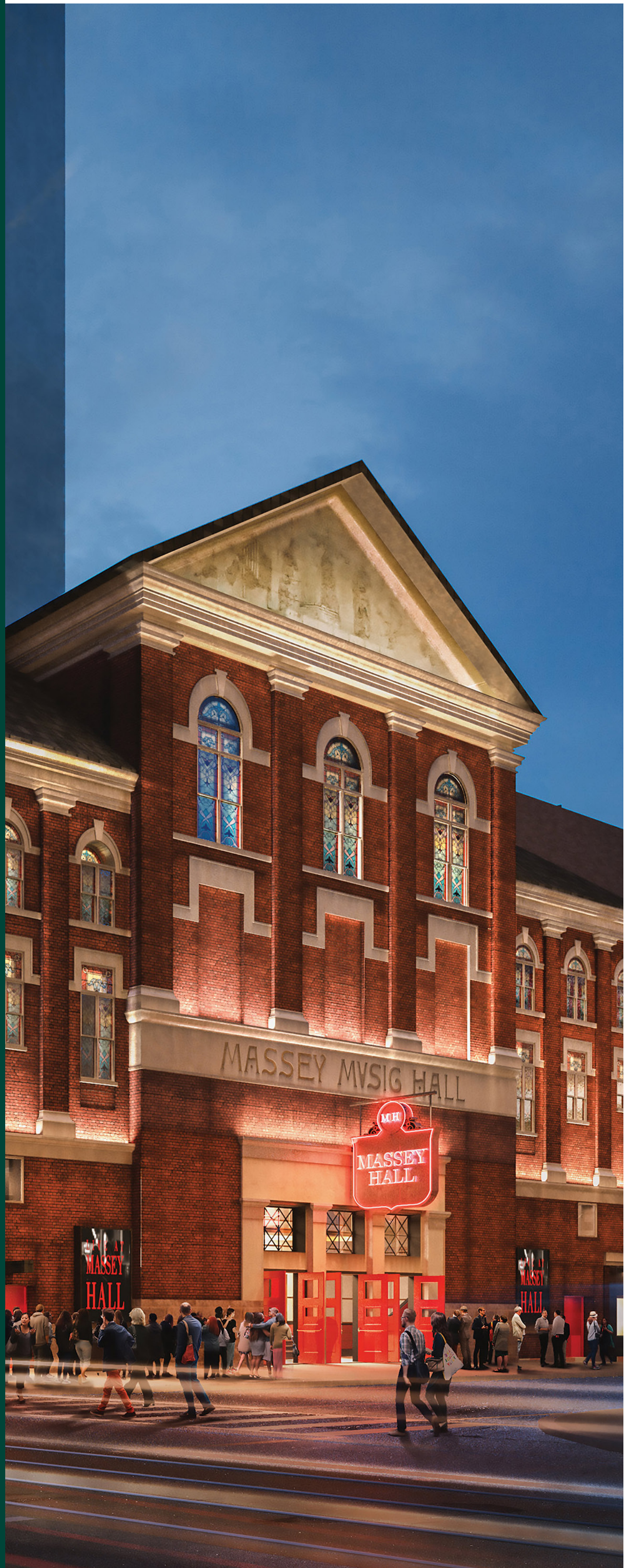
ALLIED



Quarterly Report September 30, 2021

Urban environments for creativity and connectivity

10.26.21

ALLIED

Quarterly Report

September 30, 2021

Contents

Letter to Unitholders

Dear Fellow Unitholder:

Near universal consensus on vaccine mandates and passports bolstered the success of Canada's vaccination program in the third quarter. This is restoring the confidence necessary for people to return safely to a vibrant form of urban life. Canadian business is beginning to play its crucial role in leading the return.

RESULTS

We saw and felt the growing restoration of confidence in our business throughout the third quarter. FFO per unit rose to a record level of 62.4 cents, AFFO per unit came in at 51.9 cents, leasing activity exceeded our expectations, and we made significant and measurable progress with our ESG program. Average in-place net rent per occupied square foot rose again, coming in at $24.62 compared to $24.30 in the second quarter and $23.61 in the comparable quarter last year. Our urban workspace and UDC space has become more productive over the past seven quarters, and demand for this space has continued to accelerate since the third quarter of last year.

OUTLOOK

We continue to have deep confidence in our strategy of operating distinctive urban workspace and UDCs in Canada's major cities. We continue to expect our operating and development environment to be generally favourable in 2021. Our 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 we do not forecast NAV per unit growth, we do expect to propel further growth in 2021.

ESG

In 2018, we made a commitment to submit formally to independent ESG scrutiny by 2020. The most important single step in that regard was to obtain a GRESB Real Estate Assessment and to provide an ESG Report, which we did in November and December of last year. Our GRESB score was 64, recognized as a “strong first-year showing”. In addition to strengths, the assessment identified clear opportunities for improvement in our ESG practices and disclosure.

Our second annual GRESB score was 80, representing material progress in multiple areas over the initial assessment. Over the course of 2021, we also completed our first formal ESG Strategy, which set goals and targets for Allied’s ESG priorities. We also aligned our Second Annual ESG Report with (i) the Global Reporting Initiative (GRI) and (ii) the Sustainability Accounting Standards Board (SASB) Real Estate Standard. Our Third Annual ESG Report, scheduled for release in mid-2022, will also outline our progress in adopting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Allied’s Board and Management are committed to making our approach to ESG more manifest, deliberate and measurable. We have always believed that submitting to informed scrutiny will make us a better and more successful business, and formally submitting to ESG scrutiny is no exception in this regard.

* * *

If you have any questions or comments, please don’t hesitate to call me at (416) 977-0643 or e-mail me at **memory@alliedreit.com**.

Yours truly,

Michael Emory

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Management's Discussion and Analysis of Results of Operations and Financial Condition as at September 30, 2021

Section I
–Overview

Allied is an unincorporated closed-end real estate investment trust created pursuant to the Declaration of Trust ("Declaration of Trust") dated October 25, 2002, as amended and restated from time to time, most recently on May 10, 2021. 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.sedar.com.

This Management's Discussion and Analysis ("MD&A") of results of operations and financial condition relates to the three and nine months ended September 30, 2021. 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 October 26, 2021, and should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto for the three and nine months ended September 30, 2021. 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-IFRS Measures and Forward-Looking Statements on pages 19 and 20, respectively.

Q3 2021 Operating and Financial Highlights

Above all, we are operators. For us, 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 and UDC space effectively and profitably.

Q3 Operating Results

LEASED AREA

90.6%

OCCUPIED AREA

90.3%

AVERAGE IN-PLACE NET RENT PER OCCUPIED SQUARE FOOT

$24.62

↑ 4.3%

RENT GROWTH ON MATURING SPACE

Rental portfolio

12.5%

WEIGHTED AVERAGE REMAINING LEASE TERM IN YEARS

Rental portfolio

5.6

Q3 Financial Results

SAME ASSET NOI - RENTAL PORTFOLIO [1]

↑6.3%

$85.7M

FFO PER UNIT [1][2]

$0.624

↑ 10.1%

AFFO PER UNIT [1][2]

$0.519

↑ 7.9%

ESG Results

2021 GRESB SCORE FOR STANDING INVESTMENTS

80/100

Up from

64/100 in 2020

Q3 Capital Allocation

$163.3M

Allocated to acquisitions

$78.8M

Allocated to development

Q3 Funding

$500M

Green bond

$297.7M

Of liquidity [3]

Q3 Balance Sheet

NET DEBT AS A MULTIPLE OF ANNUALIZED ADJUSTED EBITDA [1]

8.9x

TOTAL INDEBTEDNESS RATIO [1]

32.9%

INTEREST COVERAGE RATIO [1][4]

3.4x

UNENCUMBERED INVESTMENT PROPERTIES [1]

$8.7B

93.6%

of investment properties

(1) This is a non-IFRS measure, refer to page 19.
(2) Excluding condominium related items and financing prepayment costs on a diluted basis.
(3) Liquidity is the sum of cash and cash equivalents and the undrawn portion of Allied's unsecured revolving operating facility as at September 30, 2021.
(4) Including interest capitalized and excluding financing prepayment costs.

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 SEPTEMBER 30, 2021	THREE MONTHS ENDED SEPTEMBER 30, 2020	NINE MONTHS ENDED SEPTEMBER 30, 2021	NINE MONTHS ENDED SEPTEMBER 30, 2020	YEAR ENDED DECEMBER 31, 2020
Leased area			90.6%	93.3%	92.5%
Occupied area			90.3%	92.9%	92.1%
Average in-place net rent per occupied square foot			24.62	23.61	23.88
Renewal and replacement rate for leases maturing in the period			62.3%	70.8%	78.3%
Increase in net rent on maturing leases			10.6%	19.3%	17.2%
Investment properties (1)			9,335,726	8,689,805	8,809,685
Unencumbered investment properties (2)			8,738,850	6,414,100	6,463,680
Cost of PUD as % of GBV (2)			10.8%	9.9%	9.0%
NAV per Unit (2)(3)			49.50	48.29	48.54
Total indebtedness ratio (2)			32.9%	28.8%	29.2%
Annualized Adjusted EBITDA (2)			365,609	344,700	349,023
Net debt as a multiple of Annualized Adjusted EBITDA (2)			8.9x	7.3x	7.7x
Interest-coverage ratio - including interest capitalized and excluding financing prepayment costs (2)(5)			3.4x	3.3x	3.4x
Adjusted EBITDA (2)	93,941	87,452	274,207	258,525	349,023
Net income excluding fair value adjustments and financing prepayment costs (2)(4)(5)	68,959	59,973	198,140	178,120	242,431
Net income	107,185	69,013	283,230	416,887	500,729
Same Asset NOI - rental portfolio (2)	85,719	80,641	235,881	229,520	287,417
Same Asset NOI - total portfolio (2)	87,076	81,681	244,270	233,353	288,802
FFO (2)	41,690	70,276	177,685	209,990	284,732
All amounts below are excluding condominium related items and financing prepayment costs (2)(5):					
FFO	79,537	70,486	230,039	210,815	285,784
FFO per Unit (diluted)	0.624	0.567	1.806	1.705	2.295
FFO payout-ratio	68.0%	72.9%	70.6%	72.5%	71.9%
AFFO	66,132	59,796	200,441	183,380	248,003
AFFO per Unit (diluted)	0.519	0.481	1.573	1.484	1.991
AFFO payout-ratio	81.8%	85.9%	81.0%	83.4%	82.8%

(1) This measure is presented on either a proportionate consolidation or IFRS basis; refer to Section II, Section V or Section VI for a reconciliation of these measures.
(2) This is a non-IFRS measure, refer to page 19.
(3) Net asset value per Unit is calculated as follows: total Unitholders' equity as at the corresponding period ended, (per the unaudited condensed consolidated balance sheets) divided by the actual number of Units outstanding at period-end.
(4) Includes fair value losses of $888 and $730 related to an equity accounted investment for the three and nine months ended September 30, 2021, respectively (September 30, 2020 - fair value losses of $1,446 and $2,225, respectively).
(5) For the three and nine months ended September 30, 2021, Allied incurred $37,728 and $51,889, respectively (September 30, 2020 - $nil and $nil, respectively) of financing prepayment costs in connection with the favourable refinancing of unsecured debentures and first mortgages.

SUMMARY OF RENTAL PROPERTIES

194 Rental Properties valued at $8.2B

(Not including 11 Properties Under Development valued at $1.2B)

TOTAL RENTAL PORTFOLIO GLA

14.1M SF

VANCOUVER
WESTERN REGION

644K SF

LEASED	91.9%
MARKET OCCUPANCY (1)	92.4%
PROPERTIES	12
EMPLOYEES	12

CALGARY
WESTERN REGION

1.2M SF

LEASED	85.4%
MARKET OCCUPANCY (1)	67.1%
PROPERTIES	30
EMPLOYEES	38

KITCHENER
CENTRAL REGION

562K SF

LEASED	96.9%
MARKET OCCUPANCY (1)(2)	77.8%
PROPERTIES	5
EMPLOYEES	4

TORONTO
CENTRAL REGION

4.8M SF

INCLUDING URBAN DATA CENTRES

510K SF

LEASED	95.1%
MARKET OCCUPANCY (1)	90.1%
PROPERTIES	105
UDC PROPERTIES	3
ANCILLARY PARKING FACILITIES	9
EMPLOYEES	207

MONTRÉAL
EASTERN REGION

6.7M SF

LEASED	87.5%
MARKET OCCUPANCY (1)	86.8%
PROPERTIES	31
EMPLOYEES	91

OTTAWA
EASTERN REGION

231K SF

LEASED	99.0%
MARKET OCCUPANCY (1)	89.5%
PROPERTIES	2
EMPLOYEES	4

(1) Source: cbre.ca, CBRE Canada Q3 2021 Quarterly Statistics Report.
(2) Kitchener market occupancy is based on the city of Waterloo market occupancy.

BUSINESS OVERVIEW AND STRATEGY

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.

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, manager and developer of distinctive urban workspace in Canada's major cities.

URBAN DATA CENTRE ("UDC") SPACE

In addition to providing urban workspace, Allied provides network-dense UDC space in Downtown Toronto. Allied established this capability in 2009 through the acquisition of 151 Front W, the largest internet exchange point in Canada and the third largest in North America. Allied has since expanded this capability by retrofitting a portion of 905 King W and a portion of 250 Front W. Just as Allied's workspace does, this space provides knowledge-based businesses with distinctive urban environments for creativity and connectivity. Allied's deep expertise in adaptively re-using urban structures has contributed meaningfully to its success in operating network-dense data centre space in Downtown Toronto.

WORKSPACE INNOVATION

Allied's experience informed 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.

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 will be 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.

Allied's acquisition of 1001 Boulevard Robert-Bourassa in Montréal (formerly named 700 de la Gauchetière) in July of 2019 is another good example. Through a user-led transformation, a small portion of the workspace at this property was improved in a manner consistent with the distinctive urban workspace environments that Allied develops, owns and operates. In fact, this workspace is strikingly similar to workspace occupied by Ubisoft, Framestore and Sun Life Financial at Allied's de Gaspé properties in Montréal. Allied intends to complete on a vertical plane the kind of building transformation it has completed so often on a more horizontal plane. In doing so, Allied expects to augment its ability to serve knowledge-based organizations, as well as adding meaningful value to 1001 Boulevard Robert-Bourassa over a three- to five-year timeframe.

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 of us*. 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.

Real estate is no longer a passive investment or a static tolling business. It is a profoundly human business that needs to keep pace with demographic and technological change, as well as the ongoing change in human attitudes and values. It needs to be run with future generations in mind. This means we have to run commercial real estate to save the global environment, not destroy it. It means we have to foster human wellness, not undermine it. It means we have to promote diversity, not impose uniformity. It means we have to facilitate creativity, not encourage conformity. Finally, it means we have to build and operate as city builders.

City builders see commercial real estate as an integral part of a much larger ecosystem of infrastructure, buildings and people. The ecosystem, of course, is the city. We can only build cities well if they endure, if they stand the test of time. This means cities have to be sustainable and conducive to human wellness, creativity, connectivity and diversity. Put differently, it means they have to elevate and inspire the humanity in all of us.

City building requires commitment, innovation and imagination, something Allied strives for on an ongoing basis. In an era of remarkable and continuous urban intensification, city building is essential to sustained profitability in real estate. Sporadic profitability is achievable without reference to the principles of city building. Merchant development of commoditized structures in a boom market illustrates this perfectly. Sustained profitability, on the other hand, requires adherence to the principles of city building. It follows that Allied's vision and mission statements are the aspirational context within which Allied pursues sustained profitability for the benefit of its unitholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Allied made a commitment to submit formally to independent scrutiny of its ESG performance by 2020. The most important single step was to obtain a GRESB (formerly Global Real Estate Sustainability Benchmark) Assessment and to provide an annual ESG Report, which Allied did in November and December of last year. Allied's GRESB score was 64, recognized as a "strong first-year showing". In addition to strengths, the assessment identified clear opportunities for improvement in Allied's ESG practices and disclosure.

Allied's second annual GRESB score was 80, representing material progress in multiple areas over the initial assessment. Over the course of 2021, Allied also completed its first formal ESG Strategy, which set goals and targets for Allied's ESG priorities. Allied also aligned its Second Annual ESG Report with (i) the Global Reporting Initiative (GRI) and (ii) the Sustainability Accounting Standards Board (SASB) Real Estate Standard. Allied's Third Annual ESG Report, scheduled for release in mid-2022, will also outline Allied's progress in adopting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

We believe environmental, social and governance sensitivities are an integral part of Allied. They flow from Allied's evolution as an organization focused on the provision of distinctive urban workspace and network-dense UDC space 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.

Allied's Board and Management are committed to making the inherent approach to ESG more manifest, deliberate and measurable. They have always believed that submitting to informed scrutiny will make it a better business, and formally submitting to ESG scrutiny is no exception in this regard. The Board and Management look forward to your feedback.

The Trustees are responsible for the oversight of the ESG strategy and initiatives developed by Management. Allied has established an ESG Committee to assist Management and the Board in defining, designing, implementing, expanding and evaluating Allied's ESG strategy and initiatives. The ESG Committee reports and makes recommendations to Management and the Board at least annually.

On December 8, 2020, Massey Hall announced that Allied made a landmark contribution to the Massey Hall Revitalization. This transformative support expands the project's original scope and introduces Canada's premiere multi-purpose performance facility, Allied Music Centre, home of historic Massey Hall. This partnership with Massey Hall will enable Allied to contribute meaningfully to its communities over an extended period of time. It will also enrich the experience of the many creative organizations and people who use Allied's urban workspace across the country.

On December 17, 2020, Allied obtained a $232.5 million green construction loan (at Allied's share) for the KING Toronto development. The proceeds of the construction loan have been used towards achieving a minimum LEED Gold Certification at the KING Toronto development.

On February 3, 2021, Allied announced its Green Financing Framework (the "Framework") under which Allied or any of its subsidiaries may issue green bonds, green loans, or other financial instruments to finance and/or re-finance eligible green projects, as defined in the Framework. Allied obtained a second party opinion from Sustainalytics, a provider of ESG research and analysis, confirming that the Framework aligns with the International Capital Markets Association Green Bond Principles 2018 and the Loan Market Association's Green Loan Principles 2020. On February 12, 2021, Allied closed its inaugural $600 million green bond issuance and on August 6, 2021, Allied closed on an additional $500 million green bond issuance, both under its Framework. Allied will provide annual updates on its website and/or in its Annual Report or ESG Report until the net proceeds of a green financing are fully allocated to eligible green projects.

Copies of Allied's ESG Report, Green Financing Framework and Sustainalytics' second party opinion are available on Allied's website at www.alliedreit.com/company/esg.

BUSINESS ENVIRONMENT AND 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.

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 and other constituents.

The foregoing sections contain non-IFRS measures and forward-looking statements. Refer to Non-IFRS Measures and Forward Looking Statements below.

NON-IFRS MEASURES

Readers are cautioned that certain terms used in the MD&A such as Funds from Operations ("FFO"), Funds from Operations excluding condominium related items and financing prepayment costs ("FFO excluding condominium related items and financing prepayment costs"), Adjusted Funds from Operations ("AFFO"), Adjusted Funds from Operations excluding condominium related items and financing prepayment costs ("AFFO excluding condominium related items and financing prepayment costs"), Net Rental Income ("NRI") (a non-IFRS measure on a consolidated basis), Net Operating Income ("NOI"), "Same Asset NOI", Normalized Last Quarter Annualized NOI ("Normalized LQA NOI"), Net Asset Value ("NAV"), Gross Book Value ("GBV"), Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), Annualized Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Annualized Adjusted EBITDA"), "Net debt as a multiple of Annualized Adjusted EBITDA", "Payout Ratio", "Interest Coverage", "Net Debt to Adjusted EBITDA", "Net Effective Rent" and 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 or cash flow from operating activities calculated in accordance with IFRS.

These terms are defined in the MD&A and reconciled to the unaudited condensed consolidated financial statements of Allied for the three and nine months ended September 30, 2021. Such 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. See "Other Financial Performance Measures", "Net Operating Income", "Debt" and "Financial Covenants".

Allied applies the equity method of accounting to its joint venture, TELUS Sky, as prescribed under IFRS. Any references to the financial statements refer to amounts as reported under IFRS unless referenced as "proportionate share" or "proportionate basis," which are non-IFRS measures and include the proportionate share of equity accounted investments. Management presents the proportionate share of its interests in joint arrangements that are accounted for using the equity method as it is viewed as more relevant in demonstrating Allied's performance and is the basis of many of Allied's key performance measures. Refer to Section II - Operations, Section V - Asset Profile and Section VI - Liquidity and Capital Resources, for a reconciliation of Allied's unaudited condensed consolidated financial statements as presented under IFRS to the proportionate share basis.

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. 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", "should", "plans", "continue" or similar expressions suggesting future outcomes or events. In particular, certain statements in the Letter to Unitholders, 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 EBITDA due to development activities; expected capital expenditure and allocation over 2021; completion of construction and lease-up in connection with Properties Under Development ("PUDs"); growth of our same asset NOI, FFO per Unit excluding condominium related items and financing prepayment costs and AFFO per Unit excluding condominium related items and financing prepayment costs; continued demand for space in our target markets; the expected effect of the global pandemic and consequent economic disruption; 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 of leasable area; targets for LEED 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 property ownership, property development, geographic focus, asset-class focus, competition for real property investments, financing and interest rates, government regulations, environmental matters, construction liability, taxation, cybersecurity, and COVID-19. 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 continue to provide us with access to capital at a reasonable cost to fund our future growth and potentially refinance our mortgage 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 the Letter to Unitholders, 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 October 26, 2021, 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

The following sets out summary information and financial results for the three and nine months ended September 30, 2021, and the comparable period in 2020. Unless otherwise noted, the figures in this section are presented on a proportionate basis of accounting.

NET INCOME AND COMPREHENSIVE INCOME

The following table reconciles the unaudited condensed consolidated statements of income and comprehensive income, on a proportionate basis, for the three and nine months ended September 30, 2021, and September 30, 2020.

	THREE MONTHS ENDED					
	SEPTEMBER 30, 2021			SEPTEMBER 30, 2020		
	IFRS BASIS	**INVESTMENT IN JOINT VENTURE**	**PROPORTIONATE BASIS**	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Rental revenue	**$142,654**	**$1,163**	**$143,817**	$139,673	$955	$140,628
Property operating costs	**(59,112)**	**(776)**	**(59,888)**	(60,647)	(249)	(60,896)
Net rental income	**83,542**	**387**	**83,929**	79,026	706	79,732
Condominium revenue	**—**	**—**	**—**	65	—	65
Operating income	**$83,542**	**$387**	**$83,929**	$79,091	$706	$79,797
Interest expense	**(54,062)**	**(180)**	**(54,242)**	(19,143)	—	(19,143)
General and administrative expenses	**(4,949)**	**—**	**(4,949)**	(4,917)	—	(4,917)
Condominium marketing expenses	**(119)**	**—**	**(119)**	(275)	(65)	(340)
Amortization of other assets	**(285)**	**—**	**(285)**	(368)	—	(368)
Interest income	**6,897**	**—**	**6,897**	4,944	—	4,944
Fair value gain (loss) on investment properties	**75,965**	**(888)**	**75,077**	10,650	(1,446)	9,204
Fair value gain (loss) on derivative instruments	**877**	**—**	**877**	(164)	—	(164)
Net loss from joint venture	**(681)**	**681**	**—**	(805)	805	—
Net income and comprehensive income	**$107,185**	**$—**	**$107,185**	$69,013	$—	$69,013

Net income and comprehensive income for the three months ended September 30, 2021, increased by $38,172 over the comparable period in 2020. Excluding the effect of the fair value changes on investment properties, fair value changes on derivative instruments and financing prepayment costs, net income for the three months ended September 30, 2021, increased by $8,986 from the same period in the prior year, primarily due to an increase in net operating income, a decrease in interest expense and an increase in interest income.

	NINE MONTHS ENDED					
	SEPTEMBER 30, 2021			SEPTEMBER 30, 2020		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Rental revenue	$422,164	$3,496	$425,660	$415,154	$1,687	$416,841
Property operating costs	(175,578)	(2,178)	(177,756)	(179,069)	(580)	(179,649)
Net rental income	246,586	1,318	247,904	236,085	1,107	237,192
Condominium revenue	—	—	—	178	—	178
Operating income	$246,586	$1,318	$247,904	$236,263	$1,107	$237,370
Interest expense	(102,707)	(190)	(102,897)	(54,829)	—	(54,829)
General and administrative expenses	(18,370)	—	(18,370)	(17,004)	—	(17,004)
Condominium marketing expenses	(465)	(14)	(479)	(1,003)	(89)	(1,092)
Amortization of other assets	(894)	—	(894)	(1,126)	—	(1,126)
Interest income	20,987	—	20,987	14,801	—	14,801
Fair value gain (loss) on investment properties	121,353	(730)	120,623	263,710	(2,225)	261,485
Fair value gain (loss) on derivative instruments	16,356	—	16,356	(22,718)	—	(22,718)
Net income (loss) from joint venture	384	(384)	—	(1,207)	1,207	—
Net income and comprehensive income	$283,230	$—	$283,230	$416,887	$—	$416,887

Net income and comprehensive income for the nine months ended September 30, 2021, decreased by $133,657 over the comparable period in 2020. Excluding the effect of the fair value changes on investment properties, fair value changes on derivative instruments and financing prepayment costs, net income for the nine months ended September 30, 2021, increased by $20,020 from the same period in the prior year, primarily due to an increase in net operating income, an increase in interest income and a decrease in interest expense, partially offset by an increase in general and administrative expenses.

NET OPERATING INCOME ("NOI")

NOI is a non-IFRS financial measure and should not be considered as an alternative to net income or net income and comprehensive income, cash flow from operating activities or any other measure prescribed under IFRS. NOI does not have any standardized meaning prescribed by IFRS. As computed by Allied, NOI may differ from similar computations reported by other Canadian real estate investment trusts and, accordingly, may not be comparable to similar computations reported by such organizations. Management considers NOI to be a useful measure of performance for rental properties.

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 and nine months ended September 30, 2021, as compared to the same period in the prior year.

The following table reconciles operating income to net operating income.

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Operating income	**$83,929**	$79,797	**$247,904**	$237,370
Condominium revenue	**—**	(65)	**—**	(178)
Net rental income	**$83,929**	$79,732	**$247,904**	$237,192
Amortization of improvement allowances [1]	**8,183**	7,968	**24,165**	24,450
Amortization of straight-line rents [1]	**(879)**	(2,843)	**(3,588)**	(8,536)
NOI	**$91,233**	$84,857	**$268,481**	$253,106

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three and nine months ended September 30, 2021: amortization improvement allowances of $88 and $(11), respectively, (September 30, 2020 - $114 and $216, respectively), and amortization of straight-line rents of $270 and $808, respectively (September 30, 2020 - $1,051 and $1,883, respectively).

The following tables set out the NOI by segment and space type from the rental and development properties for the three and nine months ended September 30, 2021, and the comparable period in 2020.

SEGMENT	THREE MONTHS ENDED				CHANGE	
	SEPTEMBER 30, 2021		SEPTEMBER 30, 2020		$	%
Urban Workspace						
Montréal & Ottawa	**$29,270**	**32.1%**	$25,865	30.5%	$3,405	13.2%
Toronto & Kitchener	**36,223**	**39.7**	34,818	41.0	1,405	4.0
Calgary, Edmonton & Vancouver	**10,306**	**11.3**	10,233	12.1	73	0.7
Urban Workspace - Total	**$75,799**	**83.1%**	$70,916	83.6%	$4,883	6.9%
Urban Data Centres	**$15,434**	**16.9%**	$13,941	16.4%	$1,493	10.7%
NOI	**$91,233**	**100.0%**	$84,857	100.0%	$6,376	7.5%

TYPE OF SPACE	THREE MONTHS ENDED				CHANGE	
	SEPTEMBER 30, 2021		SEPTEMBER 30, 2020		$	%
Urban Workspace - Office	**$64,077**	**70.2%**	$62,030	73.1%	$2,047	3.3%
Urban Data Centres	**15,434**	**16.9**	13,941	16.4	1,493	10.7
Urban Workspace - Retail	**8,204**	**9.0**	6,005	7.1	2,199	36.6
Urban Workspace - Parking	**3,518**	**3.9**	2,881	3.4	637	22.1
NOI	**$91,233**	**100.0%**	$84,857	100.0%	$6,376	7.5%

The increase in NOI for the three months ended September 30, 2021, was primarily the result of commencement of economic occupancy at 425 Viger and TELUS Sky, occupancy and rent growth in the UDC portfolio, contributions from acquisitions in Montréal, Toronto and Calgary, an increase in variable parking revenue and rent abatements provided under the Canada Emergency Commercial Rent Assistance ("CECRA") program in the comparable quarter.

	NINE MONTHS ENDED				CHANGE	
SEGMENT	**SEPTEMBER 30, 2021**		SEPTEMBER 30, 2020		$	%
Urban Workspace						
Montréal & Ottawa	**$85,569**	**31.9%**	$78,775	31.1%	$6,794	8.6%
Toronto & Kitchener	**107,507**	**40.0**	104,438	41.3	3,069	2.9
Calgary, Edmonton & Vancouver	**30,115**	**11.2**	28,380	11.2	1,735	6.1
Urban Workspace - Total	**$223,191**	**83.1%**	$211,593	83.6%	$11,598	5.5%
Urban Data Centres	**$45,290**	**16.9%**	$41,513	16.4%	$3,777	9.1%
NOI	**$268,481**	**100.0%**	$253,106	100.0%	$15,375	6.1%

	NINE MONTHS ENDED				CHANGE	
TYPE OF SPACE	**SEPTEMBER 30, 2021**		SEPTEMBER 30, 2020		$	%
Urban Workspace - Office	**$190,982**	**71.1%**	$183,336	72.4%	$7,646	4.2%
Urban Data Centres	**45,290**	**16.9**	41,513	16.4	3,777	9.1
Urban Workspace - Retail	**23,166**	**8.6**	18,127	7.2	5,039	27.8
Urban Workspace - Parking	**9,043**	**3.4**	10,130	4.0	(1,087)	(10.7)
NOI	**$268,481**	**100.0%**	$253,106	100.0%	$15,375	6.1%

The increase in NOI for the nine months ended September 30, 2021, was primarily the result of commencement of economic occupancy at 425 Viger and TELUS Sky, occupancy and rent growth in the UDC portfolio, contributions from acquisitions in Vancouver, Toronto, Calgary, and Montréal and rent abatements provided under the CECRA program in the comparable period. This was partially offset by turnover vacancy in the urban workspace portfolio and a decrease in variable parking revenue.

SAME ASSET NOI

Same asset NOI is a non-IFRS measure and refers to the NOI for those properties that Allied owned and operated for the entire period in question and for the same period in the prior year. Allied strives to maintain or increase same asset NOI over time.

Same asset NOI in the table below refers to those investment properties that were owned by Allied from July 1, 2020, to September 30, 2021. Same asset NOI of the development portfolio for the three months ended September 30, 2021, consists of 305 Joseph, Adelaide & Duncan, College & Manning, KING Toronto, TELUS Sky, The Well, QRC West Phase II, King & Brant, 400 Atlantic and Boardwalk-Revillon Building. Same asset NOI of the assets held for sale for the three months ended September 30, 2021, consists of three investment properties Allied intends to sell to third parties within the next 12 months.

	THREE MONTHS ENDED		CHANGE	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	$	%
Urban Workspace				
Montréal & Ottawa	**$28,776**	$25,600	$3,176	12.4%
Toronto & Kitchener	**32,279**	31,353	926	3.0
Calgary & Vancouver	**9,230**	9,747	(517)	(5.3)
Urban Workspace	**$70,285**	$66,700	$3,585	5.4%
Urban Data Centres	**15,434**	13,941	1,493	10.7%
Rental Portfolio - Same Asset NOI	**$85,719**	$80,641	$5,078	6.3%
Urban Workspace	**965**	667	298	44.7
Development Portfolio - Same Asset NOI	**$965**	$667	$298	44.7%
Assets Held for Sale - Same Asset NOI	**$392**	$373	$19	5.1%
Total Portfolio - Same Asset NOI	**$87,076**	$81,681	$5,395	6.6%
Acquisitions	**653**	—	653	
Lease terminations	**443**	270	173	
Development fees and corporate items	**3,061**	2,906	155	
NOI	**$91,233**	$84,857	$6,376	7.5%
Amortization of improvement allowances	**(8,183)**	(7,968)	(215)	
Amortization of straight-line rents	**879**	2,843	(1,964)	
Condominium profits	**—**	65	(65)	
Operating income	**$83,929**	$79,797	$4,132	5.2%

Same asset NOI of the total portfolio increased by 6.6% for the three months ended September 30, 2021. Same asset NOI of the rental portfolio increased by 6.3% as a result of rent commencement at 425 Viger, an increase in variable parking revenue, occupancy and rent growth in the UDC portfolio and rent abatements provided under the CECRA program in the comparable quarter, partially offset by turnover vacancy in the workspace portfolio. Same asset NOI of the UDC portfolio increased by 10.7% as a result of occupancy, rent and ancillary revenue growth. Same asset NOI of the development portfolio increased due to rent commencement at TELUS Sky, partially offset by deleasing activity at 400 Atlantic and Boardwalk-Revillon Building.

Same asset NOI in the table below refers to those investment properties that were owned by Allied from January 1, 2020, to September 30, 2021. Same asset NOI of the development portfolio for the nine months ended September 30, 2021, consists of 425 Viger, 305 Joseph, College & Manning, Adelaide & Duncan, KING Toronto, TELUS Sky, The Well, QRC West Phase II, King & Brant, 400 Atlantic and Boardwalk-Revillon Building. Same asset NOI of the assets held for sale for the nine months ended September 30, 2021, consists of three investment properties Allied intends to sell to third parties within the next 12 months.

	NINE MONTHS ENDED		CHANGE	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	$	%
Urban Workspace				
Montréal & Ottawa	**$71,806**	$69,668	$2,138	3.1%
Toronto & Kitchener	**96,309**	95,093	1,216	1.3
Calgary & Vancouver	**22,476**	23,385	(909)	(3.9)
Urban Workspace	**190,591**	188,146	2,445	1.3%
Urban Data Centres	**45,290**	41,374	3,916	9.5%
Rental Portfolio - Same Asset NOI	**$235,881**	$229,520	$6,361	2.8%
Urban Workspace	**7,236**	2,450	4,786	195.3%
Development Portfolio - Same Asset NOI	**$7,236**	$2,450	$4,786	195.3%
Assets Held for Sale - Same Asset NOI	**$1,153**	$1,383	$(230)	(16.6)%
Total Portfolio - Same Asset NOI	**$244,270**	$233,353	$10,917	4.7%
Acquisitions	**14,299**	11,830	2,469	
Lease terminations	**1,013**	620	393	
Development fees and corporate items	**8,899**	7,303	1,596	
NOI	**$268,481**	$253,106	$15,375	6.1%
Amortization of improvement allowances	**(24,165)**	(24,450)	285	
Amortization of straight-line rents	**3,588**	8,536	(4,948)	
Condominium profits	**—**	178	(178)	
Operating income	**$247,904**	$237,370	$10,534	4.4%

Same asset NOI of the total portfolio increased by 4.7% for the nine months ended September 30, 2021. Same asset NOI of the rental portfolio increased by 2.8% as a result of occupancy and rent growth in the UDC portfolio and rent abatements provided under the CECRA program in the comparable period. This was partially offset by a decrease in variable parking revenue and turnover vacancy in the urban workspace portfolio. Same asset NOI of the UDC portfolio increased by 9.5% as a result of occupancy, rent and ancillary revenue growth. Same asset NOI of the development portfolio increased due to rent commencement at 425 Viger and TELUS Sky, partially offset by deleasing activity at QRC West Phase II, 400 Atlantic, Boardwalk-Revillon Building and King & Brant.

INTEREST EXPENSE

Interest expense for the three and nine months ended September 30, 2021, and 2020, is as follows:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Interest on debt:				
Mortgages payable	**$2,849**	$7,808	**$15,720**	$23,471
Construction loans payable	**608**	340	**1,593**	973
Unsecured Facilities	**527**	373	**1,427**	1,729
Unsecured Debentures	**17,225**	13,718	**46,274**	35,786
Unsecured term loan	**2,202**	2,358	**6,537**	8,147
Interest on lease liabilities	**2,280**	2,289	**6,823**	6,707
Amortization, premium on debt	**(83)**	(464)	**(414)**	(1,377)
Amortization, net financing costs	**594**	519	**1,804**	1,563
	$26,202	$26,941	**$79,764**	$76,999
Less: Interest capitalized to qualifying investment properties and residential inventory	**(9,868)**	(7,798)	**(28,946)**	(22,170)
Interest expense excluding financing prepayment costs	**$16,334**	$19,143	**$50,818**	$54,829
Financing prepayment costs	**37,728**	—	**51,889**	—
Interest expense, IFRS basis	**$54,062**	$19,143	**$102,707**	$54,829
Add: share from joint venture	**180**	—	**190**	—
Interest expense, proportionate basis	**$54,242**	$19,143	**$102,897**	$54,829

For the three months ended September 30, 2021, excluding capitalized interest and financing prepayment costs, interest expense decreased by $559 over the comparable period primarily due to a lower balance of mortgages payable, partially offset by a higher balance of unsecured debentures. For the nine months ended September 30, 2021, excluding capitalized interest and financing prepayment costs, interest expense increased by $2,955 over the comparable period primarily due to a higher balance of unsecured debentures, partially offset by a lower balance of mortgages payable and unsecured term loan.

For the three and nine months ended September 30, 2021, capitalized interest increased over the comparable period with the continuation of development and upgrade activities across the portfolio.

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, 2020, 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, engineering and architectural drawings. On completion of upgrade and development activity, the ability to capitalize interest expense ends, partially offsetting the positive impact of occupancy commencement.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and nine months ended September 30, 2021, and 2020, are as follows:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Salaries and benefits	**$4,298**	$4,204	**$15,366**	$13,722
Professional and trustees fees	**804**	752	**3,297**	3,458
Office and general expenses	**1,247**	1,139	**3,878**	3,339
	$6,349	$6,095	**$22,541**	$20,519
Capitalized to qualifying investment properties	**(1,400)**	(1,178)	**(4,171)**	(3,515)
Total general and administrative expenses	**$4,949**	$4,917	**$18,370**	$17,004

For the three months ended September 30, 2021, general and administrative expenses were in line with the comparative quarter. For the nine months ended September 30, 2021, general and administrative expenses increased by $1,366 from the comparable period, primarily due to severance expense incurred in the current year.

OTHER FINANCIAL PERFORMANCE MEASURES

FUNDS FROM OPERATIONS (“FFO”) AND FFO EXCLUDING CONDOMINIUM RELATED ITEMS AND FINANCING PREPAYMENT COSTS

FFO is a non-IFRS financial measure used by most Canadian real estate investment trusts and should not be considered as an alternative to net income or comprehensive income, cash flow from operating activities or any other measure prescribed under IFRS. While FFO does not have any standardized meaning prescribed by IFRS, REALpac established a standardized definition of FFO. Management believes that it is a useful measure of operating performance.

Allied initiated condominium pre-sales at KING Toronto, a 50/50 joint venture with Westbank, in the fourth quarter of 2018. The first three phases have sold well, and the fourth and final phase has been released to strong demand. For the three and nine months ended September 30, 2021, Allied incurred $119 and $465, respectively, (at its share) 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.

FFO excluding condominium related items and financing prepayment costs starts with the standardized definition of FFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs and financing prepayment costs.

For the three months ended September 30, 2021, FFO per Unit excluding condominium related items and financing prepayment costs totaled $0.624. This is an increase of $0.057 or 10.1% over the comparable period in the prior year. The increase was primarily due to an increase in NOI, a decrease in interest expense and an increase in interest income.

For the nine months ended September 30, 2021, FFO per Unit excluding condominium related items and financing prepayment costs totaled $1.806. This is an increase of $0.101 or 5.9% over the comparable period in the prior year. The increase was primarily due to an increase in NOI, an increase in guarantee fees (recorded in interest income) including a retroactive amount totaling $1,567 and a decrease in interest expense, partially offset by an increase in general and administrative expenses.

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 and financing prepayment costs, which is the ratio of actual distributions to FFO excluding condominium related items and financing prepayment costs in a given period. For the three and nine months ended September 30, 2021, the FFO pay-out ratio excluding condominium related items and financing prepayment costs was 68.0% and 70.6%, respectively.

ADJUSTED FUNDS FROM OPERATIONS ("AFFO") EXCLUDING CONDOMINIUM RELATED ITEMS AND FINANCING PREPAYMENT COSTS

AFFO is a non-IFRS financial measure used by most Canadian real estate investment trusts and should not be considered as an alternative to net income or comprehensive income, cash flow from operating activities or any other measure prescribed under IFRS. AFFO does not have any standardized meaning prescribed by IFRS. REALpac established a standardized definition of AFFO in its February 2019 White Paper ("White Paper"). Management considers AFFO to be a useful measure of recurring economic earnings. The principal advantage of AFFO is that it starts from the standardized definition of FFO and takes account of regular maintenance capital expenditures and regular leasing expenditures while ignoring the impact of non-cash revenue. With the adoption of the White Paper, Allied added recoverable maintenance capital expenditures and incremental leasing costs related to regular leasing in order to comply with the White Paper. As regular maintenance capital expenditures and regular leasing expenditures are not incurred evenly throughout a fiscal year, there can be volatility in AFFO on a quarterly basis.

For the three months ended September 30, 2021, AFFO per Unit excluding condominium related items and financing prepayment costs totaled $0.519. This represents an increase of $0.038 or 7.9% over the comparable period in the prior year. The increase was primarily due to the changes in FFO excluding condominium related items and financing prepayment costs discussed above and lower amortization of straight-line rents, partially offset by higher regular leasing expenditures.

For the nine months ended September 30, 2021, AFFO per Unit excluding condominium related items and financing prepayment costs totaled $1.573. This represents an increase of $0.089 or 6.0% over the comparable period in the prior year. The increase was primarily due to the changes in FFO excluding condominium related items and financing prepayment costs discussed above and lower amortization of straight-line rents, partially offset by higher regular leasing expenditures.

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 and financing prepayment costs, which is the ratio of actual distributions to AFFO excluding condominium related items and financing prepayment costs in a given period. For the three and nine months ended September 30, 2021, the AFFO pay-out ratio excluding condominium related items and financing prepayment costs was 81.8% and 81.0%, respectively.

RECONCILIATION OF FFO AND AFFO

The following table reconciles Allied's net income to FFO, FFO excluding condominium related items and financing prepayment costs and AFFO excluding condominium related items and financing prepayment costs for the three months ended September 30, 2021, and September 30, 2020.

	THREE MONTHS ENDED		
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	CHANGE
Net income and comprehensive income	**$107,185**	$69,013	$38,172
Adjustment to fair value of investment properties	**(75,965)**	(10,650)	(65,315)
Adjustment to fair value of derivative instruments	**(877)**	164	(1,041)
Incremental leasing costs	**1,918**	1,734	184
Amortization of improvement allowances	**8,095**	7,854	241
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**888**	1,446	(558)
Amortization of improvement allowances	**88**	114	(26)
Interest expense [1]	**358**	601	(243)
FFO	**$41,690**	$70,276	$(28,586)
Condominium revenue	**—**	(65)	65
Condominium marketing costs	**119**	275	(156)
Financing prepayment costs	**37,728**	—	37,728
FFO excluding condominium related items and financing prepayment costs	**$79,537**	$70,486	$9,051
Amortization of straight-line rents	**(609)**	(1,792)	1,183
Regular leasing expenditures [2]	**(8,394)**	(2,498)	(5,896)
Regular maintenance capital expenditures	**(637)**	(1,323)	686
Incremental leasing costs (related to regular leasing expenditures)	**(1,342)**	(1,215)	(127)
Recoverable maintenance capital expenditures	**(2,153)**	(2,811)	658
Adjustment relating to joint venture:			
Amortization of straight-line rents	**(270)**	(1,051)	781
AFFO excluding condominium related items and financing prepayment costs	**$66,132**	$59,796	$6,336
Weighted average number of Units			
Basic	**127,260,451**	124,328,661	2,931,790
Diluted	**127,447,002**	124,390,540	3,056,462
Per Unit - basic			
FFO	**$0.328**	$0.565	$(0.237)
FFO excluding condominium related items and financing prepayment costs	**$0.625**	$0.567	$0.058
AFFO excluding condominium related items and financing prepayment costs	**$0.520**	$0.481	$0.039

	THREE MONTHS ENDED		
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	CHANGE
Per Unit - diluted			
FFO	**$0.327**	$0.565	$(0.238)
FFO excluding condominium related items and financing prepayment costs	**$0.624**	$0.567	$0.057
AFFO excluding condominium related items and financing prepayment costs	**$0.519**	$0.481	$0.038
Pay-out Ratio			
FFO	**129.8%**	73.1%	56.7%
FFO excluding condominium related items and financing prepayment costs	**68.0%**	72.9%	(4.9%)
AFFO excluding condominium related items and financing prepayment costs	**81.8%**	85.9%	(4.1%)

(1) 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.

(2) Refer to Capital Expenditures on page 35 for a description of regular leasing expenditures.

	NINE MONTHS ENDED		
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	CHANGE
Net income and comprehensive income	**$283,230**	$416,887	$(133,657)
Adjustment to fair value of investment properties	**(121,353)**	(263,710)	142,357
Adjustment to fair value of derivative instruments	**(16,356)**	22,718	(39,074)
Incremental leasing costs	**5,789**	5,324	465
Amortization of improvement allowances	**24,176**	24,234	(58)
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**730**	2,225	(1,495)
Amortization of improvement allowances	**(11)**	216	(227)
Interest expense [1]	**1,480**	2,096	(616)
FFO	**$177,685**	$209,990	$(32,305)
Condominium revenue	**—**	(178)	178
Condominium marketing costs	**465**	1,003	(538)
Financing prepayment costs	**51,889**	—	51,889
FFO excluding condominium related items and financing prepayment costs	**$230,039**	$210,815	$19,224
Amortization of straight-line rents	**(2,780)**	(6,653)	3,873
Regular leasing expenditures [2]	**(13,924)**	(7,167)	(6,757)
Regular maintenance capital expenditures	**(2,761)**	(3,969)	1,208
Incremental leasing costs (related to regular leasing expenditures)	**(4,052)**	(3,729)	(323)
Recoverable maintenance capital expenditures	**(5,273)**	(4,034)	(1,239)
Adjustment relating to joint venture:			
Amortization of straight-line rents	**(808)**	(1,883)	1,075
AFFO excluding condominium related items and financing prepayment costs	**$200,441**	$183,380	$17,061
Weighted average number of Units			
Basic	**127,259,634**	123,477,851	3,781,783
Diluted	**127,403,570**	123,611,558	3,792,012
Per Unit - basic			
FFO	**$1.396**	$1.701	$(0.305)
FFO excluding condominium related items and financing prepayment costs	**$1.808**	$1.707	$0.101
AFFO excluding condominium related items and financing prepayment costs	**$1.575**	$1.485	$0.090
Per Unit - diluted			
FFO	**$1.395**	$1.699	$(0.304)
FFO excluding condominium related items and financing prepayment costs	**$1.806**	$1.705	$0.101
AFFO excluding condominium related items and financing prepayment costs	**$1.573**	$1.484	$0.089

	NINE MONTHS ENDED		
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	CHANGE
Pay-out Ratio			
FFO	**91.3%**	72.8%	18.5%
FFO excluding condominium related items and financing prepayment costs	**70.6%**	72.5%	(1.9%)
AFFO excluding condominium related items and financing prepayment costs	**81.0%**	83.4%	(2.4%)

(1) 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.

(2) Refer to Capital Expenditures on page 35 for a description of regular leasing expenditures.

CAPITAL EXPENDITURES

Our portfolio requires ongoing maintenance capital expenditures and leasing expenditures. Leasing expenditures include the cost of in-suite or base-building improvements made in connection with the leasing of vacant space or the renewal or replacement of users occupying space covered by maturing leases, as well as improvement allowances and commissions paid in connection with the leasing of vacant space and the renewal or replacement of users occupying space covered by maturing leases.

For the three months ended September 30, 2021, Allied incurred (i) $8,394 in regular leasing expenditures or $13.36 per occupied square foot, (ii) $637 in regular maintenance capital expenditures and (iii) $2,153 of recoverable maintenance capital expenditures.

For the nine months ended September 30, 2021, Allied incurred (i) $13,924 in regular leasing expenditures or $10.88 per occupied square foot, (ii) $2,761 in regular maintenance capital expenditures and (iii) $5,273 of recoverable maintenance capital expenditures.

For the three and nine months ended September 30, 2021, Allied invested $110,135 and $288,994, respectively, of revenue enhancing capital into the rental and development portfolio to enhance its income-producing capability and in ongoing development activity.

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Regular leasing expenditures	**$8,394**	$2,498	**$13,924**	$7,167
Regular maintenance capital expenditures	**$637**	$1,323	**$2,761**	$3,969
Recoverable maintenance capital expenditures	**$2,153**	$2,811	**$5,273**	$4,034
Revenue-enhancing capital and development costs	**$110,135**	$92,042	**$288,994**	$240,167

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

EBITDA is a non-IFRS measure that is comprised of earnings before interest expense, income taxes, depreciation expense and amortization expense. Adjusted EBITDA, as defined by Allied, is a non-IFRS measure that is comprised of net earnings before interest expense, income taxes, depreciation expense and amortization expense, gains and losses on disposal of investment properties and the fair value changes associated with investment properties and financial instruments.

EBITDA is a metric that can be used to help determine Allied's ability to service its debt, finance capital expenditures and provide distributions to its Unitholders. Additionally, Adjusted EBITDA removes the non-cash impact of the fair value changes and gains and losses on investment property dispositions.

The ratio of Net Debt to Adjusted EBITDA is included and calculated each period to provide information on the level of Allied's debt versus Allied's ability to service that debt. Adjusted EBITDA is used as part of this calculation as the fair value changes and gains and losses on investment property dispositions do not impact cash flow, which is a critical part of the measure.

The following table reconciles Allied's net income and comprehensive income to Adjusted EBITDA for the three and nine months ended September 30, 2021, and September 30, 2020.

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Net income and comprehensive income for the period	**$107,185**	$69,013	**$283,230**	$416,887
Interest expense	**54,242**	19,143	**102,897**	54,829
Amortization of other assets	**285**	368	**894**	1,126
Amortization of improvement allowances	**8,183**	7,968	**24,165**	24,450
Fair value gain on investment properties	**(75,077)**	(9,204)	**(120,623)**	(261,485)
Fair value (gain) loss on derivative instruments	**(877)**	164	**(16,356)**	22,718
Adjusted EBITDA	**$93,941**	$87,452	**$274,207**	$258,525

Section III
–Leasing

Allied strives to maintain high levels of occupancy and leased area. At September 30, 2021, Allied's rental portfolio was 90.6% leased.

STATUS

Leasing status for the rental portfolio as at September 30, 2021, is summarized below:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	GLA	AS A % OF TOTAL GLA [1]	GLA	AS A % OF TOTAL GLA [1]
Leased area (occupied & committed) - beginning of period	**12,772,031**	**91.6%**	**12,946,538**	**92.5%**
Vacancy committed for future leases	(80,690)		(59,159)	
Occupancy - beginning of period	**12,691,341**	**91.1%**	**12,887,379**	**92.1%**
Previous committed vacant space now occupied	31,162		38,701	
New leases and expansions on vacant space	69,729		257,607	
New vacancies during the period	(172,067)		(396,755)	
Surrender / early termination agreements	(2,002)		(91,709)	
Suite additions, re-measurements and removals	(7,399)		(32,815)	
Occupancy (pre acquisitions, dispositions and transfers)	**12,610,764**	**90.5%**	**12,662,408**	**90.5%**
Occupancy related to acquired properties	120,530		197,338	
Occupancy related to transfers to PUD	—		(128,452)	
Occupancy - end of period	**12,731,294**	**90.3%**	**12,731,294**	**90.3%**
Vacancy committed for future leases	49,836		49,836	
Leased area (occupied & committed) - end of period	**12,781,130**	**90.6%**	**12,781,130**	**90.6%**

(1) Excludes properties under development and residential GLA.

Of the 14,106,131 square feet total GLA in Allied's rental portfolio, 12,731,294 square feet were occupied by users on September 30, 2021. Another 49,836 square feet were subject to contractual lease commitments with users whose leases commence subsequent to September 30, 2021, bringing the leased area to 12,781,130 square feet, which represents 90.6% of Allied's total rental portfolio GLA.

The table below outlines the rental portfolio's leased area as at September 30, 2021, for the stabilized properties and the transitional properties. Transitional properties consists of six properties where we have suppressed occupancy to facilitate longer term upgrade plans.

		SEPTEMBER 30, 2021
	LEASED AREA (SF)	AS A % OF TOTAL GLA
Stabilized rental portfolio	12,270,671	92.0%
Transitional rental portfolio	510,459	66.1%
Total rental portfolio	**12,781,130**	**90.6%**

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

FIXTURING COMMENCEMENT (OCCUPANCY)	Q4 2021	Q1 2022	Q2 2022	Q3 2023	TOTAL
Lease commitments - GLA	15,279	6,451	22,556	5,550	49,836
% of lease commitments	30.7%	12.9%	45.3%	11.1%	100%

In most instances, occupancy commences with a rent-free fixturing period prior to rent commencement. During the fixturing period, straight-line rent revenue is recognized, and no recoverable costs are paid by the user. Thereafter, recoverable costs 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.

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

RENT COMMENCEMENT (ECONOMIC OCCUPANCY)	Q4 2021	Q1 2022	Q2 2022	Q4 2022	Q4 2023	TOTAL
Lease commitments - GLA	13,371	6,451	22,556	1,908	5,550	49,836
% of lease commitments	26.9%	12.9%	45.3%	3.8%	11.1%	100%

Allied monitors the level of sub-lease space being marketed in its rental portfolio. Below is a summary of sub-lease space being marketed by city:

	SEPTEMBER 30, 2021	JUNE 30, 2021	MARCH 31, 2021	DECEMBER 31, 2020
Toronto	**264,944**	344,914	383,038	452,297
Kitchener	**—**	—	35,421	35,421
Montréal	**176,260**	203,850	239,059	301,566
Calgary	**46,403**	32,005	37,781	17,941
Vancouver	**28,906**	46,161	37,745	34,511
Total square feet	**516,513**	626,930	733,044	841,736
% of Total GLA	**3.7%**	4.5%	5.3%	6.0%

This level of marketed sub-lease space is somewhat elevated, but does not represent an operating or leasing challenge to Allied. The decline in the three and nine months ended September 30, 2021, is primarily due to tenants withdrawing space from the sub-lease market in favor of reoccupying.

ACTIVITY

Allied places a high value on user retention, as the cost of retention is typically lower than the cost of securing new users. When retention is neither possible nor desirable, Allied strives for high-quality replacement users.

Leasing activity in connection with the rental portfolio as at September 30, 2021, is summarized in the following table:

	LEASABLE SF [1]	LEASED SF BY SEPTEMBER 30	% LEASED BY SEPTEMBER 30	UNLEASED SF AT SEPTEMBER 30
Unleased area on January 1, 2021, including re-measurement	1,225,682	317,845	25.9%	907,837
Maturities during the nine months ended September 30, 2021	958,171	597,032	62.3%	361,139
Maturities in remainder of 2021	516,533	43,038	8.3%	473,495
	2,700,386	957,915		1,742,471
Maturities in future years		367,622		
Total		**1,325,537**		

(1) Excludes the impact of properties acquired in the current period and properties under development.

On January 1, 2021, 1,225,682 square feet of GLA was unleased. By the nine months ended September 30, 2021, Allied had leased 317,845 square feet of this GLA, leaving 907,837 square feet to be leased (net of vacancy transferred to PUD, if any).

Leases for 958,171 square feet of GLA matured in the nine months ended September 30, 2021, at the end of which Allied renewed or replaced leases totaling 597,032 square feet of GLA, leaving 361,139 square feet to be leased.

Leases for 516,533 square feet of GLA will mature in the remainder of 2021. By the nine months ended September 30, 2021, Allied had leased 43,038 square feet of this GLA, leaving 473,495 square feet to be leased.

In addition, during the nine months ended September 30, 2021, Allied leased 367,622 of square feet scheduled to mature after 2021.

The tables below summarize the rental rates achieved for leases that were either renewed or replaced in the three and nine months ended September 30, 2021.

	THREE MONTHS ENDED SEPTEMBER 30, 2021				NINE MONTHS ENDED SEPTEMBER 30, 2021			
LEASING SPREAD	EXPIRING RATE	RENEWAL AND REPLACEMENT RATE	SPREAD	SQUARE FEET	EXPIRING RATE	RENEWAL AND REPLACEMENT RATE	SPREAD	SQUARE FEET
Ending to Starting Base Rent								
Total Portfolio	$19.45	$21.88	12.5%	425,150	$20.40	$22.57	10.6%	1,007,692
Excluding Calgary	$19.56	$22.11	13.0%	414,273	$20.73	$23.43	13.0%	929,782
Average to Average Base Rent								
Total Portfolio	$17.36	$21.90	26.2%	425,150	$18.83	$23.00	22.1%	1,007,692
Excluding Calgary	$17.43	$22.12	26.9%	414,273	$19.13	$23.87	24.8%	929,782

LEASE RENEWALS/ REPLACEMENTS	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021		
	ABOVE IN-PLACE RENTS	AT IN-PLACE RENTS	BELOW IN-PLACE RENTS
% of total leased SF	57.0%	34.8%	8.2%
Maturing leases - weighted average rent	$19.40	$21.45	$22.93
Renewals and replacements - weighted average rent	$24.45	$21.45	$14.73

Leasing activity resulted in an increase of 12.5% and 10.6% in the net rent per square foot from maturing leases for the three and nine months ended September 30, 2021, respectively. Excluding transactions in Calgary, the rental rates achieved on maturing leases resulted in an increase of 13.0% in net rent per square foot for both the three and nine months ended September 30, 2021.

The following tables outline leasing activity during the three and nine months ended September 30, 2021.

	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021			FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021		
	NEW LEASES	RENEWALS AND REPLACEMENTS	TOTAL	NEW LEASES	RENEWALS AND REPLACEMENTS	TOTAL
Tours			261			757
Net leased square feet	106,770	425,150	531,920	317,845	1,007,692	1,325,537
Number of transactions	33	54	87	90	164	254
Lease term (in years)	5.2	4.7	4.8	5.3	4.5	4.7
Net effective rent (per square foot per year) [1]						
Net annualized rent	$21.54	$27.23	$25.30	$24.29	$25.17	$24.88
Tenant improvements	(0.92)	(3.48)	(2.61)	(1.82)	(1.78)	(1.79)
Leasing commissions	(0.93)	(1.03)	(1.00)	(0.75)	(0.87)	(0.83)
Landlord's work	(0.68)	(0.06)	(0.27)	(0.75)	(0.07)	(0.29)
Total leasing costs	$(2.53)	$(4.57)	$(3.88)	$(3.32)	$(2.72)	$(2.91)
Net effective rent	**$19.01**	**$22.66**	**$21.42**	**$20.97**	**$22.45**	**$21.97**

(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 nine months ended September 30, 2021:

CATEGORY	% OF RENTAL REVENUE SEPTEMBER 30, 2021
Business services and professional	33.1%
Telecommunications and information technology	31.6%
Media and entertainment	12.3%
Retail	8.7%
Financial services	4.9%
Government	4.4%
Parking and other	2.6%
Life sciences	1.4%
Educational and institutional	1.0%
	100.0%

The following sets out information on the top-10 users by rental revenue for the nine months ended September 30, 2021:

USER	% OF RENTAL REVENUE SEPTEMBER 30, 2021	WEIGHTED AVERAGE REMAINING LEASE TERM (YEARS)	% OF TOTAL GLA	CREDIT RATING DBRS/S&P/ MOODY'S
Cloud Service Provider	4.4%	1.6	0.6%	-/AAA/Aaa*
Ubisoft	2.5%	10.7	3.9%	Not Rated
Cologix	2.4%	16.3	0.5%	-/B/B3
Equinix	2.2%	3.6	0.4%	-/BBB/Baa3
Google Canada Corporation	1.9%	8.1	2.4%	-/AA+/Aa2*
National Capital Commission ("NCC"), a Canadian Crown Corporation	1.4%	19.4	1.4%	Not Rated
Morgan Stanley	1.4%	8.2	1.6%	AH/BBB+/A1
Bell Canada	1.4%	14.1	0.2%	BBB/BBB+/Baa2
Shopify Inc.	1.2%	7.3	0.6%	Not Rated
TELUS Communications Inc.	1.2%	15.5	0.6%	BBBH/BBB+/Baa1
	20.0%	9.9	12.2%	

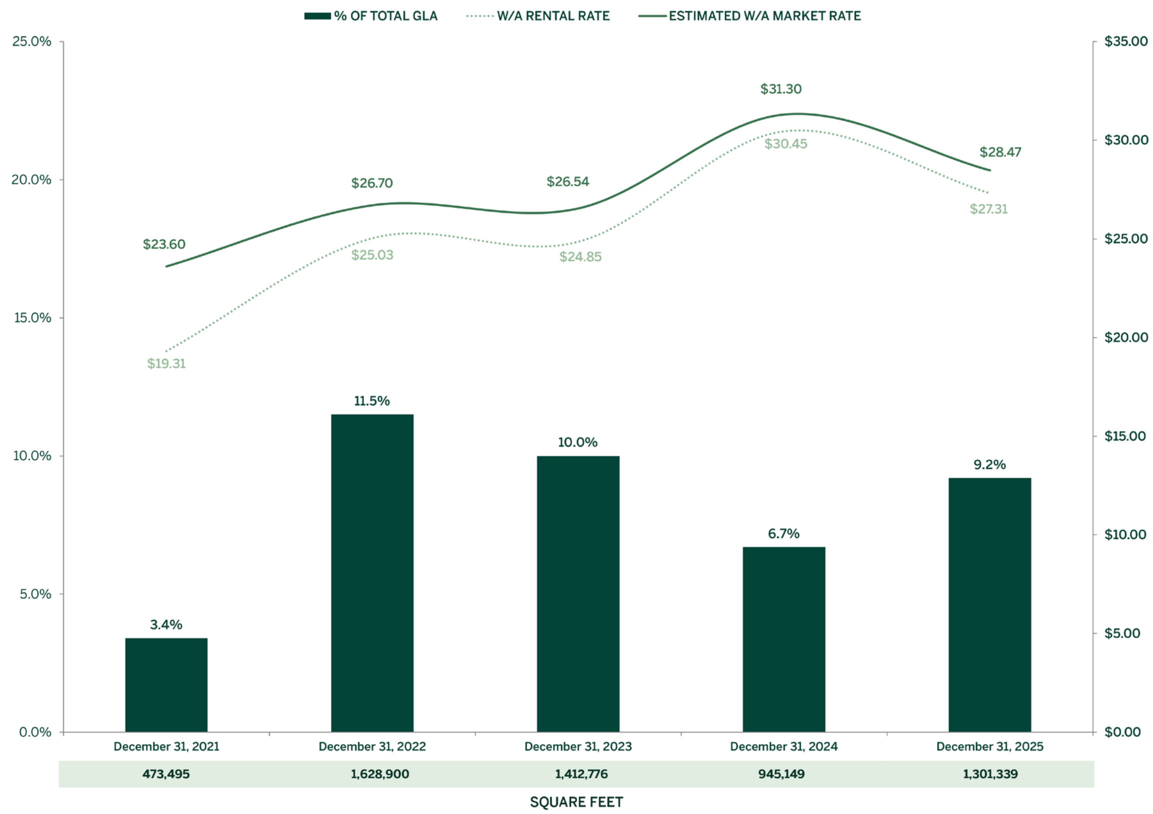
** Credit rating for parent company*

LEASE MATURITY

As at September 30, 2021, 90.6% of the GLA in Allied's rental portfolio was leased and its weighted average term to maturity was 5.6 years. The estimated weighted average market net rental rate is based on Management's estimates of today's market rental rates and is supported in part by independent appraisals of certain relevant 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 table contains information on the urban workspace, retail and UDC leases that mature up to 2025 and the corresponding estimated weighted average market rental rate as at September 30, 2021. 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, 2021	473,495	3.4%	19.31	23.60
December 31, 2022	1,628,900	11.5%	25.03	26.70
December 31, 2023	1,412,776	10.0%	24.85	26.54
December 31, 2024	945,149	6.7%	30.45	31.30
December 31, 2025	1,301,339	9.2%	27.31	28.47



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, 2021	230,976	3.3%	17.03	18.56
December 31, 2022	633,801	9.2%	17.88	18.09
December 31, 2023	441,994	6.4%	16.86	17.13
December 31, 2024	241,510	3.5%	17.97	17.21
December 31, 2025	279,427	4.0%	16.79	17.86

TORONTO & KITCHENER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2021	199,481	4.1%	21.54	30.04
December 31, 2022	650,081	13.5%	22.57	25.44
December 31, 2023	655,585	13.6%	25.51	31.19
December 31, 2024	451,602	9.4%	30.00	31.71
December 31, 2025	698,882	14.5%	26.58	30.56

CALGARY & VANCOUVER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2021	42,368	2.3%	19.39	18.90
December 31, 2022	250,331	13.4%	19.63	21.15
December 31, 2023	290,829	15.6%	26.25	21.19
December 31, 2024	194,954	10.4%	27.85	27.10
December 31, 2025	233,242	12.5%	21.40	14.85

URBAN DATA CENTRES	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2021	670	0.1%	136.27	140.00
December 31, 2022	94,687	18.6%	106.97	107.67
December 31, 2023	24,368	4.8%	135.50	135.89
December 31, 2024	57,083	11.2%	99.19	103.68
December 31, 2025	89,788	17.6%	80.64	85.16

Section IV
–Historical Performance

The following sets out summary information and financial results, on an IFRS basis, for the eight most recently completed fiscal quarters.

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Rental revenue	$142,654	$138,675	$140,835	$145,173	$139,673	$136,504	$138,977	$134,306
Condominium revenue	—	—	—	—	65	113	—	30,600
Property operating costs	$(59,112)	$(56,748)	$(59,718)	$(62,421)	$(60,647)	$(59,204)	$(59,218)	$(59,174)
Condominium cost of sales	—	—	—	—	—	—	—	(29,022)
Operating income	$83,542	$81,927	$81,117	$82,752	$79,091	$77,413	$79,759	$76,710
Net income and comprehensive income	$107,185	$98,523	$77,522	$83,842	$69,013	$92,961	$254,913	$264,960
Weighted average Units (diluted)	127,447,002	127,443,551	127,329,378	127,298,000	124,390,540	123,207,219	123,255,260	118,248,550
Distributions	$54,101	$54,094	$54,101	$52,493	$51,354	$50,784	$50,746	$47,267
FFO	$41,690	$76,580	$59,415	$74,742	$70,276	$68,624	$71,089	$66,304
FFO per Unit (diluted)	$0.327	$0.601	$0.467	$0.587	$0.565	$0.557	$0.577	$0.561
FFO pay-out ratio	129.8%	70.6%	91.1%	70.2%	73.1%	74.0%	71.4%	71.3%
All amounts below are excluding condominium related items and financing prepayment costs (1)								
FFO	$79,537	$76,705	$73,797	$74,969	$70,486	$68,652	$71,676	$69,085
FFO per Unit (diluted)	$0.624	$0.602	$0.580	$0.589	$0.567	$0.557	$0.582	$0.584
FFO payout-ratio	68.0%	70.5%	73.3%	70.0%	72.9%	74.0%	70.8%	68.4%
AFFO	$66,132	$67,980	$66,329	$64,623	$59,796	$61,216	$62,367	$57,645
AFFO per Unit (diluted)	$0.519	$0.533	$0.521	$0.508	$0.481	$0.497	$0.506	$0.487
AFFO payout-ratio	81.8%	79.6%	81.6%	81.2%	85.9%	83.0%	81.4%	82.0%
NAV per Unit (2)	$49.50	$49.07	$48.72	$48.54	$48.29	$48.52	$48.17	$46.55
Net debt as a multiple of annualized adjusted EBITDA	8.9x	8.1x	7.9x	7.4x	7.2x	7.6x	6.8x	5.8x
Total indebtedness ratio	32.9%	31.0%	31.1%	29.2%	28.8%	29.3%	27.2%	26.1%
Total rental GLA	14,106	13,936	13,886	13,991	13,930	14,097	13,632	12,948
Leased rental GLA	12,781	12,772	12,755	12,947	12,990	13,343	12,929	12,278
Leased area %	90.6%	91.6%	91.9%	92.5%	93.3%	94.7%	94.8%	94.8%

(1) *In the first and third quarters of 2021, Allied incurred $14,161 and $37,728, respectively, of financing prepayment costs in connection with the favourable refinancing of unsecured debentures and first mortgages. In the fourth quarter of 2019, Allied incurred $3,455 of financing prepayment costs in connection with the favourable refinancing of first mortgages.*

(2) *Net asset value per Unit is calculated as follows: total Unitholders' equity as at the corresponding period ended, (per the unaudited condensed consolidated balance sheets) divided by the actual number of Units outstanding at period-end.*

Factors that cause variation from quarter to quarter include, but are not limited to, occupancy, cost of capital, same asset NOI, acquisition activity, leasing expenditures and maintenance capital expenditures.

Section V
–Asset Profile

The following table reconciles the consolidated balance sheet, on a proportionate basis, as at September 30, 2021, and December 31, 2020.

	SEPTEMBER 30, 2021			DECEMBER 31, 2020		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPOR-TIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPOR-TIONATE BASIS
Assets						
Non-current assets						
Investment properties	**$9,210,666**	**$125,060**	**$9,335,726**	$8,687,375	$122,310	$8,809,685
Residential inventory	**156,966**	**—**	**156,966**	140,038	—	140,038
Investment in joint venture and loan receivable	**125,476**	**(125,476)**	**—**	117,112	(117,112)	—
Loans and notes receivable	**219,217**	**—**	**219,217**	322,543	—	322,543
Other assets	**25,906**	**1,361**	**27,267**	23,643	533	24,176
	9,738,231	**945**	**9,739,176**	9,290,711	5,731	9,296,442
Current assets						
Cash and cash equivalents	**40,043**	**1,680**	**41,723**	45,512	3,286	48,798
Loans and notes receivable	**138,856**	**—**	**138,856**	93	—	93
Accounts receivable, prepaid expenses and deposits	**83,283**	**688**	**83,971**	64,452	602	65,054
Investment properties held for sale	**86,260**	**—**	**86,260**	—	—	—
	348,442	**2,368**	**350,810**	110,057	3,888	113,945
Total assets	**$10,086,673**	**$3,313**	**$10,089,986**	$9,400,768	$9,619	$9,410,387
Liabilities						
Non-current liabilities						
Debt	**$3,274,391**	**$—**	**$3,274,391**	$2,698,794	$—	$2,698,794
Other liabilities	**43,763**	**—**	**43,763**	63,045	—	63,045
Lease liabilities	**158,235**	**—**	**158,235**	157,068	—	157,068
	3,476,389	**—**	**3,476,389**	2,918,907	—	2,918,907
Current liabilities						
Debt	**12,127**	**—**	**12,127**	26,668	—	26,668
Accounts payable and other liabilities	**299,040**	**3,313**	**302,353**	278,161	9,619	287,780
	311,167	**3,313**	**314,480**	304,829	9,619	314,448
Total liabilities	**3,787,556**	**3,313**	**3,790,869**	3,223,736	9,619	3,233,355
Unitholders' equity	**6,299,117**	**—**	**6,299,117**	6,177,032	—	6,177,032
Total liabilities and Unitholders' equity	**$10,086,673**	**$3,313**	**$10,089,986**	$9,400,768	$9,619	$9,410,387

As at September 30, 2021, Allied's portfolio consisted of 208 investment properties (194 rental properties, 11 development properties and three investment properties held for sale), with a fair value of $9,335,726.

Changes to the carrying amounts of investment properties are summarized as follows:

	THREE MONTHS ENDED SEPTEMBER 30, 2021			NINE MONTHS ENDED SEPTEMBER 30, 2021		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOP-MENT	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOP-MENT	TOTAL
Balance, beginning of period	$8,060,505	$1,007,500	$9,068,005	$7,913,165	$896,520	$8,809,685
Additions:						
Acquisitions	134,657	28,648	163,305	220,751	28,648	249,399
Improvement allowances [1]	8,013	1,355	9,368	14,564	1,689	16,253
Leasing commissions [1]	4,424	273	4,697	6,863	1,646	8,509
Capital expenditures [1]	34,166	78,759	112,925	82,814	214,214	297,028
Dispositions	—	—	—	—	(55,439)	(55,439)
Transfers to PUD	—	—	—	(47,040)	47,040	—
Transfers to other assets	(4,382)	—	(4,382)	(4,382)	—	(4,382)
Transfers to investment properties held for sale	(86,260)	—	(86,260)	(86,260)	—	(86,260)
Finance leases	296	—	296	887	—	887
Amortization of straight-line rent and improvement allowances [1]	(7,206)	(99)	(7,305)	(20,196)	(381)	(20,577)
Fair value gain (loss) on investment properties [1]	28,053	47,024	75,077	91,100	29,523	120,623
Balance, end of period	$8,172,266	$1,163,460	$9,335,726	$8,172,266	$1,163,460	$9,335,726

(1) *Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three and nine months ended September 30, 2021: improvement allowances of $1,349 and $1,056; leasing commissions of $24 and $272; capital expenditures of $174 and $1,333; amortization of straight-line rent and improvement allowances of $181 and $819; and fair value loss on investment properties of $888 and $730, respectively.*

For the three months ended September 30, 2021, Allied capitalized $9,868 of borrowing costs, $7,119 of which related to development activity and $1,668 to upgrade activity in the rental portfolio (primarily 250 Front W, 375 Water and 1001 Boulevard Robert-Bourassa). Allied capitalized $1,081 of borrowing costs to qualifying residential inventory.

For the nine months ended September 30, 2021, Allied capitalized $28,946 of borrowing costs, $22,444 of which related to development activity and $3,196 to upgrade activity in the rental portfolio (primarily 250 Front W, RCA Building and 375 Water). Allied capitalized $3,306 of borrowing costs to qualifying residential inventory.

As at September 30, 2021, Allied had three properties classified as investment properties held for sale. Allied intends to sell these properties to third parties within the next 12 months.

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Investment properties held for sale	$86,260	$—

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.

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, ancillary parking facilities and investment properties held for sale.

Allied's entire portfolio is revalued by the external appraiser each quarter. Management verifies all major inputs to the valuations, analyzes the change in fair values at the end of each reporting period and reviews the results with the independent appraiser every quarter. There were no material changes to the valuation techniques during the period. For properties with a leasehold interest with a term less than 40 years, the resulting valuation methodology is based upon a full-term discounted cash flow model.

In valuing the investment properties as at September 30, 2021, the independent appraiser compares the value derived using the DCF method to the value that would have been calculated by applying a capitalization rate to NOI. This is done to assess the reasonability of the value obtained under the DCF method. The resulting portfolio weighted average capitalization rate was 4.72%, detailed in the table below:

OVERALL CAPITALIZATION RATE	SEPTEMBER 30, 2021			DECEMBER 31, 2020		
	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $
Montréal & Ottawa	4.50% - 6.75%	5.06%	$2,538,727	4.75% - 6.75%	5.08%	$2,419,295
Toronto & Kitchener	3.75% - 5.75%	4.46%	3,516,170	3.75% - 5.75%	4.47%	3,428,395
Calgary & Vancouver	3.50% - 7.00%	4.48%	1,025,868	3.50% - 7.00%	4.76%	1,040,835
Urban Data Centres	5.00% - 5.75%	5.30%	1,091,501	5.00% - 5.75%	5.32%	1,024,640
Rental Properties	3.50% - 7.00%	4.77%	$8,172,266	3.50% - 7.00%	4.80%	$7,913,165
Properties Under Development	4.00% - 7.00%	4.30%	1,163,460	5.25% - 7.00%	5.95%	896,520
Total Investment Properties	3.50% - 7.00%	4.72%	$9,335,726	3.50% - 7.00%	4.82%	$8,809,685

RENTAL PROPERTIES

Allied's rental portfolio was built by consolidating the ownership of urban office properties and network-dense urban data centres. 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, manager and developer of urban workspace in Canada's major cities. It currently owns 185 rental properties in six Canadian cities, including three investment properties held for sale. Listed below are Allied's top-10 urban workspace rental properties measured by normalized Last Quarter Annualized ("LQA") NOI. Normalized LQA NOI is a non-IFRS measure, which represents the normalized results for the most recently completed quarter (excluding straight-line rent) multiplied by four. These properties represent 30.6% of the total LQA NOI for the three months ended September 30, 2021.

PROPERTY NAME	NORMALIZED LQA NOI	APPRAISED FAIR VALUE	CAP RATE	PRINCIPAL USERS
Cité Multimédia, Montréal	$19,785	$420,100	4.75%	Desjardins, Morgan Stanley, PF Resolu Canada Inc
1001 Boulevard Robert-Bourassa, Montréal (1)	17,140	367,490	5.25%	AON Canada Inc, Autorité Régionale de Transport Métropolitain, Hydro-Québec, National Bank of Canada
Le Nordelec, Montréal	15,038	301,060	5.00%	Gsoft, Unity Technologies, Yellow Pages Media
QRC West, Toronto	13,077	301,280	4.25%	eOne, Sapient Canada
747 Rue du Square Victoria, Montréal	10,453	279,700	5.00%	Dassault Systèmes Canada, Otera Capital Inc., Secretariat of the Convention on Biological Diversity, Société Québecoise des Infrastructures
5455 de Gaspé Avenue, Montréal	9,205	146,690	5.00%	Attraction Media, Framestore, Ubisoft
555 Richmond Street West, Toronto	7,636	179,710	4.75%	Centre Francophone de Toronto, Synaptive
King Portland Centre, Toronto	6,864	182,920	3.81%	Indigo, Shopify
5445 de Gaspé Avenue, Montréal	6,315	104,340	5.25%	Sun Life, Ubisoft
375 Water Street, Vancouver	6,063	225,870	3.75%	Incognito Software Inc., Quarterdeck Brewing Co, Salesforce.com
Total	$111,576	$2,509,160	4.70%	

(1) 700 De La Gauchetière was renamed to 1001 Boulevard Robert-Bourassa in Q2 2021.

NETWORK-DENSE URBAN DATA CENTRES

Allied operates three network-dense UDCs in downtown Toronto: 151 Front W ("151"), 250 Front W ("250") and 905 King W ("905"). Listed below are Allied's UDCs measured by Normalized LQA NOI. UDCs represent 16.9% of the total LQA NOI for the three months ended September 30, 2021.

PROPERTY NAME	NORMALIZED LQA NOI	APPRAISED FAIR VALUE	CAP RATE	PRINCIPAL USERS
151 Front W, Toronto	$40,844	$648,260	5.00%	Bell, Cologix, Equinix, Digital Realty
250 Front W, Toronto	16,168	340,280	5.75	AWS, Cloud Service Provider
905 King W, Toronto	4,667	102,960	5.75	Beanfield, Cloud Service Provider, Cologix
Total	$61,679	$1,091,500	5.30%	

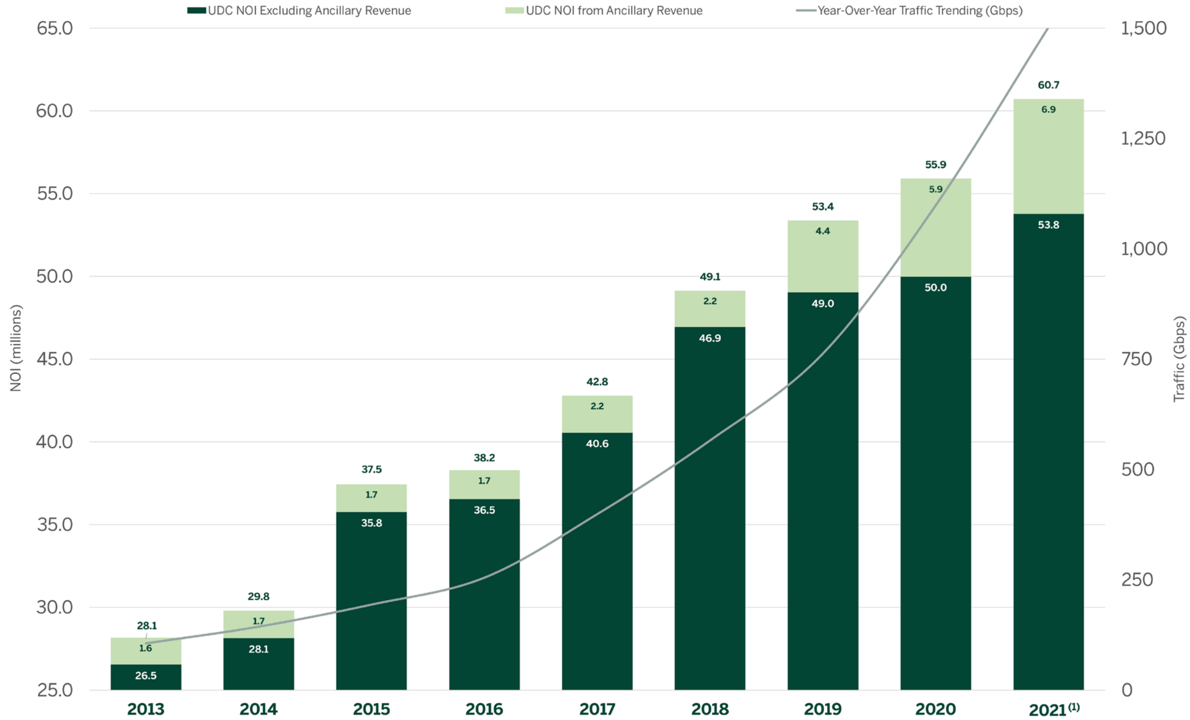
Regular rental revenue represents 88.7% of normalized LQA NOI from UDCs for the three months ended September 30, 2021. Ancillary rental revenue represents 11.3% of Normalized LQA NOI from UDCs. Ancillary rental revenue is comprised of revenue from the rental of conduit space, rack space and cross-connects.

	NORMALIZED LQA NOI	% OF NORMALIZED LQA NOI
NOI from regular rental revenue	$54,737	88.7%
NOI from ancillary rental revenue	6,942	11.3%
Total Normalized LQA NOI	$61,679	100.0%

Allied acquired 151 in 2009 and both 250 and 905 are connected to it via a multi-layered, diverse infrastructure of high-density fibre that Allied owns.

151 is the largest internet exchange point (IXP) in Canada and the third largest in North America. It houses Toronto Internet Exchange (TorIX), a not-for-profit organization that enables internet networks to connect and exchange traffic. With over 290 peers connecting, TorIX has experienced a steady and dramatic increase in traffic since 2009, with traffic in the third quarter of 2021 exceeding 1,500 gigabits per second. The following sets out Allied's increase in UDC NOI in relation to the growth in traffic through TorIX.

Our Urban Data Centres are a critical component of Canada's communications infrastructure



(1) *Reflects NOI for the nine months ended September 30, 2021, with the remainder of the year based on LQA NOI for the most recently completed quarter.*

151 is a carrier-neutral facility. With a critical mass of carrier networks, TorIX and numerous other networks, 151 is Canada's hub for global connectivity and is the gateway to Canada for all major North American cities and numerous major international cities.

As a critical component of Canada's communications infrastructure, 151 is a network-dense urban data centre, distinct from conventional suburban data centres. The latter are analogous to interchanges on small highways. While valuable, they are relatively easy to replicate. 151 is analogous to a massive interchange on an intersecting series of super-highways. It is exceptionally valuable and very difficult to replicate.

Allied leases 173,000 square feet of GLA at 250 pursuant to a long-term lease that expires on June 2, 2062. As a result of substantial capital improvements completed by Allied, including high-density fibre connections to 151, 250 has become an important interconnected cloud-hosting facility in Canada, providing retail, wholesale and managed services.

Allied acquired 905 in 2003. As a result of substantial capital improvements completed by Allied, including connecting it to 151 with high-density fibre, 59,056 square feet of GLA at the property has become an important urban data centre.

Allied has two basic sources of rental revenue from 151, 250 and 905. The largest source, direct rental revenue, derives from leasing and sub-leasing space to ultimate users. A smaller but material source, ancillary rental revenue, derives from conduit fees, rack fees and interconnection fees charged on a recurring monthly basis for cross-connects that enable different types of users to interconnect with low-latency and redundancy, reducing network costs and improving network security and performance.

Allied expects that cross-connects at 250 and 905 will give rise to recurring ancillary rental revenue. Cross-connects utilize the existing infrastructure at 250 and 905 without occupying any of the unleased GLA or requiring additional capital expenditure by Allied.

URBAN DATA CENTRE USER PROFILE

The following sets out Allied's user-mix for UDCs, on the basis of percentage of rental revenue for the nine months ended September 30, 2021:

CATEGORY	% OF RENTAL REVENUE SEPTEMBER 30, 2021
Network	69.3%
Cloud	29.8%
Enterprise	0.9%
	100.0%

ACQUISITIONS

During the nine months ended September 30, 2021, Allied completed the following property acquisitions from third parties:

PROPERTY	ACQUISITION DATE	ACQUISITION COST (1)	OFFICE GLA	RETAIL GLA	TOTAL GLA
432 Wellington, Toronto (2)	January 28, 2021	**$17,806**	—	8,997	8,997
608-1st SW, Calgary	February 8, 2021	**6,464**	—	34,100	34,100
478 King W, Toronto (3)	April 22, 2021	**10,963**	—	4,351	4,351
65 Front E, Toronto	April 29, 2021	**20,064**	14,899	6,225	21,124
64 Spadina, Toronto	May 19, 2021	**14,617**	—	5,297	5,297
12 Brant, Toronto	June 18, 2021	**16,180**	—	11,936	11,936
422-424 Wellington W, Toronto (4)	August 4, 2021	**28,648**	—	—	—
143 Bathurst, Toronto	August 23, 2021	**2,945**	—	—	—
700 Saint Antoine E, Montréal (5)	August 30, 2021	**80,449**	107,320	15,323	122,643
810 Saint Antoine E, Montréal (6)	August 30, 2021	**51,263**	43,500	—	43,500
Total		**$249,399**	165,719	86,229	251,948

(1) Purchase price plus transaction costs.
(2) This property has a parking lot component containing 10 spaces.
(3) Allied acquired the remaining 50% interest in 478 King W on April 22, 2021, bringing its total ownership of the property to 100%.
(4) This property has a parking lot component containing 20 spaces.
(5) This property has a parking lot component containing 21 spaces.
(6) This property has a parking lot component containing 132 spaces.

On October 12, 2021, Allied committed to acquire the Dominion Building in Vancouver for a total purchase price of $65,000. Closing is expected on November 12, 2021.

On October 19, 2021, Allied completed the purchase of the remaining 50% interest in 731-10th SW, 802-838 11th SW (Glenbow Assembly) and 738 11th (Sherwin Block) in Calgary for a total purchase price of $28,000.

DISPOSITIONS

During the nine months ended September 30, 2021, Allied and its partners closed on the dispositions of the following phases of The Well air rights and associated underground parking and transfer floor slab developments:

PHASE OF THE WELL AIR RIGHTS	CLOSING DATE	CASH CONSIDERATION (AT ALLIED'S SHARE)
Second phase	April 7, 2021	$31,152
Third phase	June 11, 2021	24,287
		$55,439

The total cash consideration received of $55,439 (at Allied's share) represented the fair value at the time of disposition so there is no gain or loss on disposition.

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, Edmonton, 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 (see our MD&A dated March 7, 2008, for the quarter and year ended December 31, 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 (including properties in the development portfolio) now comprise 4.3 million square feet of GLA and are situated on 38.9 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 11.4 million square feet of GLA, 7.1 million square feet more than currently is in place.

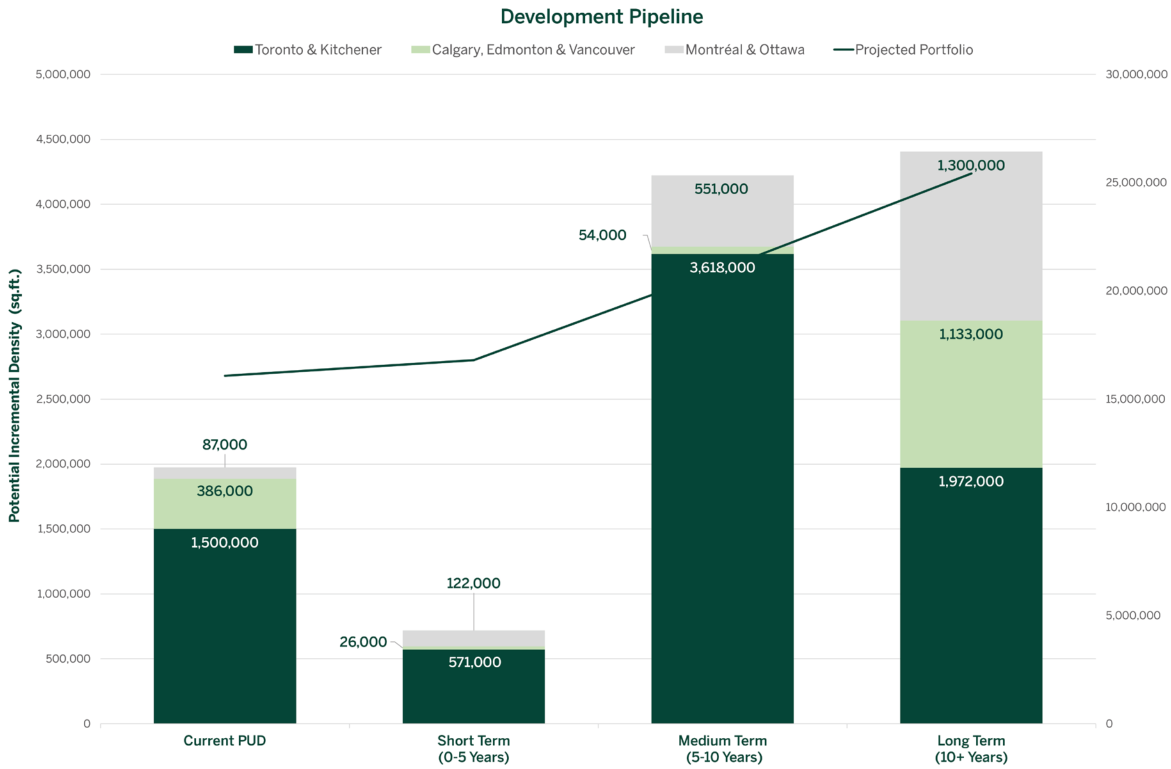
Allied entered the Montréal market in April of 2005. The 32 properties in Montréal now comprise 6.7 million square feet of GLA. As they are much larger buildings on average than those comprising the Toronto portfolio, the 45.2 acres of land on which they sit (immediately south, east and northeast of the Downtown Core) are more fully utilized than the land in the Toronto portfolio. Nevertheless, the underlying land in the Montréal portfolio could permit up to 8.7 million square feet of GLA, 2.0 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 11.3 million square feet of potential incremental density, of which 2.0 million square feet is currently in PUD, and the remaining 9.3 million square feet is potential incremental density. Of the 9.3 million square feet of potential incremental density, 3.3 million square feet is reflected in the appraised fair values, mainly at properties where zoning approvals are in place. The remaining 6.0 million square feet is not reflected in the appraised fair values.

Potential Incremental Density (in sq.ft.) - Geographic Breakdown

CITY	CURRENT GLA	CURRENT PUD (ESTIMATED ON COMPLETION)	POTENTIAL INCREMENTAL DENSITY	TOTAL POTENTIAL GLA
Toronto	4,250,767	1,353,134	5,828,763	11,432,664
Kitchener	562,295	147,000	332,216	1,041,511
Total Toronto & Kitchener	**4,813,062**	**1,500,134**	**6,160,979**	**12,474,175**
Toronto Urban Data Centres	510,003	—	—	510,003
Total Urban Data Centres	**510,003**	**—**	**—**	**510,003**
Montréal	6,685,300	87,473	1,972,724	8,745,497
Ottawa	231,468	—	—	231,468
Total Montréal & Ottawa	**6,916,768**	**87,473**	**1,972,724**	**8,976,965**
Calgary	1,222,185	88,000	1,151,015	2,461,200
Edmonton	—	297,851	—	297,851
Vancouver	644,113	—	62,183	706,296
Total Calgary, Edmonton & Vancouver	**1,866,298**	**385,851**	**1,213,198**	**3,465,347**
Total	**14,106,131**	**1,973,458**	**9,346,901**	**25,426,490**

The timing of development for the 9.3 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 in the short-term and the long-term remains on the Toronto portfolio.



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

PROPERTY NAME	NORMALIZED LQA NOI	APPRAISED FAIR VALUE	REZONING APPROVAL STATUS	USE	CURRENT GLA	ESTIMATED GLA ON COMPLETION	ESTIMATED COMPLETION
The Castle [1]	$4,997	$113,520	In progress	Office, limited retail	179,907	460,000	Unscheduled
King & Peter [2]	2,942	83,390	Completed	Office, limited retail	86,230	790,000	Unscheduled
Union Centre	1,987	107,860	Completed	Office, limited retail	41,787	1,330,000	Unscheduled
Bathurst Street Assembly [3]	928	46,450	In progress	Office, residential, retail	36,919	318,000	Unscheduled
365 Railway	662	18,940	In progress	Office	31,528	60,000	Unscheduled
Adelaide & Spadina [4]	343	24,720	Completed	Office, retail	11,015	230,000	Unscheduled
Le Nordelec - Lot A [5]	—	24,300	In progress	Office	—	230,000	Unscheduled
Le Nordelec - Lot E [6]	—	5,000	In progress	Office	7,550	135,000	Unscheduled
Total	$11,859	$424,180			394,936	3,553,000	

(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) 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.
(4) Adelaide & Spadina is comprised of 383 Adelaide W and 387 Adelaide W.
(5) Le Nordelec - Lot A is comprised of 1900 Saint Patrick, a component of the 1751 Richardson & 1700 Saint-Patrick property.
(6) 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. The design-approval costs have been, and will continue to be, funded by Allied for its share.

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.

It is expected that development activity will become a more important component of Allied's growth as projects are completed. 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 the office leasing market in the relevant markets remains stable. Pursuant to Allied's Declaration of Trust, the cost of Properties Under Development cannot exceed 15% of GBV. At September 30, 2021, the cost of Allied's Properties Under Development was 10.8% of GBV (December 31, 2020 - 9.0%). 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 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 11 Properties Under Development:

PROPERTY NAME	USE	ESTIMATED GLA ON COMPLETION (SF)	% OF OFFICE DEVELOPMENT PRE-LEASED
The Lougheed (604-1st SW), Calgary (1)	Office, retail	88,000	—%
College & Manning, 547-549 College, Toronto (2)	Retail, residential	27,000	—
400 Atlantic, Montréal	Office, retail	87,473	—
Breithaupt Phase III, Kitchener (2)	Office	147,000	100
The Well, Toronto (2)(3)	Office, retail	763,000	86
Adelaide & Duncan, Toronto (2)(4)	Office, retail, residential	230,000	100
Boardwalk-Revillon Building, Edmonton (5)	Office, retail	297,851	8
QRC West Phase II, Toronto (6)	Office, retail	93,134	100
422-424 Wellington W, Toronto	Retail	10,000	N/A
KING Toronto, Toronto (2)(7)	Office, retail	100,000	—
King & Brant, Toronto (8)	Office, retail	130,000	—
Total		1,973,458	57%

(1) While initially working toward repositioning this property for a different use, Allied is now working toward restoring and retrofitting the property to the highest possible standards for workspace in the creative economy.

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

(3) Each of Allied and RioCan own an undivided 50% interest with an estimated total GLA of 3,100,000 square feet. The GLA components (in square feet) at Allied's 50% share will be as follows: approximately 586,000 of office, 177,000 of retail, and the remaining is related to 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 as previously announced, with the first phase closed in Q4 2020, the second and third phases closed in Q2 2021, and the remaining phases expected to close by the end of 2021.

(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: 259,555 of office and 38,296 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, 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.

(8) Allied has received permission to intensify 544 King W and 7-9 Morrison. The approval permits approximately 120,000 square feet of office space and 10,000 square feet of retail space. Allied is exploring the opportunity to increase the permitted leasable area.

The following table sets out the fair value of Allied's Properties Under Development as at September 30, 2021, as well as Management's estimates with respect to the financial outcome on completion:

PROPERTY NAME	TRANSFER TO RENTAL PORTFOLIO	APPRAISED VALUE	ESTIMATED ANNUAL NOI	ESTIMATED TOTAL COST	ESTIMATED YIELD ON COST	ESTIMATED COST TO COMPLETE
The Lougheed (604-1st SW), Calgary	Q4 2021	15,750	TBD	TBD	TBD	TBD
College & Manning, 547-549 College, Toronto (1)	Q4 2021	27,370	975 - 1,125	32,075	3.0% - 3.5%	2,900
400 Atlantic, Montréal	Q1 2022	8,210	TBD	TBD	TBD	TBD
Breithaupt Phase III, Kitchener (1)(2)	Q1 2022	55,530	5,375 - 5,500	78,652	6.8% - 7.0%	32,100
The Well, Toronto (1)(3)	Q1 2022	735,220	37,500 - 43,250	734,000	5.1% - 5.9%	151,000
Adelaide & Duncan, Toronto (1)(4)	Q2 2022	128,580	9,625 - 11,125	193,600	5.0% - 5.7%	73,100
Boardwalk-Revillon Building, Edmonton	Q2 2022	57,140	TBD	TBD	TBD	TBD
QRC West Phase II, Toronto	Q2 2023	45,510	4,500 - 4,600	83,849	5.4% - 5.5%	48,800
422-424 Wellington W, Toronto	TBD	27,500	TBD	TBD	TBD	TBD
KING Toronto, Toronto (1)(5)	Q1 2024	41,800	5,000 - 6,000	83,069	6.0% - 7.7%	32,900
King & Brant, Toronto	TBD	20,850	TBD	TBD	TBD	TBD
Total		$1,163,460				

(1) These properties are co-owned, reflected in the table above at Allied's ownership percentage of assets and liabilities.
(2) Breithaupt Phase III is comprised of 43 Wellington, 53 & 55 Wellington, 305 Joseph and 2-4 Stewart.
(3) The estimated costs are net of the estimated gross proceeds from the sale of the The Well Air Rights of $100,885 (at Allied's share), excluding closing costs.
(4) The project is anticipated to be completed in two phases. The commercial phase is scheduled for completion in Q2 2022 and the residential phase is scheduled for completion in Q4 2023.
(5) 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, 539 King W. The appraised value relates to the commercial component. The estimated total cost is net of the estimated gross proceeds from the sale of the residential inventory of $290,000 - $295,000.

The initial cost of Properties Under Development includes the acquisition cost of the property, direct development costs, realty taxes and borrowing costs directly attributable to the development. Borrowing 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 material permits. Estimated annual NOI is based on 100% economic occupancy. The most important factor affecting estimated annual NOI will be 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.

The Well Development Update:

The Well is a large-scale development project that will be completed in early 2022. The office is 86% pre-leased and occupancy commenced this quarter. Allied is finalizing leases totaling 158,000 square feet of GLA (79,000 square feet at Allied's ownership) at the office component of The Well in Toronto to six knowledge-based organizations, which if successfully completed will bring the leased area to 99.5%.

The current stacking plan for The Well is set out below:

WORKSPACE
LEASED SQUARE FOOTAGE - 86%

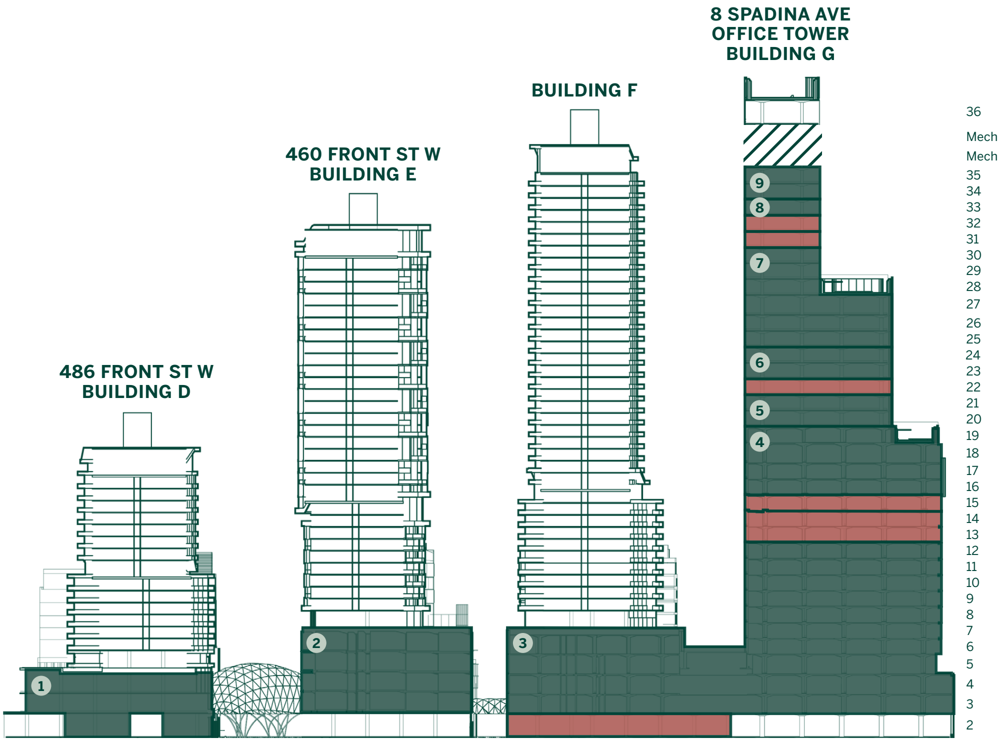
	Workspace	Floors	Rent Commencement
1	Konrad Group	**Floors 2-4:** 89,908 sf	Q2 2023
2	Spaces/IWG	**Floors 3-6:** 127,158 sf	Q4 2022
3	Shopify	**Floors 3-12:** 433,219 sf	Q4 2022
4	Intuit	**Floors 16-19:** 113,687 sf	Q3 2022
5	Quadrangle	**Floors 20-21:** 47,526 sf	Q4 2022
6	Financeit	**Floors 23-24:** 49,158 sf	Q2 2022
7	Index Exchange	**Floors 25-30:** 108,814 sf	Q2 2023
8	Woodbourne Canada	**Floors 33:** 11,799 sf	Q4 2022
9	Matthews, Dinsdale & Clark LLP	**Floors 34-35:** 23,598 sf	Q1 2023

LEGEND

AVAILABLE OFFICE SPACE (167,134 SF)

LEASED OFFICE SPACE (1,004,867 SF)

***SQUARE FEET AT 100% OWNERSHIP**



RESIDENTIAL INVENTORY

Residential inventory is as follows:

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
KING Toronto	$156,966	$140,038

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

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Balance, beginning of period	$140,038	$114,910
Development expenditures	16,928	25,128
Balance, end of period	$156,966	$140,038

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. Management expects the condominium sales to close in 2023.

DEVELOPMENT COMPLETIONS

PROPERTY	COMPLETION	INVESTMENT	LQA NOI	UNLEVERED YIELD ON COST	FAIR VALUE	VALUE CREATION	VALUE CREATION AS % OF COST
QRC West, Toronto	2015	$130,000	$13,077	10.1%	$301,280	$171,280	131.8%
The Breithaupt Block, Kitchener	2016	$25,020	$2,412	9.6%	$49,790	$24,770	99.0%
180 John, Toronto	2017	$27,500	$1,526	5.5%	$31,470	$3,970	14.4%
189 Joseph, Kitchener	2017	$11,360	$699	6.2%	$13,670	$2,310	20.3%

In 2004, Allied expanded into Montréal with the purchase of 425 Viger. At the time, the property comprised of 200,000 square feet of GLA and was fully leased. In 2007, Allied purchased the adjacent parking lot with the intention of intensifying the combined property once the main user's lease expired. Allied began the intensification activity in Q1 2018, and completed the project in Q2 2020. The property now consists of 315,979 square feet of GLA.

425 VIGER

	INVESTMENT	LQA NOI	UNLEVERED YIELD ON COST	FAIR VALUE	VALUE CREATION	VALUE CREATION AS % OF COST
Land Costs	$30,076					
Hard & Soft Costs	66,353					
Capitalized Interest & Operating Costs	7,839					
Total Development Costs	**$104,268**	**$8,086**	**7.8%**	**$166,770**	**$62,502**	**59.9%**

In 2012, Allied entered into an equal two-way joint arrangement with RioCan to develop King Portland Centre. Allied and RioCan each acquired an undivided 50% interest in 642 King W and 620 King W and subsequently put them into development, completing 642 King W in early 2018 and 620 King W in early 2019. They are comprised of 299,126 square feet of GLA (Allied's share 149,563 square feet) and are 100% leased. (602-606 King W are excluded from the figures below as they were never under development.) The property is LEED Platinum certified for core and shell.

KING PORTLAND CENTRE

	INVESTMENT	LQA NOI	UNLEVERED YIELD ON COST	FAIR VALUE	VALUE CREATION	VALUE CREATION AS % OF COST
Land Costs	$21,478					
Hard & Soft Costs	64,437					
Capitalized Interest & Operating Costs	5,033					
Condominium Profits	(14,270)					
Total Development Costs	**$76,678**	**$6,139**	**8.0%**	**$157,990**	**$81,312**	**106.0%**

The fair values are provided by Allied's external appraiser, which are calculated based on the discounted cash flow method.

LOANS RECEIVABLE

As at September 30, 2021, total loans receivable outstanding is $356,034 (December 31, 2020 - $320,526).

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 September 30, 2021, the loan receivable outstanding is $21,173 (December 31, 2020 - $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. Interest accrues to the credit facility monthly at a rate of 6.75% per annum. The credit facility matures on August 31, 2022, and has a one-year extension option to August 31, 2023. On placement of permanent financing, Allied intends to acquire a 50% undivided interest in 400 West Georgia based on total development costs. As at September 30, 2021, the loan receivable outstanding is $138,769 (December 31, 2020 - $120,825).

On November 30, 2018, Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied advanced $67,030 to Westbank for its purchase of a 50% undivided interest in the property. The facility will initially be secured by a first mortgage on the property. On placement of construction financing, the mortgage will be 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 at the earlier of November 30, 2023, or the closing of the condominium units. As at September 30, 2021, the loan receivable outstanding is $89,033 (December 31, 2020 - $84,566).

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 instalments upon completion of development and rent commencement, which is anticipated to begin in the third quarter of 2022. As at September 30, 2021, the loan receivable outstanding is $10,637 (December 31, 2020 - $10,637).

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 720 Beatty Street in Vancouver. The funding will initially be 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 720 Beatty based on an agreed upon formula. As at September 30, 2021, the loan receivable outstanding is $96,422 (December 31, 2020 - $83,325).

The table below summarizes the loans receivable as at September 30, 2021, and December 31, 2020.

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Adelaide & Duncan	**$21,173**	$21,173
400 West Georgia	**138,769**	120,825
KING Toronto	**89,033**	84,566
Breithaupt Phase III	**10,637**	10,637
720 Beatty	**96,422**	83,325
Total loans receivable	**$356,034**	$320,526

Section VI

–Liquidity and Capital Resources

Allied's liquidity and capital resources are used to fund capital investments including development activity, 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, the structure of lease agreements, leasing costs, and the rate and amount of capital investment and development activity, among other variables.

Allied has financed its operations through the use of equity, mortgage debt secured by rental properties, construction loans, unsecured operating lines, 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 assets, which totals $8,738,850, representing 93.6% of investment properties, as at September 30, 2021.

DEBT

Total debt and net debt are non-IFRS financial measures and do not have any standard meaning prescribed by IFRS. As computed by Allied, total debt and net debt may differ from similar computations reported by other Canadian real estate investment trusts and, accordingly, may not be comparable to similar computations reported by such organizations. Management considers total debt and net debt to be useful measures for evaluating debt levels and interest coverage. The following illustrates the calculation of total debt (net of transaction costs) and net debt as at September 30, 2021, and December 31, 2020:

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Mortgages payable	**$126,318**	$716,813
Construction loans payable	**98,186**	57,104
Unsecured revolving operating facilities	**225,000**	60,000
Senior unsecured debentures	**2,587,501**	1,642,119
Unsecured term loan	**249,513**	249,426
Total debt, IFRS basis	**$3,286,518**	$2,725,462
Less cash and cash equivalents [(1)]	**41,723**	48,798
Net debt	**$3,244,795**	$2,676,664

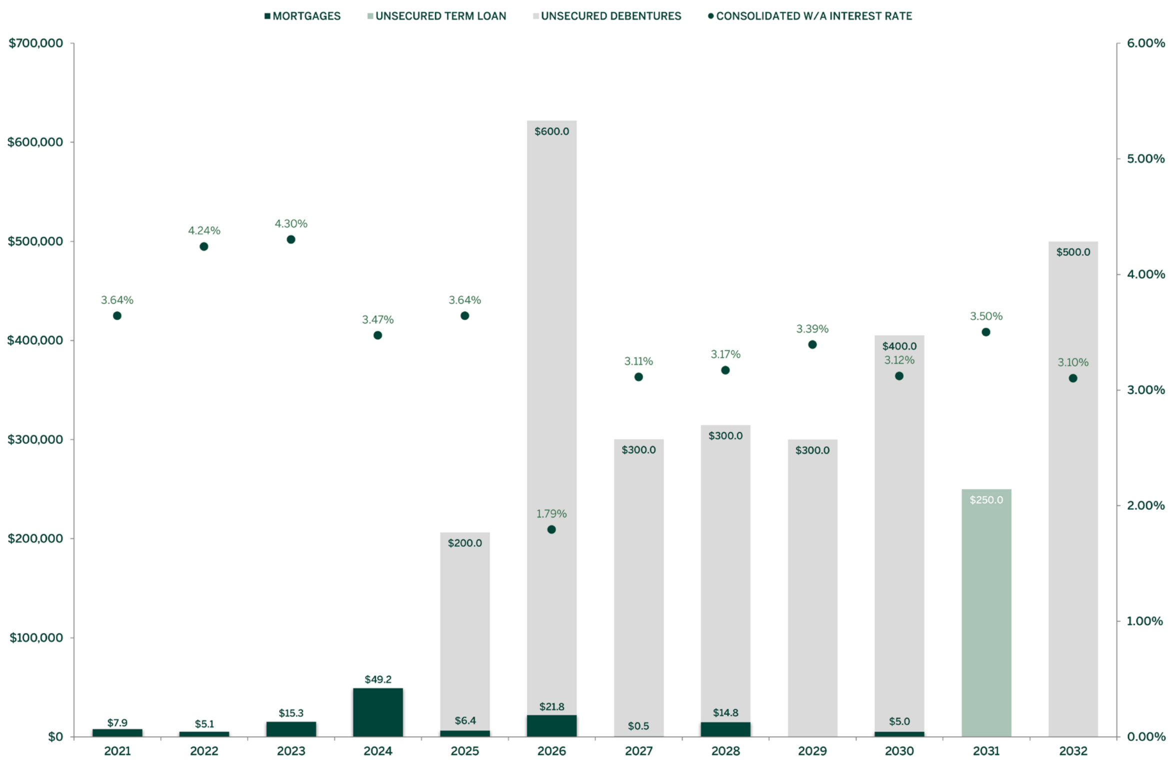
(1) This includes cash and cash equivalents attributable to TELUS Sky totaling $1,680 as at September 30, 2021 (December 31, 2020 - $3,286).

The table below summarizes the scheduled principal maturity for Allied's mortgages payable, Unsecured Debentures and unsecured term loan:

	MORTGAGES PAYABLE	W/A INTEREST RATE OF MATURING MORTGAGES	SENIOR UNSECURED DEBENTURES	W/A INTEREST RATE	UNSECURED TERM LOAN	W/A INTEREST RATE	TOTAL	CONSOLIDATED W/A INTEREST RATE OF MATURING DEBT
Remaining 2021	$7,854	3.64%	$—	—%	$—	—%	$7,854	3.64%
2022	5,105	4.24	—	—	—	—	5,105	4.24
2023	15,299	4.30	—	—	—	—	15,299	4.30
2024	49,196	3.47	—	—	—	—	49,196	3.47
2025	6,423	—	200,000	3.64	—	—	206,423	3.64
2026	21,834	3.59	600,000	1.73	—	—	621,834	1.79
2027	487	—	300,000	3.11	—	—	300,487	3.11
2028	14,750	4.04	300,000	3.13	—	—	314,750	3.17
2029	—	—	300,000	3.39	—	—	300,000	3.39
2030	5,000	—	400,000	3.12	—	—	405,000	3.12
2031	—	—	—	—	250,000	3.50	250,000	3.50
2032	—	—	500,000	3.10	—	—	500,000	3.10
	$125,948	3.40%	$2,600,000	2.86%	$250,000	3.50%	$2,975,948	2.94%

Allied's consolidated weighted average interest rate of maturing debt decreased by 66 basis points to 2.94% as at September 30, 2021, from 3.60% as at December 31, 2020. The reduction was primarily due to a $600,000 inaugural green bond issued on February 12, 2021, bearing interest at 1.726%, and a subsequent $500,000 green bond issued on August 6, 2021, bearing interest at 3.095%, which were used to prepay $626,043 of first mortgages with a weighted average interest rate of 4.42%.

The weighted average term of Allied's debt (excluding construction loans and Unsecured Facilities) is 7.0 years. The chart below summarizes the maturities of principal in regards to debt obligations as at September 30, 2021:



MORTGAGES PAYABLE

As at September 30, 2021, mortgages payable, net of financing costs, total $126,318 and have a weighted average stated interest rate of 3.40% (December 31, 2020 - 4.31%). The weighted average term of the mortgage debt is 4.0 years (December 31, 2020 - 2.9 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	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Remaining 2021	$844	$7,010	$7,854	
2022	3,307	1,798	5,105	
2023	3,069	12,230	15,299	
2024	2,528	46,668	49,196	
2025	6,423	—	6,423	
2026	1,391	20,443	21,834	
2027	487	—	487	
2028	293	14,457	14,750	
2030	5,000	—	5,000	
Mortgages, principal	$23,342	$102,606	$125,948	$715,043
Net premium on assumed mortgages			1,103	3,555
Net financing costs			(733)	(1,785)
			$126,318	$716,813

CONSTRUCTION LOANS PAYABLE

As at September 30, 2021, and December 31, 2020, Allied's obligations under the construction loans are as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Adelaide & Duncan	50%	August 11, 2023	$57,819	$44,051
Breithaupt Phase III	50%	December 2, 2022	21,086	7,406
KING Toronto	50%	December 17, 2024	19,281	5,647
			$98,186	$57,104

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 matures on August 11, 2023, and bears interest at bank prime plus 35 basis points or bankers' acceptance rate plus 135 basis points. Allied is providing a joint and several guarantee, limited to $135,000, to support the construction facility and is earning a related guarantee fee. On August 23, 2019, the Adelaide & Duncan joint arrangement entered into a swap agreement to fix 75% of the construction costs up to $209,572 at 2.86%.

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. The loan matures on December 2, 2022, and bears interest at bank prime or bankers' acceptance rate plus 120 basis points. Allied is providing a joint and several guarantee, limited to $69,000, to support the facility and is earning a related guarantee fee.

On December 17, 2020, Allied and Westbank obtained a $465,000 green construction loan for the KING Toronto joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is $232,500. 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. Allied is providing a joint and several guarantee, limited to $232,500, to support the facility and is earning a related guarantee fee.

UNSECURED REVOLVING OPERATING FACILITIES

As at September 30, 2021, and December 31, 2020, Allied's obligations under the unsecured revolving operating facilities (the "Unsecured Facilities") are as follows:

			SEPTEMBER 30, 2021				
	MATURITY DATE	INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured facility limit $500,000 (1)	January 30, 2024	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$500,000	$(225,000)	$(19,025)	$255,975

(1) This unsecured facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $600,000.

(2) The interest rates on drawings for this facility are subject to certain conditions being met. In the event that these conditions are not met, this unsecured facility will bear interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.

			DECEMBER 31, 2020				
	MATURITY DATE	INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured facility limit $400,000 (1)	January 30, 2023	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$400,000	$(60,000)	$(22,420)	$317,580
Unsecured facility limit $100,000	April 20, 2021	Prime + 0.45% or Bankers' acceptance + 1.45%	0.29%	100,000	—	—	100,000
				$500,000	$(60,000)	$(22,420)	$417,580

(1) This unsecured facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $500,000.

(2) The interest rates on drawings for this facility are subject to certain conditions being met. In the event that these conditions are not met, this Unsecured Facility will bear interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.

On April 21, 2020, Allied entered into a $100,000 bilateral unsecured line of credit which matured on April 20, 2021, bearing interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.

On January 29, 2021, Allied amended the unsecured facilities to merge the two existing facilities into one facility with a limit of $500,000 plus a $100,000 accordion feature and to extend the maturity to January 30, 2024.

SENIOR UNSECURED DEBENTURES

As at September 30, 2021, and December 31, 2020, Allied's obligations under the senior unsecured debentures are as follows:

SERIES	INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Series B	3.934%	November 14, 2022	May 14 and November 14	**$—**	$150,000
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**	—
Series I	3.095%	February 6, 2032	February 6 and August 6	**500,000**	—
Unsecured Debentures, principal				**$2,600,000**	$1,650,000
Net financing costs				**(12,499)**	(7,881)
				$2,587,501	$1,642,119

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

On February 12, 2021, Allied issued $600,000 of 1.726% Series H Unsecured Debentures (the "Series H Debentures") due February 12, 2026, with semi-annual interest payments due on February 12 and August 12 each year commencing on August 12, 2021. Debt financing costs of $3,100 were incurred and recorded against the principal owing. The Series H Debentures were Allied's inaugural green bond issuance.

Proceeds from the Series H Debentures were used to redeem in full the $150,000 aggregate principal amount of 3.934% Series B Debentures due November 14, 2022, with a financing prepayment cost of $8,003, prepay $139,213 on a first mortgage with a financing prepayment cost of $6,158, repay $75,000 drawn on Allied's unsecured credit facility and for general working capital purposes.

On August 6, 2021, Allied issued $500,000 of 3.095% Series I Unsecured Debentures (the "Series I Debentures") due February 6, 2032, with semi-annual interest payments due on February 6 and August 6 each year commencing on February 6, 2022. Debt financing costs of $3,000 were incurred and recorded against the principal owing.

Proceeds from the Series I Debentures were used to prepay $486,830 aggregate principal amount of first mortgages and for general working capital purposes. The mortgages had a financing prepayment cost of $37,728.

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

UNSECURED TERM LOAN

As at September 30, 2021, and December 31, 2020, Allied's obligation under the unsecured term loan is as follows:

	INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Unsecured term loan	3.496%	January 14, 2031	Monthly	**$250,000**	$250,000
Net financing costs				**(487)**	(574)
				$249,513	$249,426

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

CREDIT RATINGS

Allied's credit ratings as at September 30, 2021, are summarized below:

DEBT	RATING AGENCY	LONG-TERM CREDIT RATING	TREND/OUTLOOK
Issuer Rating & Unsecured Debentures	DBRS Limited	BBB	Stable
Issuer Rating & Unsecured Debentures	Moody's Investors Service Inc.	Baa2	Stable

DBRS Limited ("DBRS") and Moody's Investors Service Inc. ("Moody's") provide 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." The minimum Moody's investment grade rating is "Baa3," with the highest rating being "Aaa".

With these ratings, Allied's ability to access the debt capital markets on favourable financial terms will be enhanced. Allied expects the ratings to be particularly helpful as Allied continues to fortify the balance sheet with a view to bringing added financial flexibility and discipline to the urban development program.

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 and Moody's 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.

FINANCIAL COVENANTS

The Unsecured Facilities, unsecured term loan and Unsecured Debentures contain numerous financial covenants. Failure to comply with the covenants could result in a default, which, if not waived or cured, could result in adverse financial consequences. The related covenants are as follows:

UNSECURED FACILITIES AND UNSECURED TERM LOAN

The following outlines the requirements of covenants as defined in the agreements governing the Unsecured Facilities and unsecured term loan.

COVENANT	THRESHOLD	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Indebtedness ratio	Below 60%	**32.9%**	29.2%
Secured indebtedness ratio	Below 45%	**2.3%**	8.2%
Debt service coverage ratio [1]	Consolidated adjusted EBITDA to be more than 1.5 times debt service payments	**2.0x**	2.7x
Equity maintenance	At least $1,250,000 plus 75% of future equity issuances ($2,797,710)	**6,299,117**	6,177,032
Unencumbered property assets value ratio	Unencumbered property assets to be more than 1.4 times total unsecured debt	**2.9x**	3.3x
Distribution payout ratio	Maintain distributions below 100% of FFO	**70.9%**	70.8%

(1) The debt service coverage ratio as at September 30, 2021, includes financing prepayment costs of $51,889 (December 31, 2020 - $nil). Excluding these financing prepayment costs, the debt service coverage ratio as at September 30, 2021, would be 2.8x.

SENIOR UNSECURED DEBENTURES

The following outlines the requirements of covenants specified in the trust indenture with respect to the Unsecured Debentures.

COVENANT	THRESHOLD	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Pro forma interest coverage ratio	Maintain a 12-month rolling consolidated pro forma EBITDA of at least 1.65 times pro forma interest expense	**3.5x**	3.2x
Pro forma asset coverage test	Maintain net consolidated debt below 65% of net aggregate assets on a pro forma basis	**32.8%**	29.1%
Equity maintenance	Maintain Unitholders' equity above $300,000	**6,299,117**	6,177,032
Pro forma unencumbered net aggregate adjusted asset ratio	Maintain pro forma unencumbered net aggregate adjusted assets above 1.4 times consolidated unsecured indebtedness	**3.1x**	3.6x

As at September 30, 2021, Allied was in compliance with the terms and covenants of the agreements governing the Unsecured Facilities, the unsecured term loan and the Unsecured Debentures.

A number of other financial ratios are also monitored by Allied, including net debt as a multiple of Annualized Adjusted EBITDA and interest coverage ratio - including interest capitalized and excluding financing prepayment costs. These ratios are presented in Section I–Overview.

UNITHOLDERS' EQUITY

The following represents the number of Units issued and outstanding, and the related carrying value of Unitholders' equity, for the nine months ended September 30, 2021, and year ended December 31, 2020.

	SEPTEMBER 30, 2021		DECEMBER 31, 2020	
	UNITS	AMOUNT	UNITS	AMOUNT
Units, beginning of period	**127,259,218**	**$3,884,661**	122,838,799	$3,725,472
Restricted Unit Plan (net of forfeitures)	**—**	**(2,141)**	—	(2,695)
Unit Option Plan - options exercised	**1,533**	**56**	277,311	9,805
Unit issuance	**—**	**—**	4,143,108	152,079
Units, end of period	**127,260,751**	**$3,882,576**	127,259,218	$3,884,661

As at October 26, 2021, 127,260,751 Trust Units and 1,726,381 options to purchase Units were issued and outstanding.

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

The table below represents weighted average Units outstanding for:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Basic	**127,260,451**	124,328,661	**127,259,634**	123,477,851
Unit Option Plan	**186,551**	61,879	**143,936**	133,707
Fully diluted	**127,447,002**	124,390,540	**127,403,570**	123,611,558

NORMAL COURSE ISSUER BID

On February 22, 2021, 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 12,531,845 of its outstanding Units, representing approximately 10% of its public float as at February 11, 2021. The NCIB commenced February 24, 2021, and will expire on February 23, 2022, 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 nine months ended September 30, 2021, Allied purchased 58,923 Units for $2,169 at a weighted average price of $36.80 per Unit under its NCIB program, of which 58,260 Units were purchased for delivery to participants under Allied's Restricted Unit Plan and 663 Units were purchased for certain employee rewards outside of Allied's Restricted Unit Plan.

UNIT OPTION AND RESTRICTED UNIT 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 may 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.

At September 30, 2021, Allied had granted options to purchase up to 1,726,381 Units outstanding, of which 834,930 had vested. At December 31, 2020, Allied had options to purchase 1,288,229 Units outstanding, of which 548,396 had vested.

For the three and nine months ended September 30, 2021, Allied recorded a share-based payment expense of $435 and $1,310, respectively, (September 30, 2020 - $527 and $1,498, respectively) in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive 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 September 30, 2021, Allied had 296,810 Restricted Units outstanding (December 31, 2020 – 288,135).

For the three and nine months ended September 30, 2021, Allied recorded a share-based payment expense of $436 and $1,926, respectively, (September 30, 2020 - $611 and $2,285, respectively) in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income related to the Restricted Unit Plan.

DISTRIBUTIONS TO UNITHOLDERS

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
Annualized increase per Unit	$0.04	$0.04	$0.04	$0.04	$0.06	$0.04	$0.05
% increase	3.6%	3.5%	3.4%	3.3%	4.8%	3.0%	3.7%
Annualized distribution per Unit	$1.14	$1.18	$1.22	$1.26	$1.32	$1.36	$1.41

	DECEMBER, 2014	DECEMBER, 2015	DECEMBER, 2016	DECEMBER, 2017	DECEMBER, 2018	JANUARY, 2020	JANUARY, 2021
Annualized increase per Unit	$0.05	$0.04	$0.03	$0.03	$0.04	$0.05	$0.05
% increase	3.5%	2.7%	2.0%	2.0%	2.6%	3.1%	3.0%
Annualized distribution per Unit	$1.46	$1.50	$1.53	$1.56	$1.60	$1.65	$1.70

SOURCES OF DISTRIBUTIONS

For the three and nine months ended September 30, 2021, Allied declared $54,101 and $162,296 in distributions, respectively (September 30, 2020 - $51,354 and $152,884, respectively).

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Distributions declared	**$54,101**	$51,354	**$162,296**	$152,884
Net income	**$107,185**	$69,013	**$283,230**	$416,887
Cash flows provided by operating activities	**$39,120**	$77,879	**$153,605**	$290,503
AFFO excluding condominium related items and financing prepayment costs	**$66,132**	$59,796	**$200,441**	$183,380
AFFO excluding condominium related items and financing prepayment costs payout ratio	**81.8%**	85.9%	**81.0%**	83.4%
Excess of net income over distributions declared	**$53,084**	$17,659	**$120,934**	$264,003
(Deficit) excess of cash flows provided by operating activities over distributions declared (1)	**$(14,981)**	$26,525	**$(8,691)**	$137,619
Excess of cash provided by AFFO excluding condominium related items and financing prepayment costs over distributions declared	**$12,031**	$8,442	**$38,145**	$30,496

(1) *The cash flows provided by operating activities over distributions declared is in a deficit position for the three and nine months ended September 30, 2021, due to financing prepayment costs of $37,728 and $51,889, respectively (September 30, 2020 - $nil and $nil, respectively).*

In the table above, AFFO has been presented in accordance with the “White Paper on Funds From Operations & Adjusted Funds From Operations for IFRS” published by the Real Property Association of Canada (“REALpac”) in February of 2019.

In determining the amount of distributions to be made to Unitholders, Allied's Board of Trustees consider many factors, including provisions in its Declaration of Trust, macro-economic 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 Facilities. 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 as at September 30, 2021, amounts to $1.70 per Unit per annum (December 31, 2020 - $1.65 per Unit per annum).

COMMITMENTS

At September 30, 2021, Allied had future commitments as set out below, excluding the amount held within equity accounted investments:

	SEPTEMBER 30, 2021
Capital expenditures and committed acquisitions	$459,027

As at September 30, 2021, commitments of $494 were held within equity accounted investments.

The above does not include Allied's lease liability commitments, which are disclosed in note 12 of the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2021.

Section VII

–Accounting Estimates and Assumptions

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies and any respective changes are discussed in Allied's unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2021, 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") of Allied, along with the assistance of senior Management under their supervision, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Allied is made known to the CEO and CFO, and have designed 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.

No changes were made in the design of internal controls over financial reporting during the three months ended September 30, 2021, 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.

COVID-19 RISK

The ongoing COVID-19 pandemic, and government restrictive measures intended to contain or manage its impact, could adversely affect Allied's business, financial condition and results of operations. Various measures have been introduced by Canadian federal and provincial governments and other authorities to mitigate the transmission of COVID-19 and its variants, including social distancing recommendations, closure of non-essential businesses, occupancy limits in enclosed spaces, quarantines, and travel bans, some of which remain in effect. The nature and extent of these measures may change depending on the efficacy of vaccination programs, the emergence of new variants of the COVID-19 virus, and any resurgence of COVID-19 positive cases. As a result of the continuously evolving circumstances surrounding COVID-19, uncertainty remains with respect to Allied's revised internal forecast, the most significant being the fact that it cannot predict how consumers will respond as the restriction measures continue or change in Canada. In addition, Allied cannot predict the extent and severity of the economic disruption flowing from the global pandemic.

The global pandemic 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. Allied's users may also face business challenges as a result of the pandemic that may adversely affect their business and their ability to pay rent as required under the leases. Allied has afforded rent deferrals to certain users. There can be no assurance that deferred rents will be collected in accordance with deferral arrangements or at all. Any inability to collect rents in a timely manner or at all could adversely affect Allied's business and financial results.

Allied is a party to various joint arrangements and partnerships with different entities. If these joint arrangements or partnerships do not perform as expected or default on financial obligations due in whole or in part to factors related to COVID-19, Allied has an associated risk. Allied has mitigated these risks by negotiating contractual rights upon default, by entering into agreements with financially stable partners and by working with partners who have a successful record of completing development projects.

Certain of the materials and products used in the development of Allied's Properties Under Development are sourced from third-party suppliers and manufacturers in China and elsewhere. The COVID-19 pandemic has resulted in the extended shutdown of certain businesses across the world which may in turn result in disruptions or delays to the supply of such materials and products including disruptions from the temporary closure of third-party supplier and manufacturer facilities and interruptions in product supply. Any disruption of Allied's suppliers and their contract manufacturers may have an impact on the planned development of Allied's Properties Under Development and related timelines.

The duration of business disruptions and related financial impact of COVID-19 cannot be reasonably estimated at this time nor can Allied predict how consumers and users will respond while restrictive measures continue or during the transition to a fully reopened economy. In response to the pandemic, Allied has developed and implemented a plan to monitor and mitigate risks posed to its employees, users and business. Allied's plan is guided by local public health authorities and governments in each of its markets. Allied continues to closely monitor business operations and may take further actions that respond to directives of governments and public health authorities or that are in the best interests of employees, users, suppliers or other stakeholders, as necessary.

However, no such plan can eliminate the risks associated with events of this magnitude, and much of the impacts will be the result of matters beyond Allied's control. There can be no assurance that the measures undertaken to date will eliminate the risk of disruption to Allied's business operations and development activity, and there can be no assurance that Allied's users will be able to maintain their business operations and continue to be able 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.

The global pandemic has caused an economic slowdown and increased volatility in financial markets, which has negatively impacted the market price for the equity securities of Allied. Governments and central banks have responded with monetary and fiscal interventions intended to stabilize economic conditions. However, it is not currently known how these interventions will impact debt and equity markets or the economy generally. Although the impact of COVID-19, and its duration, on the global economy remains uncertain, disruptions caused by COVID-19 may materially adversely affect Allied's users, the debt and equity markets and Allied's operations and financial performance. It could also potentially affect Allied's current credit ratings, total return and distributions. Even after the COVID-19 pandemic has subsided, Allied may experience material adverse impacts to its business as a result of the global economy as well as lingering effects on Allied's employees, suppliers, third-party service providers and/or users.

FINANCING AND INTEREST RATE RISK

Allied is subject to risk associated with debt financing. 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 67.

Interest rates on total debt are between 1.73% and 4.30% with a weighted average interest rate of 2.94%. The weighted average term of our debt (excluding construction loans and Unsecured Facilities) is 7.0 years. Refer to note 11(b) and (c) of the unaudited condensed 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.

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 20.0% of gross revenue and the credit quality of our top-10 users continues to improve.

As Allied has invested in mortgages to facilitate acquisitions, further credit risks arise in the event that borrowers default on the repayment of their mortgages to Allied. Allied's mortgage investments will typically be subordinate to prior ranking mortgage or charges. Not all of Allied's financing activities will translate into acquisitions. As at September 30, 2021, Allied had $356,034 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 mortgage investment. Allied mitigates this risk by obtaining corporate guarantees and/or registered mortgage charges.

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 43.

In evaluating lease roll-over risk, it is informative to determine Allied's sensitivity to a decline in occupancy. For every full-year decline of 100 basis points in occupancy at its average rental rate per square foot, Allied's annual AFFO excluding condominium related items and financing prepayment costs would decline by approximately $5,675 (approximately $0.045 per Unit). The decline in AFFO excluding condominium related items and financing prepayment costs per Unit 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.

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. Such laws provide that Allied could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, 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.

Allied will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, Allied does not believe that costs relating to environmental matters will have a material adverse effect on Allied's business, financial condition or results of operation. However, environmental laws and regulations may change and Allied may become 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.

Natural disasters and severe weather such as floods, blizzards and rising temperatures may result in damage to the properties. 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, climate change, to the extent it causes changes in weather patterns, could have effects on Allied's business by increasing the cost of property insurance, and/or energy at the 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.

DEVELOPMENT RISK

As an owner of Properties Under Development, Allied is subject to development risks, such as construction delays, cost over-runs and the failure of users to take occupancy and pay rent in accordance with lease arrangements. In connection with all Properties Under Development, Allied incurs development costs prior to (and in anticipation of) achieving a stabilized level of rental revenue. In the case of the development of ancillary or surplus land, these risks are managed in most cases by not commencing construction until a satisfactory level of pre-leasing is achieved. Overall, these risks are managed through Allied's Declaration, which states that the cost of development cannot exceed 15% of GBV.

TAXATION RISK

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.

JOINT ARRANGEMENT RISK

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, by entering into agreements with financially stable partners and by working with partners who have a successful record of completing development projects.

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 takes data privacy and protection seriously and has implemented processes, procedures and controls to help mitigate these risks. Access to personal data is controlled through physical security and IT security mechanisms. 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. Additionally, Allied monitors and assesses risks surrounding collection, usage, storage, protection, and retention/destruction practices of personal data. These measures, as well as its 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.

REAL ESTATE RISK

Allied is subject to the conventional risks associated with the ownership of real estate. Allied strives to mitigate these risks by remaining fully informed on best practices, trends and legislative and demographic changes in the commercial real estate markets within which we operate. Allied additionally strives to mitigate these risks by focusing intently on execution.

Section X
–Property Table

SEPTEMBER 30, 2021 PROPERTIES	Urban Workspace Office GLA	Retail GLA	Urban Data Centres 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%
905 King W	51,262	1,400	—	52,662		—	52,662	100.0%
College & Manning - 559-563 College [(1)]	24,627	2,634	—	27,261		—	27,261	100.0%
College & Palmerston - 491 College [(1)]	8,863	3,717	—	12,580		—	12,580	100.0%
The Castle - 135 Liberty	55,152	—	—	55,152		—	55,152	100.0%
The Castle - 41 Fraser	14,857	—	—	14,857		—	14,857	100.0%
The Castle - 47 Fraser	7,468	3,480	—	10,948		3,706	7,242	66.2%
The Castle - 49 Fraser	17,472	—	—	17,472		10,492	6,980	40.0%
The Castle - 53 Fraser	78,797	—	—	78,797		—	78,797	100.0%
The Castle - 8 Pardee	—	2,681	—	2,681		—	2,681	100.0%
King West	**404,701**	**13,912**	**—**	**418,613**	**3.0%**	**14,198**	**404,415**	**96.6%**
12 Brant	—	11,936	—	11,936		—	11,936	100.0%
141 Bathurst	10,101	—	—	10,101		—	10,101	100.0%
183 Bathurst	24,136	5,643	—	29,779		10,137	19,642	66.0%
241 Spadina	24,833	6,046	—	30,879		—	30,879	100.0%
379 Adelaide W	38,560	3,045	—	41,605		1,637	39,968	96.1%
383 Adelaide W	4,515	—	—	4,515		2,382	2,133	47.2%

SEPTEMBER 30, 2021 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
387 Adelaide W	6,500	—	—	6,500		—	6,500	100.0%
420 Wellington W	31,221	3,163	—	34,384		—	34,384	100.0%
425 Adelaide W	72,404	2,858	—	75,262		6,723	68,539	91.1%
425-439 King W	66,486	23,497	—	89,983		—	89,983	100.0%
432 Wellington Street W	—	8,997	—	8,997		—	8,997	100.0%
441-443 King W	6,377	2,904	—	9,281		—	9,281	100.0%
445-455 King W	31,523	16,342	—	47,865		—	47,865	100.0%
460 King W	10,144	4,285	—	14,429		—	14,429	100.0%
461 King W	38,689	35,833	—	74,522		—	74,522	100.0%
468 King W	63,121	—	—	63,121		—	63,121	100.0%
469 King W	61,618	12,273	—	73,891		—	73,891	100.0%
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		—	65,728	100.0%
522 King W	28,850	21,863	—	50,713		—	50,713	100.0%
552-560 King W	6,784	17,395	—	24,179		—	24,179	100.0%
555 Richmond W	296,163	1,850	—	298,013		23,069	274,944	92.3%
579 Richmond W	26,818	—	—	26,818		3,459	23,359	87.1%
64 Spadina	—	5,297	—	5,297		—	5,297	100.0%
662 King W	33,731	—	—	33,731		2,703	31,028	92.0%
668 King W	—	6,934	—	6,934		—	6,934	100.0%
80-82 Spadina	60,048	16,009	—	76,057		—	76,057	100.0%
96 Spadina	78,914	8,240	—	87,154		4,410	82,744	94.9%
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		—	12,735	100.0%
King West Central	**1,232,241**	**265,608**	**—**	**1,497,849**	**10.6%**	**54,520**	**1,443,329**	**96.4%**
116 Simcoe	15,461	—	—	15,461		3,973	11,488	74.3%
117 & 119 John	—	7,562	—	7,562		—	7,562	100.0%
125 John	2,171	798	—	2,969		798	2,171	73.1%
179 John	70,923	—	—	70,923		—	70,923	100.0%
180 John	45,631	—	—	45,631		—	45,631	100.0%
185 Spadina	55,213	—	—	55,213		—	55,213	100.0%
200 Adelaide W	26,614	—	—	26,614		1,441	25,173	94.6%
208-210 Adelaide W	11,477	—	—	11,477		1,854	9,623	83.9%

SEPTEMBER 30, 2021 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
217-225 Richmond W	30,205	22,587	—	52,792		7,993	44,799	84.9%
257 Adelaide W	42,763	—	—	42,763		—	42,763	100.0%
312 Adelaide W	62,420	5,584	—	68,004		2,294	65,710	96.6%
331-333 Adelaide W	19,048	3,725	—	22,773		—	22,773	100.0%
358-360 Adelaide W	50,786	—	—	50,786		8,575	42,211	83.1%
388 King W	20,275	19,040	—	39,315		13,741	25,574	65.1%
82 Peter	40,069	6,846	—	46,915		—	46,915	100.0%
99 Spadina	51,058	—	—	51,058		—	51,058	100.0%
QRC West - 134 Peter, Phase I	298,782	8,213	—	306,995		—	306,995	100.0%
QRC West - 364 Richmond W, Phase I	38,279	—	—	38,279		—	38,279	100.0%
Union Centre	41,787	—	—	41,787		4,952	36,835	88.2%
Entertainment District	**922,962**	**74,355**	**—**	**997,317**	**7.1%**	**45,621**	**951,696**	**95.4%**
193 Yonge	34,349	16,898	—	51,247		—	51,247	100.0%
Downtown	**34,349**	**16,898**	**—**	**51,247**	**0.4%**	**—**	**51,247**	**100.0%**
106 Front E	24,123	10,554	—	34,677		3,397	31,280	90.2%
184 Front E	84,115	4,829	—	88,944		—	88,944	100.0%
35-39 Front E	34,653	13,822	—	48,475		—	48,475	100.0%
36-40 Wellington E	15,494	9,993	—	25,487		6,256	19,231	75.5%
41-45 Front E	20,958	14,239	—	35,197		—	35,197	100.0%
45-55 Colborne	30,622	13,158	—	43,780		8,586	35,194	80.4%
47 Front E	9,068	4,337	—	13,405		—	13,405	100.0%
49 Front E	9,482	10,435	—	19,917		1,813	18,104	90.9%
50 Wellington E	22,112	12,454	—	34,566		7,397	27,169	78.6%
54 Esplanade	—	9,038	—	9,038		—	9,038	100.0%
56 Esplanade	59,270	22,137	—	81,407		10,108	71,299	87.6%
60 Adelaide E	106,193	4,608	—	110,801		—	110,801	100.0%
65 Front E	14,899	6,225	—	21,124		5,830	15,294	72.4%
70 Esplanade	19,590	6,109	—	25,699		—	25,699	100.0%
St. Lawrence Market	**450,579**	**141,938**	**—**	**592,517**	**4.2%**	**43,387**	**549,130**	**92.7%**
135-137 George	2,399	—	—	2,399		—	2,399	100.0%
139 George	1,545	—	—	1,545		1,545	—	—%
204-214 King E	115,087	13,837	—	128,924		—	128,924	100.0%
230 Richmond E	73,542	—	—	73,542		—	73,542	100.0%
252-264 Adelaide E	44,537	2,582	—	47,119		13,550	33,569	71.2%

SEPTEMBER 30, 2021 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
489 Queen E	31,737	—	—	31,737		2,159	29,578	93.2%
70 Richmond E	34,469	—	—	34,469		—	34,469	100.0%
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%
Dominion Square - 478-496 Queen	6,552	33,526	—	40,078		—	40,078	100.0%
QRC East - 111 Queen E	190,697	20,733	—	211,430		18,599	192,831	91.2%
QRC South - 100 Lombard	44,671	—	—	44,671		13,687	30,984	69.4%
Queen Richmond	**609,932**	**83,292**	**—**	**693,224**	**4.9%**	**50,898**	**642,326**	**92.7%**
Toronto	**3,654,764**	**596,003**	**—**	**4,250,767**	**30.2%**	**208,624**	**4,042,143**	**95.1%**
189-195 Joseph	26,462	—	—	26,462		—	26,462	100.0%
25 Breithaupt (2)	46,845	—	—	46,845		—	46,845	100.0%
51 Breithaupt (2)	66,355	—	—	66,355		—	66,355	100.0%
72 Victoria	90,010	—	—	90,010		2,224	87,786	97.5%
The Tannery - 151 Charles W	306,813	25,810	—	332,623		15,271	317,352	95.4%
Kitchener	**536,485**	**25,810**	**—**	**562,295**	**4.0%**	**17,495**	**544,800**	**96.9%**
Toronto & Kitchener	**4,191,249**	**621,813**	**—**	**4,813,062**	**34.2%**	**226,119**	**4,586,943**	**95.3%**
The Chambers - 40 Elgin	195,994	5,500	—	201,494		—	201,494	100.0%
The Chambers - 46 Elgin	28,218	1,756	—	29,974		2,430	27,544	91.9%
Ottawa	**224,212**	**7,256**	**—**	**231,468**	**1.6%**	**2,430**	**229,038**	**99.0%**
1001 Boulevard Robert-Bourassa (3)	957,359	32,371	—	989,730		118,214	871,516	88.1%
3510 Saint-Laurent	85,646	15,022	—	100,668		—	100,668	100.0%
3530-3540 Saint-Laurent	47,348	4,008	—	51,356		4,780	46,576	90.7%
3575 Saint-Laurent	165,502	19,276	—	184,778		10,387	174,391	94.4%
425 Viger	311,305	4,674	—	315,979		15,756	300,223	95.0%
4396-4410 Saint-Laurent	41,799	14,147	—	55,946		5,008	50,938	91.1%
4446 Saint-Laurent	72,805	7,251	—	80,056		14,229	65,827	82.2%
451-481 Saint-Catherine W	20,879	9,983	—	30,862		2,350	28,512	92.4%
480 Saint-Laurent	53,406	6,226	—	59,632		4,552	55,080	92.4%
5445 de Gaspé	483,685	896	—	484,581		5,152	479,429	98.9%
5455 de Gaspé	467,061	22,562	—	489,623		—	489,623	100.0%
5505 Saint-Laurent	243,788	2,221	—	246,009		—	246,009	100.0%
6300 Parc	184,510	3,736	—	188,246		22,947	165,299	87.8%

SEPTEMBER 30, 2021 PROPERTIES	Urban Workspace Office GLA	Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
645 Wellington	129,017	8,115	—	137,132		6,811	130,321	95.0%
700 Saint Antoine	107,320	15,323	—	122,643		5,281	117,362	95.7%
740 Saint-Maurice	67,692	—	—	67,692		14,029	53,663	79.3%
747 Square-Victoria	530,950	37,752	—	568,702		87,315	481,387	84.7%
8 Place du Commerce	48,231	11,633	—	59,864		22,807	37,057	61.9%
810 Saint Antoine	43,500	—	—	43,500		43,500	—	—%
85 Saint-Paul W	79,441	—	—	79,441		26,735	52,706	66.4%
Cité Multimédia - 111 Boulevard Robert-Bourassa [4]	358,913	12,571	—	371,484		144,487	226,997	61.1%
Cité Multimédia - 50 Queen	27,071	—	—	27,071		2,332	24,739	91.4%
Cité Multimédia - 700 Wellington	135,232	—	—	135,232		20,912	114,320	84.5%
Cité Multimédia - 75 Queen	253,311	2,513	—	255,824		3,157	252,667	98.8%
Cité Multimédia - 80 Queen	65,044	4,203	—	69,247		8,331	60,916	88.0%
Cité Multimédia - 87 Prince	100,116	1,040	—	101,156		1,040	100,116	99.0%
El Pro Lofts - 644 Courcelle	145,242	8,933	—	154,175		59,886	94,289	61.2%
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 & 1700 Saint-Patrick	787,058	42,003	—	829,061		60,262	768,799	92.7%
RCA Building - 1001 Lenoir	309,348	35,819	—	345,167		123,409	221,758	64.3%
Montréal	**6,363,022**	**322,278**	**—**	**6,685,300**	**47.4%**	**833,669**	**5,851,631**	**87.5%**
Montréal & Ottawa	**6,587,234**	**329,534**	**—**	**6,916,768**	**49.0%**	**836,099**	**6,080,669**	**87.9%**
613 11th SW	—	4,288	—	4,288		—	4,288	100.0%
617 11th SW	3,230	6,306	—	9,536		3,088	6,448	67.6%
Alberta Block - 805 1st SW	9,094	22,540	—	31,634		4,129	27,505	87.0%
Alberta Hotel - 808 1st SW	28,036	20,424	—	48,460		10,563	37,897	78.2%
Atrium on Eleventh - 625 11th SE	34,705	1,410	—	36,115		21,538	14,577	40.4%
Biscuit Block - 438 11th SE	51,298	—	—	51,298		6,561	44,737	87.2%
Burns Building - 237 8th SE	66,862	7,423	—	74,285		2,741	71,544	96.3%

SEPTEMBER 30, 2021 PROPERTIES	Urban Workspace Office GLA	Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
Cooper Block - 809 10th SW	35,256	—	—	35,256		5,278	29,978	85.0%
Customs House - 134 11th SE	73,352	—	—	73,352		5,652	67,700	92.3%
Demcor Condo - 221 10th SE	14,253	—	—	14,253		7,218	7,035	49.4%
Demcor Tower - 239 10th SE	25,228	—	—	25,228		—	25,228	100.0%
Five Roses Building - 731-739 10th SW [(5)]	—	10,404	—	10,404		2,484	7,920	76.1%
Glenbow - 802 11th SW [(5)]	—	3,660	—	3,660		—	3,660	100.0%
Glenbow - 822 11th SW [(5)]	4,848	3,919	—	8,767		5,534	3,233	36.9%
Glenbow Annex - 816 11th SW [(5)]	—	4,511	—	4,511		—	4,511	100.0%
Glenbow Cornerblock - 838 11th SW [(5)]	5,499	5,606	—	11,105		573	10,532	94.8%
Glenbow Ellison - 812 11th SW [(5)]	6,672	—	—	6,672		—	6,672	100.0%
Kipling Square - 601 10th SW	48,502	—	—	48,502		11,940	36,562	75.4%
Leeson Lineham Building - 209 8th SW	27,821	5,420	—	33,241		—	33,241	100.0%
LocalMotive - 1240 20th SE	57,536	—	—	57,536		—	57,536	100.0%
Odd Fellows - 100 6th SW	33,474	—	—	33,474		—	33,474	100.0%
Pilkington Building - 402 11th SE	40,253	—	—	40,253		5,898	34,355	85.4%
Roberts Block - 603-605 11th SW	23,645	27,499	—	51,144		11,922	39,222	76.7%
Sherwin Block - 738 11th SW [(5)]	9,160	4,088	—	13,248		9,160	4,088	30.9%
Telephone Building - 119 6th SW	63,063	—	—	63,063		—	63,063	100.0%
TELUS Sky – 685 Centre SW [(6)]	144,290	3,711	—	148,001		43,477	104,524	70.6%
Theatre Grand - 608 1st Street SW	—	34,100	—	34,100		—	34,100	100.0%
Vintage Towers - 322-326 11th SW	190,219	20,418	—	210,637		18,846	191,791	91.1%
Woodstone Building - 1207-1215 13th SE	32,428	—	—	32,428		—	32,428	100.0%
Young Block - 129 8th SW	5,570	2,164	—	7,734		2,414	5,320	68.8%
Calgary	**1,034,294**	**187,891**	**—**	**1,222,185**	**8.7%**	**179,016**	**1,043,169**	**85.4%**
1040 Hamilton	36,276	9,162	—	45,438		11,856	33,582	73.9%
1050 Homer	38,302	4,797	—	43,099		1,028	42,071	97.6%
1220 Homer	21,708	—	—	21,708		—	21,708	100.0%

SEPTEMBER 30, 2021 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
1286 Homer	25,637	—	—	25,637		—	25,637	100.0%
151-155 West Hastings	38,512	—	—	38,512		—	38,512	100.0%
2233 Columbia	21,591	6,852	—	28,443		—	28,443	100.0%
342 Water	18,434	3,206	—	21,640		10,780	10,860	50.2%
365 Railway	31,528	—	—	31,528		—	31,528	100.0%
375 Water	148,724	27,149	—	175,873		14,372	161,501	91.8%
840 Cambie	89,377	—	—	89,377		—	89,377	100.0%
948-950 Homer	23,245	21,758	—	45,003		—	45,003	100.0%
Sun Tower - 128 West Pender	76,162	1,693	—	77,855		14,209	63,646	81.8%
Vancouver	**569,496**	**74,617**	**—**	**644,113**	**4.5%**	**52,245**	**591,868**	**91.9%**
Calgary & Vancouver	**1,603,790**	**262,508**	**—**	**1,866,298**	**13.2%**	**231,261**	**1,635,037**	**87.6%**
Total Office and Retail	**12,382,273**	**1,213,855**	**—**	**13,596,128**	**96.4%**	**1,293,479**	**12,302,649**	**90.5%**
151 Front W	—	—	277,947	277,947		7,070	270,877	97.5%
250 Front W	—	—	173,000	173,000		24,452	148,548	85.9%
905 King W	—	—	59,056	59,056		—	59,056	100.0%
Urban Data Centres	**—**	**—**	**510,003**	**510,003**	**3.6%**	**31,522**	**478,481**	**93.8%**
Total Rental Portfolio	**12,382,273**	**1,213,855**	**510,003**	**14,106,131**	**100%**	**1,325,001**	**12,781,130**	**90.6%**

Note that the table above does not include ancillary residential properties, which total 14 and are included in the property count.
(1) RioCan/Allied Joint Arrangement
(2) Perimeter/Allied Joint Arrangement
(3) 700 De La Gauchetière was renamed to 1001 Boulevard Robert-Bourassa in Q2 2021.
(4) 111 Duke was renamed to 111 Boulevard Robert-Bourassa in Q3 2021.
(5) First Capital/Allied Joint Arrangement. On October 19, 2021, Allied acquired the remaining 50% interest in these properties, bringing its total ownership of each property to 100%.
(6) Westbank/Allied/TELUS Joint Arrangement

RENTAL RESIDENTIAL UNITS

PROPERTY	OCCUPANCY AT SEPTEMBER 30, 2021	WEIGHTED AVERAGE OCCUPANCY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
TELUS Sky	39.4%	22.2%

PROPERTIES UNDER DEVELOPMENT

PROPERTIES UNDER DEVELOPMENT	ESTIMATED GLA ON COMPLETION (SF)
The Lougheed (604-1st SW), Calgary (1)	88,000
College & Manning, 547-549 College, Toronto (2)	27,000
400 Atlantic, Montréal	87,473
Breithaupt Phase III, Kitchener (2)	147,000
The Well, Toronto (2)(3)	763,000
Adelaide & Duncan, Toronto (2)(4)	230,000
Boardwalk-Revillon Building, Edmonton (5)	297,851
QRC West Phase II, Toronto (6)	93,134
422-424 Wellington W, Toronto	10,000
KING Toronto, Toronto (2)(7)	100,000
King & Brant, Toronto (8)	130,000
Total Development Portfolio	1,973,458

(1) While initially working toward repositioning this property for a different use, Allied is now working toward restoring and retrofitting the property to the highest possible standards for workspace in the creative economy.
(2) These properties are co-owned, reflected in the table above at Allied's ownership interest.
(3) Each of Allied and RioCan own an undivided 50% interest with an estimated total GLA of 3,100,000 square feet. The GLA components (in square feet) at Allied's 50% share will be as follows: approximately 586,000 of office, 177,000 of retail, and the remaining is related to residential air rights. The Well Air Rights were sold by the co-ownership as previously announced, with the first phase closed in Q4 2020, the second and third phases closed in Q2 2021, and the remaining phases expected to close by the end of 2021.
(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: 259,555 of office and 38,296 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, 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.
(8) Allied has received permission to intensify 544 King W and 7-9 Morrison. The approval permits approximately 120,000 square feet of office space and 10,000 square feet of retail space. Allied is exploring the opportunity to increase the permitted leasable area.

ANCILLARY PARKING FACILITIES

ANCILLARY PARKING FACILITIES	NUMBER OF SPACES
15 Brant, Toronto	208
78 Spadina, Toronto	39
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	815

Unaudited Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2021 and 2020

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2021 AND DECEMBER 31, 2020

(in thousands of Canadian dollars)	NOTES	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Assets			
Non-current assets			
Investment properties	**5**	**$9,210,666**	$8,687,375
Residential inventory	**6**	**156,966**	140,038
Investment in joint venture and loan receivable	**7**	**125,476**	117,112
Loans and notes receivable	**8**	**219,217**	322,543
Other assets	**9**	**25,906**	23,643
		9,738,231	9,290,711
Current assets			
Cash and cash equivalents	**20**	**40,043**	45,512
Loans and notes receivable	**8**	**138,856**	93
Accounts receivable, prepaid expenses and deposits	**10**	**83,283**	64,452
Investment properties held for sale	**5**	**86,260**	—
		348,442	110,057
Total assets		**$10,086,673**	$9,400,768
Liabilities			
Non-current liabilities			
Debt	**11**	**$3,274,391**	$2,698,794
Other liabilities	**13**	**43,763**	63,045
Lease liabilities	**12**	**158,235**	157,068
		3,476,389	2,918,907
Current liabilities			
Debt	**11**	**12,127**	26,668
Accounts payable and other liabilities	**13**	**299,040**	278,161
		311,167	304,829
Total liabilities		**3,787,556**	3,223,736
Unitholders' equity		**6,299,117**	6,177,032
Total liabilities and Unitholders' equity		**$10,086,673**	$9,400,768

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

Gordon Cunningham
Trustee

Michael R. Emory
Trustee

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

		THREE MONTHS ENDED		NINE MONTHS ENDED	
(in thousands of Canadian dollars, except Unit and per Unit amounts)	NOTES	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Rental revenue	**18, 22**	**$142,654**	$139,673	**$422,164**	$415,154
Condominium revenue	**18**	**—**	65	**—**	178
Total revenue		**142,654**	139,738	**422,164**	415,332
Property operating costs	**22**	**(59,112)**	(60,647)	**(175,578)**	(179,069)
Operating income		**83,542**	79,091	**246,586**	236,263
Interest expense	**11 (f)**	**(54,062)**	(19,143)	**(102,707)**	(54,829)
General and administrative expenses	**19**	**(4,949)**	(4,917)	**(18,370)**	(17,004)
Condominium marketing expenses		**(119)**	(275)	**(465)**	(1,003)
Amortization of other assets	**9**	**(285)**	(368)	**(894)**	(1,126)
Interest income		**6,897**	4,944	**20,987**	14,801
Fair value gain on investment properties	**5**	**75,965**	10,650	**121,353**	263,710
Fair value gain (loss) on derivative instruments	**14, 25 (d)**	**877**	(164)	**16,356**	(22,718)
Net (loss) income from joint venture	**7**	**(681)**	(805)	**384**	(1,207)
Net income and comprehensive income		**$107,185**	$69,013	**$283,230**	$416,887
Income per Unit					
Basic		**$0.84**	$0.56	**$2.23**	$3.38
Diluted		**$0.84**	$0.55	**$2.22**	$3.37
Weighted average number of Units	**17**				
Basic		**127,260,451**	124,328,661	**127,259,634**	123,477,851
Diluted		**127,447,002**	124,390,540	**127,403,570**	123,611,558

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

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(in thousands of Canadian dollars)	NOTES	TRUST UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	TOTAL
Balance at January 1, 2020	15	$3,725,472	$1,969,974	$22,253	$5,717,699
Net income and comprehensive income		—	416,887	—	416,887
Unit issuance (net of issuance costs)	15	152,079	—	—	152,079
Distributions		—	(152,884)	—	(152,884)
Unit Option Plan – options exercised	16 (a)	9,699	—	—	9,699
Contributed surplus – Unit Option Plan	16 (a)	—	—	1,498	1,498
Restricted Unit Plan (net of forfeitures)	16 (b)	(2,695)	—	2,285	(410)
Balance at September 30, 2020		$3,884,555	$2,233,977	$26,036	$6,144,568

(in thousands of Canadian dollars)	NOTES	TRUST UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	TOTAL
Balance at January 1, 2021	15	$3,884,661	$2,265,326	$27,045	$6,177,032
Net income and comprehensive income		—	283,230	—	283,230
Distributions		—	(162,296)	—	(162,296)
Unit Option Plan – options exercised	15, 16 (a)	56	—	—	56
Contributed surplus – Unit Option Plan	16 (a)	—	—	1,310	1,310
Restricted Unit Plan (net of forfeitures)	15, 16 (b)	(2,141)	—	1,926	(215)
Balance at September 30, 2021		$3,882,576	$2,386,260	$30,281	$6,299,117

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

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

		THREE MONTHS ENDED		NINE MONTHS ENDED	
(in thousands of Canadian dollars)	NOTES	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Operating activities					
Net income for the period		**$107,185**	$69,013	**$283,230**	$416,887
Fair value gain on investment properties	5	**(75,965)**	(10,650)	**(121,353)**	(263,710)
Fair value (gain) loss on derivative instruments		**(877)**	164	**(16,356)**	22,718
(Payments) proceeds on settlement of derivative instruments		**(3,781)**	—	**(3,781)**	80
Interest expense (excluding capitalized interest)	11 (f)	**54,062**	19,143	**102,707**	54,829
Interest paid (excluding capitalized interest)	5, 6, 12, 20	**(54,014)**	(16,729)	**(101,667)**	(46,679)
Interest income		**(6,897)**	(4,944)	**(20,987)**	(14,801)
Interest received		**4,967**	3,341	**13,709**	10,126
Net loss (income) from joint venture	7	**681**	805	**(384)**	1,207
Amortization of other assets	9	**285**	368	**894**	1,126
Amortization of improvement allowances	5	**8,095**	7,854	**24,176**	24,234
Amortization of straight-line rents	5	**(609)**	(1,792)	**(2,780)**	(6,653)
Amortization of premium on debt	11 (f)	**(432)**	(464)	**(3,452)**	(1,377)
Amortization of lease liabilities	5, 12	**107**	141	**303**	268
Amortization of net financing costs	11 (f)	**1,536**	519	**3,014**	1,563
Unit compensation expense	16	**871**	1,138	**3,236**	3,783
Additions to residential inventory	6	**(6,579)**	(11,222)	**(16,928)**	(19,492)
Change in other non-cash operating items	8, 10, 13, 20	**10,485**	21,194	**10,024**	106,394
Cash provided by operating activities		**39,120**	77,879	**153,605**	290,503
Financing activities					
Repayment of mortgages payable	11 (a)	**(490,380)**	(6,480)	**(640,845)**	(19,244)
Proceeds from senior unsecured debentures (net of financing costs)	11 (d)	**497,000**	—	**1,093,900**	695,700
Redemption of senior unsecured debentures	11 (d)	**—**	—	**(150,000)**	—
Repayment of unsecured term loan	11 (e)	**—**	—	**—**	(200,000)
Principal payments of lease liabilities	12	**(8)**	(7)	**(23)**	(21)
Distributions paid to Unitholders		**(54,101)**	(50,784)	**(161,761)**	(151,724)
Proceeds of Unit issuance (net of issuance costs)	15	**—**	152,079	**—**	152,079
Proceeds from exercise of Unit options	15, 16 (a)	**56**	—	**56**	9,699
Restricted Unit Plan (net of forfeitures)	15, 16 (b)	**(100)**	(52)	**(2,141)**	(2,695)
Proceeds from notes receivable	8 (b)	**21**	69	**71**	206
Proceeds from Unsecured Revolving Operating Facilities	11 (c)	**275,000**	20,000	**330,000**	500,000
Repayments of Unsecured Revolving Operating Facilities	11 (c)	**(50,000)**	(20,000)	**(165,000)**	(500,000)

(in thousands of Canadian dollars)	NOTES	THREE MONTHS ENDED **SEPTEMBER 30, 2021**	THREE MONTHS ENDED SEPTEMBER 30, 2020	NINE MONTHS ENDED **SEPTEMBER 30, 2021**	NINE MONTHS ENDED SEPTEMBER 30, 2020
Proceeds from construction loan	**11 (b)**	**20,565**	7,476	**41,082**	19,703
Financing costs		**(57)**	—	**(393)**	(305)
Loan receivable payments received	**8 (a)**	**—**	253	**—**	253
Loans receivable issued to third-parties	**7, 8 (a), 20**	**(11,403)**	(2,438)	**(35,508)**	(16,566)
Cash provided by financing activities		**186,593**	100,116	**309,438**	487,085
Investing activities					
Acquisition of investment properties	**4**	**(109,509)**	(1,794)	**(194,083)**	(555,444)
Deposits on acquisitions		**(750)**	—	**(2,518)**	—
Additions to investment properties (including capitalized interest)	**5, 11 (f)**	**(112,751)**	(93,687)	**(295,695)**	(236,333)
Net proceeds on disposition of properties under development	**4**	**—**	—	**55,439**	—
Net (contributions to) distributions from equity accounted investments	**7**	**(493)**	(7,781)	**(7,980)**	(11,646)
Additions to equipment and other assets	**9**	**(34)**	(114)	**(241)**	(526)
Leasing commissions	**5**	**(4,673)**	(2,808)	**(8,237)**	(9,658)
Improvement allowances	**5**	**(8,019)**	(2,464)	**(15,197)**	(31,161)
Cash used in investing activities		**(236,229)**	(108,648)	**(468,512)**	(844,768)
(Decrease) increase in cash and cash equivalents		**(10,516)**	69,347	**(5,469)**	(67,180)
Cash and cash equivalents, beginning of period		**50,559**	72,387	**45,512**	208,914
Cash and cash equivalents, end of period		**$40,043**	$141,734	**$40,043**	$141,734

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

1. NATURE OF OPERATIONS

Allied Properties Real Estate Investment Trust ("Allied") is a Canadian unincorporated closed-end real estate investment trust created pursuant to the Declaration of Trust dated October 25, 2002, most recently amended May 10, 2021. Allied is governed by the laws of the Province of Ontario and began operations on February 19, 2003. The Units of Allied are traded on the Toronto Stock Exchange ("TSX") and are traded under the symbol "AP.UN".

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. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements are presented in Canadian dollars.

The unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2021 and 2020 were approved and authorized for issue by the Board of Trustees on October 26, 2021.

(a) *Statement of compliance*

The unaudited condensed consolidated financial statements of Allied for the three and nine months ended September 30, 2021 and 2020 are prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

The significant accounting policies discussed below and disclosed in Allied's December 31, 2020, audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited condensed consolidated financial statements.

(b) *Investment properties held for sale*

Investment properties are classified as held for sale when their carrying amount is to be recovered primarily through a sale transaction rather than from continuing use. An investment property held for sale is available for sale in its present condition and the sale is considered highly probable within one year. Investment properties held for sale are measured at fair value.

(c) *Comparative figures*

Certain comparative figures in the unaudited condensed consolidated statements of cash flows have been revised to conform to the presentation in the current period. Certain comparative figures in the note disclosure for general and administrative expenses (note 19) have been reclassified to present share based payment expenses related to the Trustees of Allied in professional and trustee fees, which was previously presented in salaries and benefits.

Also, certain comparative figures in the note disclosure for fair value measurements of loans and notes receivable and loan receivable from joint venture (note 14) have been revised to reflect the immaterial correction of the calculation of fair value, primarily due to the revision of the interest component of the calculation. As a result, the fair value of loans and notes receivable has decreased to $322,881 from $355,819 and the fair value of loans receivable from joint venture has decreased to $113,287 from $117,725, both of which were previously reported as at December 31, 2020. There was no change to the fair value of loans and notes receivable and the fair value of loans receivable from joint venture as at January 1, 2020. This revision does not impact the carrying value of loans and notes receivable and loan receivable from joint venture balances as at December 31, 2020.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the unaudited condensed 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 unaudited condensed consolidated financial statements and accompanying notes.

The critical accounting estimates and assumptions disclosed in Allied's December 31, 2020, audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited condensed consolidated financial statements.

Impact of COVID-19

In response to the global COVID-19 pandemic, various measures have been introduced by Canadian federal and provincial governments and other authorities to mitigate the transmission of COVID-19 and its variants, including social distancing recommendations, closure of non-essential businesses, occupancy limits in enclosed spaces, quarantines, and travel bans, some of which remain in effect. The nature and extent of these measures may change depending on the efficacy of vaccination programs, the emergence of new variants of the COVID-19 virus, and any resurgence of COVID-19 positive cases. As a result of the continuously evolving circumstances surrounding COVID-19, uncertainty remains with respect to Allied's revised internal forecast, the most significant being the fact that it cannot predict how consumers will respond as the restriction measures continue or change in Canada. In addition, Allied cannot predict the extent and severity of the economic disruption flowing from the global pandemic.

In the preparation of these unaudited condensed consolidated financial statements, Allied has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of its assets and liabilities and the reported amount of its results using the best available information as at September 30, 2021. Actual results could differ from those estimates. The estimates and assumptions that Allied considers critical and/or could be impacted by COVID-19 include those underlying the valuation of investment properties and investment properties held for sale, including discount rates and terminal capitalization rates, operating assumptions, the carrying amount of its investment in a joint venture, the estimate of any expected credit losses on its accounts receivable and loans and notes receivable and determining the values of financial instruments.

4. ACQUISITIONS AND DISPOSITIONS

Acquisitions

During the nine months ended September 30, 2021, Allied completed the following property acquisitions from third parties:

PROPERTY	ACQUISITION DATE	PROPERTY TYPE	INVESTMENT PROPERTY	INTEREST ACQUIRED
432 Wellington, Toronto	January 28, 2021	Retail	**$17,806**	100%
608 1st SW, Calgary	February 8, 2021	Retail	**6,464**	100%
478 King W, Toronto [(1)]	April 22, 2021	Retail	**10,963**	50%
65 Front E, Toronto	April 29, 2021	Office, Retail	**20,064**	100%
64 Spadina, Toronto	May 19, 2021	Retail	**14,617**	100%
12 Brant, Toronto	June 18, 2021	Retail	**16,180**	100%
422-424 Wellington W, Toronto	August 4, 2021	Development	**28,648**	100%
143 Bathurst, Toronto	August 23, 2021	Residential	**2,945**	100%
700 Saint Antoine E, Montréal	August 30, 2021	Office, Retail	**80,449**	100%
810 Saint Antoine E, Montréal	August 30, 2021	Office	**51,263**	100%
			$249,399	

(1) Allied acquired the remaining 50% interest in 478 King W on April 22, 2021, bringing its total ownership of the property to 100%.

The total purchase price, including acquisition costs, for the above-noted properties during the three months ended September 30, 2021, of $163,305 is comprised of net cash consideration of $109,509, a mortgage assumption of $51,750, a deferred mortgage premium of $1,000 and the assumption of other liabilities of $1,046. The total purchase price, including acquisition costs, for the above-noted properties during the nine months ended September 30, 2021, of $249,399 is comprised of net cash consideration of $194,083, a mortgage assumption of $51,750, a deferred mortgage premium of $1,000 and the assumption of other liabilities of $2,566.

During the year ended December 31, 2020, Allied completed the following property acquisitions from third parties:

PROPERTY	ACQUISITION DATE	PROPERTY TYPE	INVESTMENT PROPERTY	INTEREST ACQUIRED
3530-3540 Saint-Laurent, Montréal	January 14, 2020	Office, Retail	$13,421	100%
4396-4410 Saint-Laurent, Montréal	January 15, 2020	Office, Retail	18,530	100%
54 The Esplanade, Toronto	January 16, 2020	Retail	26,079	100%
747 Square-Victoria, Montréal	January 28, 2020	Office, Retail	284,541	100%
375 Water, Vancouver	April 20, 2020	Office, Retail	225,404	100%
125 John, Toronto	November 16, 2020	Office, Retail	4,196	100%
117-119 John, Toronto	December 24, 2020	Retail	8,341	100%
Ancillary residential properties, Toronto (1)	—	Residential	6,648	100%
			$587,160	

(1) Allied acquired four ancillary residential properties during the year ended December 31, 2020.

The total purchase price, including acquisition costs, for the above noted properties during the year ended December 31, 2020, of $587,160 is comprised of net cash consideration of $567,971, the assumption of other liabilities of $9,189 and a mortgage assumption of $10,000.

Dispositions

During the nine months ended September 30, 2021, Allied and its partners closed on the dispositions of the following phases of The Well air rights and associated underground parking and transfer floor slab developments:

PHASE OF THE WELL AIR RIGHTS	CLOSING DATE	CASH CONSIDERATION (AT ALLIED'S SHARE)
Second phase	April 7, 2021	$31,152
Third phase	June 11, 2021	24,287
		$55,439

The total cash consideration received of $55,439 (at Allied's share) represented the fair value at the time of disposition so there is no gain or loss on disposition.

On December 23, 2020, Allied and its partners closed on the disposition of the first phase of The Well air rights and associated underground parking and transfer floor slab development for cash consideration of $24,911 (at Allied's share) which represented the fair value at the time of disposition and accordingly, there was no gain or loss on disposition.

5. INVESTMENT PROPERTIES

Changes to the carrying amounts of investment properties are summarized as follows:

	SEPTEMBER 30, 2021			DECEMBER 31, 2020		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL
Balance, beginning of period	$7,790,855	$896,520	$8,687,375	$6,754,215	$715,050	$7,469,265
Additions:						
Acquisitions	220,751	28,648	249,399	587,160	—	587,160
Improvement allowances	13,508	1,689	15,197	32,541	7,264	39,805
Leasing commissions	6,591	1,646	8,237	8,066	3,208	11,274
Capital expenditures	81,481	214,214	295,695	80,922	265,844	346,766
Dispositions	—	(55,439)	(55,439)	—	(24,911)	(24,911)
Transfers from PUD	—	—	—	130,100	(130,100)	—
Transfers to PUD	(47,040)	47,040	—	(77,828)	77,828	—
Transfers to other assets	(4,382)	—	(4,382)	—	—	—
Transfers to investment properties held for sale	(86,260)	—	(86,260)	—	—	—
Lease liabilities	887	—	887	1,763	—	1,763
Amortization of straight-line rent and improvement allowances	(21,015)	(381)	(21,396)	(25,244)	907	(24,337)
Fair value gain (loss) on investment properties	91,830	29,523	121,353	299,160	(18,570)	280,590
Balance, end of period	$8,047,206	$1,163,460	$9,210,666	$7,790,855	$896,520	$8,687,375

For the three and nine months ended September 30, 2021, Allied capitalized $8,786 and $25,639, respectively, (September 30, 2020 - $6,688 and $18,979, respectively) of borrowing costs to qualifying investment properties.

Included in the rental properties amounts noted above are right-of-use assets with a fair value of $520,550 (December 31, 2020 - $525,940) representing the fair value of Allied's interest in five investment properties with corresponding lease liabilities. The leases' maturities range from 23.0 years to 80.7 years.

As at September 30, 2021, Allied had three properties classified as investment properties held for sale. Allied intends to sell these properties to third parties within the next 12 months.

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Investment properties held for sale	$86,260	$—

Valuation Methodology

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

(a) 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.

(b) 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, ancillary parking facilities and investment properties held for sale.

In accordance with its policy, Allied measures and records its investment properties and investment properties held for sale using valuations under the supervision of Management with the support of an independent external appraiser. Allied's entire portfolio is revalued by the external appraiser each quarter. Management verifies all major inputs to the valuations, analyzes the change in fair values at the end of each reporting period and reviews the results with the independent appraiser every quarter. There were no material changes to the valuation techniques during the period. For properties with a leasehold interest with a term less than 40 years, the resulting valuation methodology is based upon a full-term discounted cash flow model.

Significant Inputs

There are significant unobservable inputs used, such as 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. Fair values are most sensitive to changes in capitalization rates and stabilized or forecasted NOI. Generally, an increase in NOI will result in an increase in the fair value and an increase in 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.

	WEIGHTED AVERAGE	
	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Discount rate	6.02%	6.35%
Terminal capitalization rate	5.06%	5.18%
Overall capitalization rate	4.71%	4.82%
Discount horizon (years)	10	10

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

CHANGE IN CAPITALIZATION RATE OF	-0.50%	-0.25%	+0.25%	+0.50%
Increase (decrease) in fair value				
Investment Properties	$1,092,822	$515,811	$(463,858)	$(883,235)

6. RESIDENTIAL INVENTORY

Residential inventory is as follows:

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
KING Toronto	$156,966	$140,038

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

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Balance, beginning of period	$140,038	$114,910
Development expenditures	16,928	25,128
Balance, end of period	$156,966	$140,038

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.

For the three and nine months ended September 30, 2021, Allied capitalized $1,081 and $3,306, respectively, (September 30, 2020 - $1,110 and $3,191, respectively) of borrowing costs to qualifying residential inventory.

7. INVESTMENT IN JOINT VENTURE AND LOAN RECEIVABLE

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

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Investment in joint venture	**$12,189**	$3,825
Loan receivable from joint venture	**113,287**	113,287
	$125,476	$117,112

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 in the amount of $96,142 to TELUS Sky, with the loan having a maximum limit of $114,000. The loan matures on July 15, 2023, and bears interest at bank prime plus 45 basis points or bankers' acceptance rate plus 145 basis points. As at September 30, 2021, the loan receivable outstanding is $113,287 (December 31, 2020 - $113,287). Allied is providing a joint and several guarantee in the amount of $114,000 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.

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Current assets (including cash and cash equivalents)	**$7,104**	$11,664
Non-current assets	**379,263**	368,529
Current liabilities	**(9,939)**	(28,857)
Non-current liabilities	**(339,861)**	(339,861)
Net assets of TELUS Sky at 100%	**$36,567**	$11,475
Net assets of TELUS Sky at Allied's share [(1)]	**$12,189**	$3,825

(1) Includes costs pertaining only to Allied, not the joint venture.

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Revenue	**$3,489**	$2,861	**$10,488**	$5,061
Expenses	**(2,328)**	(746)	**(6,534)**	(1,740)
Interest expense	**(540)**	—	**(570)**	—
General and administrative expense	**—**	(195)	**(42)**	(267)
Fair value loss	**(2,664)**	(4,335)	**(2,190)**	(6,675)
Net (loss) income and total comprehensive income of TELUS Sky at 100%	**$(2,043)**	$(2,415)	**$1,152**	$(3,621)
Net (loss) income and total comprehensive income at Allied's share [1]	**$(681)**	$(805)	**$384**	$(1,207)

(1) Includes costs pertaining only to Allied, not the joint venture.

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Investment in joint venture, beginning of period	**$3,825**	$(8,439)
Net earnings (loss)	**384**	(3,184)
Contributions	**9,790**	17,914
Distributions	**(1,810)**	(2,466)
Investment in joint venture, end of period	**$12,189**	$3,825

8. LOANS AND NOTES RECEIVABLE

Loans and notes receivable are as follows:

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Loans receivable (a)	**$356,034**	$320,526
Notes and other receivables (b)	**2,039**	2,110
	$358,073	$322,636
Current	**$138,856**	$93
Non-current	**219,217**	322,543
	$358,073	$322,636

(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 September 30, 2021, the loan receivable outstanding is $21,173 (December 31, 2020 - $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. Interest accrues to the credit facility monthly at a rate of 6.75% per annum. The credit facility matures on August 31, 2022, and has a one-year extension option to August 31, 2023. As at September 30, 2021, the loan receivable outstanding is $138,769 (December 31, 2020 - $120,825).

On November 30, 2018, Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied advanced $67,030 to Westbank for its purchase of a 50% undivided interest in the property. The facility will initially be secured by a first mortgage on the property. On placement of construction financing, the mortgage will be 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 at the earlier of November 30, 2023, or the closing of the condominium units. As at September 30, 2021, the loan receivable outstanding is $89,033 (December 31, 2020 - $84,566).

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 instalments upon completion of development and rent commencement, which is anticipated to begin in the third quarter of 2022. As at September 30, 2021, the loan receivable outstanding is $10,637 (December 31, 2020 - $10,637).

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 720 Beatty Street in Vancouver. The funding will initially be 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 September 30, 2021, the loan receivable outstanding is $96,422 (December 31, 2020 - $83,325).

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, results of the status of development projects and status of scheduled principal and interest payments. The expected credit losses estimated by Management considering the factors described above is $nil and $nil as at September 30, 2021, and December 31, 2020, respectively.

(b) As at September 30, 2021, and December 31, 2020, the balance of notes and other receivables is made up of individually insignificant notes receivable.

9. OTHER ASSETS

Other assets consist of the following:

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Equipment and other assets (1)	$3,742	$4,395
Property, plant and equipment (2)	22,164	17,782
Interest rate swap derivative assets	—	1,466
	$25,906	$23,643

(1) *During the three and nine months ended September 30, 2021, Allied recorded amortization of equipment and other assets of $285 and $894, respectively (September 30, 2020 - $368 and $1,126, respectively).*
(2) *Property, plant and equipment relates to owner-occupied property.*

10. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND DEPOSITS

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
User trade receivables - net of allowance (a)	$21,618	$16,854
Other user receivables (b)	1,037	2,991
Miscellaneous receivables (c)	17,338	15,709
Prepaid expenses and deposits (d)	43,290	28,898
	$83,283	$64,452

(a) *User trade receivables*

User trade receivables include minimum rent, annual common area maintenance recoverable costs, property tax recovery billings and other recoverable charges.

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 and records an impairment based on expected credit losses as required.

The change in the allowance for expected credit loss is reconciled as follows:

	NINE MONTHS ENDED	YEAR ENDED
	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Allowance for expected credit loss, beginning of period	$6,649	$3,899
Additional provision recorded during the period	2,118	9,112
Reversal of previous provisions	(174)	(1,172)
Receivables written off during the period	(85)	(5,190)
Allowance for expected credit loss, end of period	$8,508	$6,649

During the year ended December 31, 2020, Allied provided rent abatements for 75% of gross rent to qualifying tenants participating in the Canada Emergency Commercial Rent Assistance ("CECRA") program. As a result, the qualifying tenants' outstanding receivable was reduced and recorded as a charge to expected credit loss. Concurrently, Allied recognized the benefit of the government's forgivable loan covering 50% of gross rent as a reduction of expected credit loss. As at December 31, 2020, Allied recorded rent abatements of $5,040 (net of government assistance of $11,600 and a $760 subsidy received from the Québec government) for tenants qualifying under the CECRA program. Based on the existing information, the net charge to expected credit loss totaled $6,790 related to the CECRA program. As at December 31, 2020, all amounts related to the CECRA forgivable loan were received from the government.

(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. As at September 30, 2021, there are no credit risk indicators that the debtors will not meet their payment obligations.

(d) *Prepaid expenses and deposits*

Prepaid expenses primarily relate to property operating expenses (mainly realty taxes and insurance), deposits relating to acquisitions of $1,847 (December 31, 2020 - $3,550) and deposits held in trust received from the sale of residential condominium units of $2,184 (December 31, 2020 - $1,613).

11. DEBT

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

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Mortgages payable (a)	**$126,318**	$716,813
Construction loans payable (b)	**98,186**	57,104
Unsecured revolving operating facilities (c)	**225,000**	60,000
Senior unsecured debentures (d)	**2,587,501**	1,642,119
Unsecured term loan (e)	**249,513**	249,426
	$3,286,518	$2,725,462
Current	**$12,127**	$26,668
Non-current	**3,274,391**	2,698,794
	$3,286,518	$2,725,462

(a) *Mortgages payable*

Mortgages payable have a weighted average stated interest rate of 3.40% as at September 30, 2021 (December 31, 2020 - 4.31%). 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	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Remaining 2021	$844	$7,010	$7,854	
2022	3,307	1,798	5,105	
2023	3,069	12,230	15,299	
2024	2,528	46,668	49,196	
2025	6,423	—	6,423	
2026	1,391	20,443	21,834	
2027	487	—	487	
2028	293	14,457	14,750	
2030	5,000	—	5,000	
Mortgages, principal	$23,342	$102,606	$125,948	$715,043
Net premium on assumed mortgages			1,103	3,555
Net financing costs			(733)	(1,785)
			$126,318	$716,813

(b) *Construction loans payable*

As at September 30, 2021, and December 31, 2020, Allied's obligations under the construction loans are as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Adelaide & Duncan	50%	August 11, 2023	$57,819	$44,051
Breithaupt Phase III	50%	December 2, 2022	21,086	7,406
KING Toronto	50%	December 17, 2024	19,281	5,647
			$98,186	$57,104

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 matures on August 11, 2023, and bears interest at bank prime plus 35 basis points or bankers' acceptance rate plus 135 basis points. Allied is providing a joint and several guarantee, limited to $135,000, to support the construction facility and is earning a related guarantee fee. On August 23, 2019, the Adelaide & Duncan joint arrangement entered into a swap agreement to fix 75% of the construction costs up to $209,572 at 2.86%.

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. The loan matures on December 2, 2022, and bears interest at bank prime or bankers' acceptance rate plus 120 basis points. Allied is providing a joint and several guarantee, limited to $69,000, to support the facility and is earning a related guarantee fee.

On December 17, 2020, Allied and Westbank obtained a $465,000 green construction loan for the KING Toronto joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is $232,500. 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. Allied is providing a joint and several guarantee, limited to $232,500, to support the facility and is earning a related guarantee fee.

(c) *Unsecured revolving operating facilities*

As at September 30, 2021, and December 31, 2020, Allied's obligations under the unsecured revolving operating facilities (the "Unsecured Facilities") are as follows:

	SEPTEMBER 30, 2021						
	MATURITY DATE	**INTEREST RATES ON DRAWINGS**	**STANDBY FEE**	**FACILITY LIMIT**	**DRAWINGS**	**LETTERS OF CREDIT**	**AMOUNT AVAILABLE**
Unsecured facility limit $500,000 (1)	January 30, 2024	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	**0.24%**	**$500,000**	**$(225,000)**	**$(19,025)**	**$255,975**

(1) This unsecured facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $600,000.

(2) The interest rates on drawings for this facility are subject to certain conditions being met. In the event that these conditions are not met, this unsecured facility will bear interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.

	DECEMBER 31, 2020						
	MATURITY DATE	INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured facility limit $400,000 (1)	January 30, 2023	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$400,000	$(60,000)	$(22,420)	$317,580
Unsecured facility limit $100,000	April 20, 2021	Prime + 0.45% or Bankers' acceptance + 1.45%	0.29%	100,000	—	—	100,000
				$500,000	$(60,000)	$(22,420)	$417,580

(1) This unsecured facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $500,000.

(2) The interest rates on drawings for this facility are subject to certain conditions being met. In the event that these conditions are not met, this unsecured facility will bear interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.

On April 21, 2020, Allied entered into a $100,000 bilateral unsecured line of credit which matured on April 20, 2021, bearing interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.

On January 29, 2021, Allied amended the unsecured facilities to merge the two existing facilities into one facility with a limit of $500,000 plus a $100,000 accordion feature and to extend the maturity to January 30, 2024.

(d) *Senior unsecured debentures*

As at September 30, 2021, and December 31, 2020, Allied's obligations under the senior unsecured debentures are as follows:

SERIES	INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Series B	3.934%	November 14, 2022	May 14 and November 14	**$—**	$150,000
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**	—
Series I	3.095%	February 6, 2032	February 6 and August 6	**500,000**	—
Unsecured Debentures, principal				**$2,600,000**	$1,650,000
Net financing costs				**(12,499)**	(7,881)
				$2,587,501	$1,642,119

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

On February 21, 2020, Allied issued $400,000 of 3.117% Series F Senior Unsecured Debentures (the "Series F Debentures") due February 21, 2030, with semi-annual interest payments due on February 21 and August 21 each year commencing on August 21, 2020. Debt financing costs of $2,350 were incurred and recorded against the principal owing.

Proceeds from the Series F Debentures were used to prepay $200,000 aggregate principal amount of the Unsecured Term Facility maturing March 16, 2021, repay amounts drawn on the Unsecured Facility in the amount of $110,000, to fund Allied's development and value-add initiatives and for general working capital purposes.

On May 15, 2020, Allied issued $300,000 of 3.131% Series G Senior Unsecured Debentures (the "Series G Debentures") due May 15, 2028, with semi-annual interest payments due on May 15 and November 15 each year commencing on November 15, 2020. Debt financing costs of $1,950 were incurred and recorded against the principal owing.

Proceeds from the Series G Debentures were used to repay amounts drawn on the Unsecured Facility in the amount of $240,000 and for general working capital purposes.

On February 12, 2021, Allied issued $600,000 of 1.726% Series H Unsecured Debentures (the "Series H Debentures") due February 12, 2026, with semi-annual interest payments due on February 12 and August 12 each year commencing on August 12, 2021. Debt financing costs of $3,100 were incurred and recorded against the principal owing.

Proceeds from the Series H Debentures were used to redeem in full the $150,000 aggregate principal amount of 3.934% Series B Debentures due November 14, 2022, with a financing prepayment cost of $8,003, prepay $139,213 on a first mortgage with a financing prepayment cost of $6,158, repay $75,000 drawn on Allied's unsecured credit facility and for general working capital purposes.

On August 6, 2021, Allied issued $500,000 of 3.095% Series I Unsecured Debentures (the "Series I Debentures") due February 6, 2032, with semi-annual interest payments due on February 6 and August 6 each year commencing on February 6, 2022. Debt financing costs of $3,000 were incurred and recorded against the principal owing.

Proceeds from the Series I Debentures were used to prepay $486,830 aggregate principal amount of first mortgages and for general working capital purposes. The mortgages had a financing prepayment cost of $37,728.

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

(e) *Unsecured term loan*

As at September 30, 2021, and December 31, 2020, Allied's obligation under the unsecured term loan is as follows:

	INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Unsecured term loan	3.496%	January 14, 2031	Monthly	**$250,000**	$250,000
Net financing costs				**(487)**	(574)
				$249,513	$249,426

On February 10, 2020, Allied repaid $100,000 of the principal amount of Tranche 1 of an unsecured term facility (the "Unsecured Term Facility") due March 16, 2021. On March 4, 2020, Allied repaid $100,000 of the principal amount of Tranche 2, representing the remaining balance of the Unsecured Term Facility due March 16, 2021.

On August 11, 2020, Allied amended the unsecured term loan at a fixed interest rate of 3.496% (previously 3.992%), and extended the maturity date to January 14, 2031 (previously January 14, 2026).

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

(f) *Interest expense*

Interest expense consists of the following:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Interest on debt:				
Mortgages payable	**$2,849**	$7,808	**$15,720**	$23,471
Construction loans payable	**608**	340	**1,593**	973
Unsecured Facilities	**527**	373	**1,427**	1,729
Unsecured Debentures	**17,225**	13,718	**46,274**	35,786
Unsecured term loan	**2,202**	2,358	**6,537**	8,147
Interest on lease liabilities	**2,280**	2,289	**6,823**	6,707
Amortization, premium on debt	**(83)**	(464)	**(414)**	(1,377)
Amortization, net financing costs	**594**	519	**1,804**	1,563
	$26,202	$26,941	**$79,764**	$76,999
Less: Interest capitalized to qualifying investment properties and residential inventory	**(9,868)**	(7,798)	**(28,946)**	(22,170)
Interest expense excluding financing prepayment costs	**$16,334**	$19,143	**$50,818**	$54,829
Financing prepayment costs [(1)]	**37,728**	—	**51,889**	—
Interest expense	**$54,062**	$19,143	**$102,707**	$54,829

(1) *For the three and nine months ended September 30, 2021, financing prepayment costs include $37,135 and $53,717 of prepayment penalties, $942 and $1,210 of accelerated amortization of net financing costs, partially offset by $349 and $3,038 accelerated amortization of premium on debt, respectively.*

Borrowing costs have been capitalized to qualifying investment properties and residential inventory at a weighted average rate of 2.86% per annum (September 30, 2020 - 3.60%).

(g) *Schedule of principal repayments*

The table below summarizes the scheduled principal maturity for Allied's mortgages payable, construction loans payable, Unsecured Facilities, Unsecured Debentures and unsecured term loan.

	REMAINING 2021	2022	2023	2024	2025	THEREAFTER	TOTAL
Mortgages payable, principal repayments	$844	$3,307	$3,069	$2,528	$6,423	$7,171	$23,342
Mortgages payable, balance due at maturity	7,010	1,798	12,230	46,668	—	34,900	102,606
Construction loans payable	—	21,086	57,819	19,281	—	—	98,186
Unsecured facility	—	—	—	225,000	—	—	225,000
Unsecured Debentures	—	—	—	—	200,000	2,400,000	2,600,000
Unsecured term loan	—	—	—	—	—	250,000	250,000
Total	$7,854	$26,191	$73,118	$293,477	$206,423	$2,692,071	$3,299,134

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

12. LEASE LIABILITIES

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

	REMAINING 2021 (1)	2022-2025 (1)	THEREAFTER	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Future minimum lease payments	$3,243	$41,018	$442,734	$486,995	$493,501
Interest accrued on lease obligations	(685)	78	—	(607)	560
Less: amounts representing interest payments	(2,558)	(41,096)	(284,499)	(328,153)	(336,993)
Present value of lease payments	$—	$—	$158,235	$158,235	$157,068

(1) The future minimum lease payments prior to 2025 are less than the effective interest on the lease liabilities.

Some of Allied's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the unaudited condensed consolidated statements of income and comprehensive 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 three and nine months ended September 30, 2021, minimum lease payments of $2,156 and $6,468, respectively, (September 30, 2020 - $2,141 and $6,423, respectively) were paid by Allied.

13. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consists of the following:

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Trade payables and other liabilities	$187066	$169,434
Prepaid user rents	76,069	75,090
Accrued interest payable	17,872	16,139
Distributions payable to Unitholders	18,033	17,498
Residential deposits (1)	38,827	36,506
Interest rate swap derivative liabilities	4,936	26,539
	$342,803	$341,206
Current	$299,040	$278,161
Non-current (2)	43,763	63,045
	$342,803	$341,206

(1) Residential deposits relate to the sale of residential condominium units at KING Toronto.
(2) Non-current liabilities as at September 30, 2021, are composed of residential deposits totaling $38,827 and interest rate swap derivative liabilities totaling $4,936 (December 31, 2020 - $36,506 and $26,539, respectively).

14. FAIR VALUE MEASUREMENTS

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

	CLASSIFICATION/ MEASUREMENT	SEPTEMBER 30, 2021 CARRYING VALUE	SEPTEMBER 30, 2021 FAIR VALUE	DECEMBER 31, 2020 CARRYING VALUE	DECEMBER 31, 2020 FAIR VALUE
Financial Assets:					
Loans and notes receivable (notes 2(b), 8)	Amortized cost	**358,073**	**358,073**	322,636	322,881
Loan receivable from joint venture (notes 2(b), 7)	Amortized cost	**113,287**	**113,287**	113,287	113,287
Cash and cash equivalents (note 20)	Amortized cost	**40,043**	**40,043**	45,512	45,512
Accounts receivable (note 10)	Amortized cost	**39,993**	**39,993**	35,554	35,554
Interest rate swap derivative assets	FVTPL	**—**	**—**	1,466	1,466
Financial Liabilities:					
Debt (note 11)					
Mortgages	Amortized cost	**126,318**	**129,346**	716,813	755,780
Construction loans payable	Amortized cost	**98,186**	**98,186**	57,104	57,104
Unsecured Facilities	Amortized cost	**225,000**	**225,000**	60,000	60,000
Unsecured Debentures	Amortized cost	**2,587,501**	**2,637,632**	1,642,119	1,754,526
Unsecured term loan	Amortized cost	**249,513**	**257,620**	249,426	277,963
Interest rate swap liabilities	FVTPL	**4,936**	**4,936**	26,539	26,539
Accounts payable and other liabilities (note 13)	Amortized cost	**337,867**	**337,867**	314,667	314,667

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 unaudited condensed consolidated balance sheet 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 instrument:

	SEPTEMBER 30, 2021			DECEMBER 31, 2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial Assets:						
Loans and notes receivable (notes 2(b), 8)	—	358,073	—	—	322,881	—
Loan receivable from joint venture (notes 2(b), 7)	—	113,287	—	—	113,287	—
Cash and cash equivalents (note 20)	40,043	—	—	45,512	—	—
Accounts receivable (note 10)	—	39,993	—	—	35,554	—
Interest rate swap derivative assets	—	—	—	—	1,466	—
Financial Liabilities:						
Debt (note 11)						
Mortgages	—	129,346	—	—	755,780	—
Construction loans payable	—	98,186	—	—	57,104	—
Unsecured Facilities	—	225,000	—	—	60,000	—
Unsecured Debentures	—	2,637,632	—	—	1,754,526	—
Unsecured term loan	—	257,620	—	—	277,963	—
Interest rate swap liabilities	—	4,936	—	—	26,539	—
Accounts payable and other liabilities (note 13)	—	337,867	—	—	314,667	—

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

The following summarizes the significant methods and assumptions used in estimating the fair value of Allied's financial assets and liabilities measured at fair value:

Interest Rate Swap Derivative Contracts

The fair value of Allied's interest rate derivative contracts, which represent a net liability as at September 30, 2021, is $4,936 (December 31, 2020 - $25,073). The fair value of the derivative contracts is determined using forward interest rates observable in the market (Level 2).

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Interest rate swap derivative asset (note 9)	$—	$1,466
Interest rate swap derivative liabilities (note 13)	(4,936)	(26,539)
Total	$(4,936)	$(25,073)

Debt

The fair value of debt is determined by discounting the cash flows of these financial instruments using period end market rates for instruments of similar terms and credit risks that are observable in the market (Level 2).

15. UNITHOLDERS' EQUITY

The following represents the number of Units issued and outstanding, and the related carrying value of Unitholders' equity, for the nine months ended September 30, 2021, and for the year ended December 31, 2020.

	SEPTEMBER 30, 2021		DECEMBER 31, 2020	
	UNITS	AMOUNT	UNITS	AMOUNT
Units, beginning of period	**127,259,218**	**$3,884,661**	122,838,799	$3,725,472
Restricted Unit Plan (net of forfeitures) (note 16(b))	**—**	**(2,141)**	—	(2,695)
Unit Option Plan - options exercised (note 16(a))	**1,533**	**56**	277,311	9,805
Unit issuance	**—**	**—**	4,143,108	152,079
Units, end of period	**127,260,751**	**$3,882,576**	127,259,218	$3,884,661

On September 4, 2020, Allied raised gross proceeds of $153,295 through a private placement issuance of 4,143,108 Units at a price of $37.00 per Unit. Costs relating to the issuance totaled $1,216 and were applied against the gross proceeds of the issuance and charged against Unitholders' equity.

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

Distributions

On October 15, 2021, Allied declared a distribution for the month of October 2021 of $0.1417 per Unit, representing $1.70 per Unit on an annualized basis to Unitholders of record on October 29, 2021.

Normal Course Issuer Bid

On February 22, 2021, 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 12,531,845 of its outstanding Units, representing approximately 10% of its public float as at February 11, 2021. The NCIB commenced February 24, 2021, and will expire on February 23, 2022, 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 nine months ended September 30, 2021, Allied purchased 58,923 Units for $2,169 at a weighted average price of $36.80 per Unit under its NCIB program, of which 58,260 Units were purchased for delivery to participants under Allied's Restricted Unit Plan and 663 Units were purchased for certain employee rewards outside of Allied's Restricted Unit Plan.

16. UNIT OPTION AND RESTRICTED UNIT 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. 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.

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	(344,499)	(19,132)	176,849	176,849
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	134,999
February 13, 2019	February 13, 2029	323,497	$47.53	(2,717)	(3,219)	317,561	165,904
February 5, 2020	February 5, 2030	352,230	$54.59	—	(1,159)	351,071	97,811
February 3, 2021	February 3, 2031	442,233	$36.55	(1,533)	—	440,700	3,289
		2,136,901		(387,010)	(23,510)	1,726,381	834,930

	NINE MONTHS ENDED SEPTEMBER 30, 2021		YEAR ENDED DECEMBER 31, 2020	
	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 period	**$31.56-54.59**	**7.38**	$31.56-54.59	7.45

	NINE MONTHS ENDED SEPTEMBER 30, 2021		YEAR ENDED DECEMBER 31, 2020	
	Number of Units	Weighted average exercise price	Number of Units	Weighted average exercise price
Balance, beginning of period	**1,288,229**	**$43.81**	1,213,310	$38.75
Granted	**442,233**	**36.55**	352,230	54.59
Forfeited during the period	**(2,548)**	**50.92**	—	—
Exercised	**(1,533)**	**36.55**	(277,311)	35.35
Balance, end of period	**1,726,381**	**$41.95**	1,288,229	$43.81
Units exercisable at the end of the period	**834,930**	**$40.02**	548,396	$37.25

Allied accounts for its Unit Option Plan using the fair value method, under which compensation expense is measured at the date options are granted and recognized over the vesting period.

Allied utilizes the Black-Scholes Model for the valuation of Unit options with no performance criteria.

Assumptions utilized in the Black-Scholes Model for option valuation are as follows:

	NINE MONTHS ENDED SEPTEMBER 30, 2021	YEAR ENDED DECEMBER 31, 2020
Unit options granted	**442,233**	352,230
Unit option holding period (years)	**10**	10
Volatility rate	**21.38%**	17.04%
Distribution yield	**4.65%**	3.00%
Risk-free interest rate	**0.84%**	1.36%
Value of options granted	**$1,441**	$2,187

The underlying expected volatility was determined by reference to historical data of Allied's Units over 10 years.

For the three and nine months ended September 30, 2021, Allied recorded a share-based payment expense of $435 and $1,310, respectively, (September 30, 2020 - $527 and $1,498, respectively) in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive 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. The following is a summary of the activity of Allied's Restricted Unit Plan:

	NINE MONTHS ENDED SEPTEMBER 30, 2021	YEAR ENDED DECEMBER 31, 2020
Restricted Units, beginning of period	**288,135**	287,023
Granted	**58,260**	48,148
Expired	**(49,585)**	(45,640)
Forfeited	**—**	(1,396)
Restricted Units, end of period	**296,810**	288,135

For the three and nine months ended September 30, 2021, Allied recorded a share-based payment expense of $436 and $1,926, respectively, (September 30, 2020 - $611 and $2,285, respectively) in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income.

17. WEIGHTED AVERAGE NUMBER OF UNITS

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Basic	**127,260,451**	124,328,661	**127,259,634**	123,477,851
Unit Option Plan	**186,551**	61,879	**143,936**	133,707
Fully diluted	**127,447,002**	124,390,540	**127,403,570**	123,611,558

18. TOTAL REVENUE

Total revenue includes the following:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Rental revenue (1)	**$66,824**	$66,896	**$199,668**	$197,473
Tax and insurance recoveries	**24,806**	24,316	**74,589**	74,392
Miscellaneous revenue (2)	**7,276**	5,654	**18,757**	17,210
Operating cost recoveries	**43,748**	42,807	**129,150**	126,079
Total rental revenue	**$142,654**	$139,673	**$422,164**	$415,154
Condominium revenue	**—**	65	**—**	178
Total revenue	**$142,654**	$139,738	**$422,164**	$415,332

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

Future minimum rental income is as follows:

	REMAINING 2021	2022-2025	THEREAFTER	TOTAL
Future minimum rental income	$77,619	$1,041,454	$1,113,815	$2,232,888

19. GENERAL AND ADMINISTRATIVE EXPENSES

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Salaries and benefits	**$4,298**	$4,204	**$15,366**	$13,722
Professional and trustee fees	**804**	752	**3,297**	3,458
Office and general expenses	**1,247**	1,139	**3,878**	3,339
	$6,349	$6,095	**$22,541**	$20,519
Capitalized to qualifying investment properties	**(1,400)**	(1,178)	**(4,171)**	(3,515)
Total general and administrative expenses	**$4,949**	$4,917	**$18,370**	$17,004

20. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include the following components:

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Cash	**$39,543**	$45,012
Short-term deposits	**500**	500
Total cash and cash equivalents	**$40,043**	$45,512

The following summarizes supplemental cash flow information in operating activities:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Supplemental				
Interest paid on debt (including capitalized interest and financing prepayment costs (note 11))	**$63,882**	$24,527	**$130,613**	$68,849

The following summarizes supplemental cash flow information in investing activities:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Supplemental				
Mortgages assumed (note 4)	**$51,750**	$—	**$51,750**	$10,000

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Net change in accounts receivable, prepaid expenses and deposits	**$(5,457)**	$14,055	**$(18,831)**	$54,688
Add back: Prepaid expenses and deposits	**—**	—	**—**	13,202
Add back: Deposits on acquisitions	**750**	—	**2,518**	—
Net change in loans and notes receivable	**(11,382)**	(3,774)	**(35,437)**	(21,591)
Less: Proceeds from notes receivable	**(21)**	(69)	**(71)**	(206)
Add back: Loan receivable issued to third-party	**11,403**	2,438	**35,508**	16,566
Add back: Non-cash interest income	**1,930**	1,605	**7,278**	4,676
Net change in accounts payable and other liabilities	**8,740**	10,117	**1,597**	78,138
Less: Non-cash interest	**(48)**	(2,414)	**(1,040)**	(8,150)
Less: Distributions payable to Unitholders	**—**	(570)	**(535)**	(1,160)
Add back (less): Mortgage interest swap liabilities	**5,616**	(194)	**21,603**	(20,590)
Less: Accrued amounts from acquired properties (net of assumed mortgage premiums)	**(1,046)**	—	**(2,566)**	(9,179)
Change in non-cash operating items	**$10,485**	$21,194	**$10,024**	$106,394

21. JOINT OPERATIONS

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

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

PROPERTIES	LOCATION	CURRENT STATUS	OWNERSHIP SEPTEMBER 30, 2021	OWNERSHIP DECEMBER 31, 2020
478 King W (1)	Toronto, ON	Rental Property	100%	50%
642 King W	Toronto, ON	Rental Property	50%	50%
731-10th SW (3)	Calgary, AB	Rental Property	50%	50%
802-838 11th SW, Glenbow Assembly (3)	Calgary, AB	Rental Property	50%	50%
Adelaide & Duncan	Toronto, ON	Property Under Development	50%	50%
Breithaupt Block	Kitchener, ON	Rental Property and Property Under Development	50%	50%
College & Manning	Toronto, ON	Rental Property and Property Under Development	50%	50%
College & Palmerston	Toronto, ON	Rental Property	50%	50%
KING Toronto	Toronto, ON	Property Under Development	50%	50%
King Portland Centre	Toronto, ON	Rental Property	50%	50%
Sherwin Block (3)	Calgary, AB	Rental Property	50%	50%
The Well (2)	Toronto, ON	Property Under Development	50%	50%

(1) *Allied acquired the remaining 50% interest in 478 King W on April 22, 2021, bringing its total ownership of the property to 100%, and therefore, it ceased to be a joint operation as of that date.*
(2) *Allied owns an undivided 40% interest in the residential component and an undivided 50% interest in the commercial component of The Well. The residential component is comprised of parking and transfer floor slab developments along with air rights, which were sold by the co-ownership in 2016, with the first, second and third phases closed on December 23, 2020, April 7, 2021, and June 11, 2021, respectively, and the remaining phases expected to close by the end of 2021 when certain specified conditions are met. The commercial component is comprised of the office and retail components of the property under development.*
(3) *Allied acquired the remaining 50% interest in 731-10th SW, 802-838 11th SW, and Sherwin Block on October 19, 2021, bringing its total ownership of the properties to 100%, and therefore, they ceased to be a joint operation as of that date.*

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Total assets	$1,469,455	$1,258,241
Total liabilities	$403,192	$340,930

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020
Revenue	$4,120	$4,399	$12,192	$13,838
Expenses	(1,995)	(2,496)	(6,159)	(7,648)
Income before fair value adjustment on investment properties	2,125	1,903	6,033	6,190
Fair value gain (loss) on investment properties	60,314	(471)	78,818	3,450
Net income	$62,439	$1,432	$84,851	$9,640

22. SEGMENTED INFORMATION

IFRS 8, *Operating Segments*, requires reportable segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker ("CODM") for the purpose of allocating resources to the segment and assessing its performance. Allied has determined that its CODM is the President and Chief Executive Officer. Allied's operating segments are managed by use of properties and geographical locations. Urban Data Centres are comprised of properties operating similar to data centres and colocation facilities. The urban office properties are managed by geographic location consisting of three areas.

The CODM measures and evaluates the performance of Allied's operating segments based on net rental income and condominium profits. Condominium profits during the three and nine months ended September 30, 2021, were $nil and $nil, respectively (September 30, 2020 - $65 and $178, respectively).

Management reviews assets and liabilities on a total basis and therefore assets and liabilities are not included in the segmented information below.

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, general and administrative expenses, interest income, fair value of investment properties and fair value of derivative instruments are not allocated to operating segments.

The following summary tables present a reconciliation of operating income to net income for the three and nine months ended September 30, 2021 and 2020.

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

THREE MONTHS ENDED SEPTEMBER 30, 2021	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY, EDMONTON & VANCOUVER (1)	URBAN DATA CENTRES	CONDO-MINIUMS	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	$50,140	$52,369	$16,743	$24,566	$—	$(1,164)	$142,654
Property operating costs	(24,731)	(19,058)	(6,987)	(9,113)	—	777	(59,112)
Net rental income	$25,409	$33,311	$9,756	$15,453	$—	$(387)	
Condominium revenue	—	—	—	—	—	—	—
Operating income	$25,409	$33,311	$9,756	$15,453	$—	$(387)	$83,542
Interest expense							(54,062)
General and administrative expenses							(4,949)
Condominium marketing expenses							(119)
Amortization of other assets							(285)
Interest income							6,897
Fair value gain on investment properties							75,965
Fair value gain on derivative instruments							877
Net loss from joint venture							(681)
Net income and comprehensive income							$107,185

(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, Edmonton & Vancouver results, to arrive at the equity method of accounting.

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2021	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY, EDMONTON & VANCOUVER (1)	URBAN DATA CENTRES	CONDO-MINIUMS	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	$149,892	$154,781	$49,088	$71,899	$—	$(3,496)	$422,164
Property operating costs	(74,497)	(56,909)	(20,508)	(25,842)	—	2,178	(175,578)
Net rental income	**$75,395**	**$97,872**	**$28,580**	**$46,057**	**$—**	**$(1,318)**	
Condominium revenue	—	—	—	—	—	—	—
Operating income	**$75,395**	**$97,872**	**$28,580**	**$46,057**	**$—**	**$(1,318)**	**$246,586**
Interest expense							(102,707)
General and administrative expenses							(18,370)
Condominium marketing expenses							(465)
Amortization of other assets							(894)
Interest income							20,987
Fair value gain on investment properties							121,353
Fair value gain on derivative instruments							16,356
Net income from joint venture							384
Net income and comprehensive income							**$283,230**

(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, Edmonton & Vancouver results, to arrive at the equity method of accounting.

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

THREE MONTHS ENDED SEPTEMBER 30, 2020	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY, EDMONTON & VANCOUVER (1)	URBAN DATA CENTRES	CONDO-MINIUMS	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	$49,247	$51,327	$16,355	$23,699	$—	$(955)	$139,673
Property operating costs	(24,829)	(20,069)	(6,476)	(9,522)	—	249	(60,647)
Net rental income	**$24,418**	**$31,258**	**$9,879**	**$14,177**	**$—**	**$(706)**	
Condominium revenue	—	—	—	—	65	—	65
Operating income	**$24,418**	**$31,258**	**$9,879**	**$14,177**	**$65**	**$(706)**	**$79,091**
Interest expense							(19,143)
General and administrative expenses							(4,917)
Condominium marketing expenses							(275)
Amortization of other assets							(368)
Interest income							4,944
Fair value gain on investment properties							10,650
Fair value loss on derivative instruments							(164)
Net loss from joint venture							(805)
Net income and comprehensive income							**$69,013**

(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, Edmonton & Vancouver results, to arrive at the equity method of accounting.

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2020	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY, EDMONTON & VANCOUVER (1)	URBAN DATA CENTRES	CONDO-MINIUMS	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	$146,509	$155,429	$47,575	$67,328	$—	$(1,687)	$415,154
Property operating costs	(72,857)	(60,330)	(20,675)	(25,787)	—	580	(179,069)
Net rental income	**$73,652**	**$95,099**	**$26,900**	**$41,541**	**$—**	**$(1,107)**	
Condominium revenue	—	—	—	—	178	—	178
Operating income	**$73,652**	**$95,099**	**$26,900**	**$41,541**	**$178**	**$(1,107)**	**$236,263**
Interest expense							(54,829)
General and administrative expenses							(17,004)
Condominium marketing expenses							(1,003)
Amortization of other assets							(1,126)
Interest income							14,801
Fair value gain on investment properties							263,710
Fair value loss on derivative instruments							(22,718)
Net loss from joint venture							(1,207)
Net income and comprehensive income							**$416,887**

(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, Edmonton & Vancouver results, to arrive at the equity method of accounting.

23. INCOME TAXES

Allied qualifies as a REIT and MFT 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.

24. RELATED PARTY TRANSACTIONS

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

Allied engages in third-party property management business, including the provision of services for properties in which a trustee of Allied has an ownership interest. For the three and nine months ended September 30, 2021, real estate service revenue earned from these properties was $91 and $283, respectively (September 30, 2020 - $88 and $269, respectively).

As at September 30, 2021, the loan to the TELUS Sky joint venture has a balance outstanding of $113,287 (December 31, 2020 - $113,287) (see note 7).

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

Transactions with key management personnel are summarized in the table below:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020	**SEPTEMBER 30, 2021**	SEPTEMBER 30, 2020
Salary, bonus and other short-term employee benefits	**$963**	$1,062	**$2,872**	$3,149
Unit-based compensation	**625**	847	**2,552**	3,056
Total	**$1,588**	$1,909	**$5,424**	$6,205

25. RISK MANAGEMENT

(a) *Capital management*

Allied defines capital as the aggregate of Unitholders' equity, mortgages payable, construction loans payable, Unsecured Facilities, Unsecured Debentures, unsecured term loan 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 total 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) and the variable rate debt and debt having maturities of less than one year to not exceed 15% of gross book value. As at September 30, 2021, the debt to gross book value ratio was 32.9% (December 31, 2020 - 29.2%) and debts having variable interest rates or maturities of less than one year aggregated to 2.8% of gross book value (December 31, 2020 - 0.9%).

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 is valid for a 25-month period.

Allied has certain key financial covenants in its Unsecured Debentures, Unsecured Facility and unsecured term loan. 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 September 30, 2021.

(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 September 30, 2021 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 Facilities, Allied will be further exposed to changes in interest rates. As at September 30, 2021, the Unsecured Facilities, which are at floating interest rates and are exposed to changes in interest rates, had a balance outstanding of $225,000 (December 31, 2020 - $60,000). Also, Allied has construction loans payable, of which $40,367 are subject to floating interest rates and are exposed to changes in interest rates (December 31, 2020 - $13,053). 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. All other variables are held constant.

		-1.0%	+1.0%
AS AT SEPTEMBER 30, 2021	CARRYING AMOUNT	INCOME IMPACT	INCOME IMPACT
Unsecured facility	$225,000	$2,250	$(2,250)
Construction loans payable	$40,367	$404	$(404)
Mortgages payable due within one year	$12,127	$121	$(121)

(c) *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 September 30, 2021, Allied had $356,034 outstanding in loans receivable (December 31, 2020 - $320,526) and $113,287 outstanding in joint venture loan receivable (December 31, 2020 - $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 September 30, 2021, and December 31, 2020, are $nil and $nil, respectively (note 8).

Credit risk from user receivables arises from the possibility that users may experience financial difficulty and be unable to fulfill their lease commitments, resulting in Allied incurring a financial loss. Allied manages credit risk to mitigate exposure to financial loss by staggering lease maturities, diversifying revenue sources over a large user base, ensuring no individual user contributes a significant portion of Allied's revenues and conducting credit reviews of new users. The expected credit losses estimated by Management at September 30, 2021, and December 31, 2020, are $8,508 and $6,649, respectively (Note 10 (a)).

Allied considers that all the financial assets that are not impaired or past due for each of the reporting dates under review are of good quality. The carrying amount of accounts receivable best represents Allied's maximum exposure to credit risk. 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:

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
Less than 30 days	**$2,708**	$3,632
30 to 60 days	**2,407**	2,591
More than 60 days	**16,503**	10,631
Total	**$21,618**	$16,854

As at September 30, 2021, accounts receivable includes $2,400 which is expected to be collected pursuant to the Canada Emergency Rent Subsidy ("CERS"). As at December 31, 2020, accounts receivable includes $2,000, which has subsequently been collected pursuant to the CERS.

(d) *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. Interest rates on the mortgages payable are between 2.77% and 4.30% for September 30, 2021 (December 31, 2020 - 3.59% and 4.80%).

Allied entered into interest rate derivative contracts to limit its exposure to fluctuations in interest rates on $250,000 of its variable rate unsecured term loan and $57,819 of its construction loans (December 31, 2020 - $250,000 and $37,881, respectively). As at September 30, 2021, Allied repaid all of its variable rate mortgages payable (December 31, 2020 - $81,682) and exited its associated interest rate derivative contracts on these mortgages payable with a cash settlement of $3,781. Gains or losses arising from the change in fair values of the interest rate derivative contracts are recognized in the unaudited condensed consolidated statements of income and comprehensive income. For the three and nine months ended September 30, 2021, Allied recognized as part of the change in fair value adjustment on derivative instruments a fair value gain of $877 and $16,356, respectively (September 30, 2020 - a fair value loss of $164 and $22,718, respectively).

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.

(e) *Maturity analysis*

The undiscounted future principal and interest payments on Allied's debt instruments are as follows:

	REMAINING 2021	2022	2023	2024	2025	THEREAFTER	TOTAL
Mortgages payable	$8,876	$8,970	$18,589	$51,753	$7,842	$44,378	$140,408
Construction loans payable	430	22,496	58,859	19,640	—	—	101,425
Unsecured facility	1,491	5,963	5,963	225,497	—	—	238,914
Unsecured Debentures	13,002	74,485	74,485	74,485	270,849	2,640,092	3,147,398
Unsecured term loan	2,203	8,740	8,740	8,740	8,740	294,035	331,198
Total	**$26,002**	**$120,654**	**$166,636**	**$380,115**	**$287,431**	**$2,978,505**	**$3,959,343**

26. COMMITMENTS AND CONTINGENCIES

Allied has entered into commitments for acquisitions, development activity and building renovations from leasing activity. The commitments as at September 30, 2021, and December 31, 2020, were $459,027 and $335,344, respectively.

Commitments as at September 30, 2021, and December 31, 2020, of $494 and $551, respectively, 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 unaudited condensed consolidated financial statements.

Allied, through a financial intermediary, has issued letters of credit in the amount of $28,649 as at September 30, 2021 (December 31, 2020 - $24,578).

27. SUBSEQUENT EVENTS

On October 12, 2021, Allied committed to acquire the Dominion Building in Vancouver for a total purchase price of $65,000. Closing is expected on November 12, 2021.

On October 19, 2021, Allied completed the purchase of the remaining 50% interest in 731-10th SW, 802-838 11th SW (Glenbow Assembly) and 738 11th (Sherwin Block) in Calgary for a total purchase price of $28,000.

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