



Allied Properties Real Estate Investment Trust (APYRF)

Updated December 13th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	\$9.67	5 Year Annual Expected Total Return :	6.2%	Market Cap:	\$1.33 B
Fair Value Price:	\$9.60	5 Year Growth Estimate:	0.0%	Ex-Dividend Date:	12/31/2025
% Fair Value:	101%	5 Year Valuation Multiple Estimate:	-0.1%	Dividend Payment Date:	01/15/2026
Dividend Yield:	5.4%	5 Year Price Target	\$9.60	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Real Estate	Rating:	Sell

Overview & Current Events

Allied Properties REIT is a Canadian real estate investment trust focused on owning, operating, and developing urban workspace properties in major cities such as Toronto, Montréal, Vancouver, Calgary, and Kitchener. Based on the latest filings, the REIT's portfolio includes 191 rental properties totaling 14.4 million sq. ft., primarily composed of Class I and mixed-use urban office assets. At the end of September, its portfolio was 87.4% leased and 84.0% occupied, supported by a modest 1.5% rent increase on renewals. The REIT generated revenues of \$413.4 million last year. All figures in this report have been converted to USD unless otherwise noted. The stock trades at a market cap of \$1.33 billion.

On October 29th, 2025, Allied reported its Q3 results for the quarter ended September 30th, 2025, Rental revenue came in at \$106.3 million (up ~1% year over year), property operating costs came in at \$48.3 million (up ~5%), and operating income came in at \$58.0 million (down ~3%). Portfolio fundamentals remained relatively stable at 87.4% leased (flat YoY) and 84.0% occupied (down ~160 bps YoY), with average in-place net rent of \$18.10 per occupied square foot (down ~0.4%) and +1.5% rent growth on renewals versus negative spreads in the prior year.

However, higher borrowing costs continued to weigh on results, with interest expense of \$25.5 million (up ~13%) and SG&A expenses of \$5.4 million (up ~2%) for the quarter. As a result, cash flow weakened year over year, with AFFO per share of \$0.315 (down ~6%) for the period. For FY2025, we expect AFFO/share of \$1.20.

On December 1st, 2025, Allied Properties slashed its dividend by 60% to a monthly rate of C\$0.06.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AFFO	\$1.30	\$1.18	\$1.69	\$1.53	\$1.72	\$1.56	\$1.65	\$1.61	\$1.64	\$1.36	\$1.20	\$1.20
DPS	\$1.05	\$1.12	\$1.22	\$1.15	\$1.23	\$1.30	\$1.34	\$1.29	\$1.36	\$1.25	\$0.52	\$0.84
Shares¹	77.8	80.9	88.0	98.0	112.7	124.5	127.5	136.9	139.8	139.8	139.8	160.0

Allied Properties REIT's AFFO per share has failed to grow meaningfully over the past decade. AFFO per shares peaked at \$1.72 in 2019 and has since been quite underwhelming. Specifically, the decline from 2015 to 2016 was driven mainly by equity issuance dilution, higher leasing and maintenance capital spending, and rising interest expense, despite some NOI growth. From 2017 through 2019, AFFO rebounded as same-property NOI improved, supported by rent growth and occupancy gains in Toronto and Montréal, portfolio expansion through acquisitions and developments, and declining straight-line rent drag as newly leased space became economically productive, partially offset by higher leasing costs.

In 2020, AFFO softened due to the pandemic, but results were shielded by lower leasing and maintenance expenditures, followed by a recovery in 2021 as operations normalized and leasing activity strengthened. During 2022 and 2023, AFFO remained relatively stable, with solid performance and controlled capital spending offsetting the early effects of higher interest rates.

However, the decline in 2024 reflects a clear shift in the macro and capital structure environment, due to higher interest expense, reduced income following asset disposals and loan repayments, transaction-related impacts from development monetizations, and increased leasing expenditures, only partly offset by lower straight-line rent amortization.

¹ Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Moving forward, we don't forecast any growth in AFFO per share, as the company's high leverage (net debt at ~12.3x annualized adjusted EBITDA) and elevated interest expense are likely to absorb operating improvements from leasing and rent growth. We do forecast the dividend grow at a CAGR of 10%, however, as eventually the company should be able to resume to its prior levels after this year's cut.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/AFFO	19.2	22.9	18.9	22.9	21.5	19.2	13.3	13.5	11.0	8.6	8.1	8.0
Avg. Yld.	4.2%	4.1%	3.8%	3.3%	3.3%	4.3%	6.1%	5.9%	7.6%	10.7%	5.4%	8.7%

Allied Properties' valuation has compressed significantly lately given its underwhelming performance and dividend cut. We don't expect a valuation expansion toward to the low to mid-teens anytime soon as the REIT remains highly levered and the 5.4% dividend yield is not high enough to make investors chase the stock higher today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

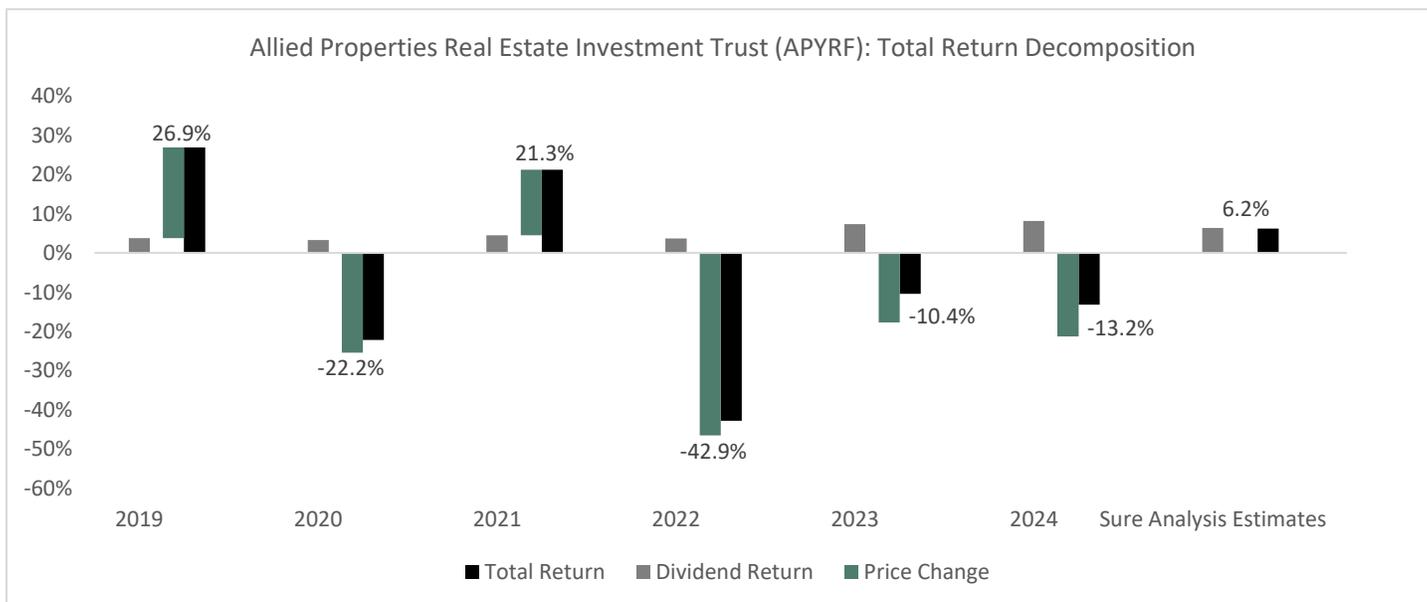
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	81%	95%	72%	75%	72%	83%	81%	80%	83%	92%	43%	70%

Allied Properties combines high-quality, well-located urban workspace assets with a challenging financial risk profile. The portfolio's focus on distinctive, amenity-rich properties in major Canadian cities offers a durable competitive advantage and supports relatively stable leasing and renewal activity. However, high leverage and elevated interest costs materially weaken balance-sheet safety and reduce flexibility. While prime locations and knowledge-based tenants offer some recession resilience, office exposure and ongoing leasing capital needs limit downside protection in a recession.

Final Thoughts & Recommendation

Allied's asset quality and competitive positioning remain strong, but high leverage and interest costs constrain near-term cash flow growth. We forecast annualized returns of 6.2% over the medium term, mainly powered by the starting dividend yield and a soft valuation expansion. However, due to the REIT's dividend cut earlier this month, we rate the stock a sell.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	286	294	323	337	408	418	377	399	418	432
Gross Profit	160	159	177	192	215	237	213	226	234	239
Gross Margin	56.0%	54.0%	54.7%	57.0%	52.8%	56.7%	56.4%	56.6%	55.9%	55.2%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.	1	1	1	1	1	1	1	1	1	1
Operating Profit	147	155	176	173	191	206	205	225	219	209
Operating Margin	51.4%	52.9%	54.5%	51.3%	46.8%	49.3%	54.3%	56.3%	52.5%	48.4%
Net Profit	199	245	276	417	474	373	264	134	(404)	(250)
Net Margin	69.6%	83.2%	85.4%	123.8%	116.2%	89.3%	70.1%	33.6%	-96.8%	-57.9%
Free Cash Flow	102	83	90	180	185	265	191	247	237	112
Income Tax	-	-	-	-	-	-	-	-	-	-

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,208	3,888	4,648	4,852	6,408	7,379	8,221	8,787	8,046	7,373
Cash & Equivalents	3	9	5	20	175	37	18	15	160	51
Accounts Receivable										
Inventories	-	-	-	27	-	-	-	-	-	-
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,342	1,635	1,815	1,649	1,999	2,530	3,134	3,530	3,392	3,503
Accounts Payable										
Long-Term Debt	1,242	1,537	1,688	1,496	1,782	2,263	2,859	3,146	2,814	3,068
Shareholder's Equity	1,866	2,253	2,833	3,203	4,409	4,849	5,087	4,857	4,653	3,868
LTD/E Ratio	0.67	0.68	0.60	0.47	0.40	0.47	0.56	0.65	0.60	0.79

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	6.0%	6.9%	6.5%	8.8%	8.4%	5.4%	3.4%	1.6%	-4.8%	-3.2%
Return on Equity	10.3%	11.9%	10.8%	13.8%	12.5%	8.1%	5.3%	2.6%	-8.2%	-5.9%
ROIC	6.2%	7.1%	6.6%	9.0%	8.7%	5.6%	3.5%	1.6%	-5.1%	-3.5%
Shares Out.	77.8	80.9	88.0	98.0	112.7	124.5	127.5	136.9	139.8	139.8
Revenue/Share	3.67	3.63	3.67	3.44	3.62	3.36	2.96	2.91	2.99	3.09
FCF/Share	1.32	1.02	1.02	1.84	1.64	2.13	1.50	1.80	1.70	0.80

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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