



Allied Properties Real Estate Investment Trust (APYRF)

Updated March 7th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	\$6.67	5 Year Annual Expected Total Return :	5.9%	Market Cap:	\$1.30 B
Fair Value Price:	\$6.24	5 Year Growth Estimate:	0.0%	Ex-Dividend Date:	02/27/2026
% Fair Value:	107%	5 Year Valuation Multiple Estimate:	-1.3%	Dividend Payment Date:	03/16/2026
Dividend Yield:	7.9%	5 Year Price Target	\$6.24	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 about 14.5 million sq. ft., primarily composed of Class I and mixed-use urban office assets. At year-end 2025, the portfolio was 87.4% leased and 85.3% occupied, with average in-place net rent of \$18.42 per occupied square foot and -1.2% rent change on renewals. The REIT generated revenues of \$432 million last year. All figures in this report have been converted to USD unless otherwise noted. The stock trades at a market cap of \$1.30 billion.

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

On February 10th, 2026, Allied reported its Q4 results and full-year for the quarter ended December 31st, 2025. Rental revenue came in at \$108.6 million (down ~4% year over year), property operating costs came in at \$53.8 million (up ~4%), and operating income came in at \$54.8 million (down ~11%). Portfolio fundamentals remained relatively stable at 87.4% leased (up ~20 bps YoY) and 85.3% occupied (down ~60 bps YoY), with average in-place net rent of \$18.42 per occupied square foot (down ~0.7%) and -1.2% rent change on renewals versus +2.0% in the prior year). However, higher borrowing costs continued to weigh on results, with interest expense of \$26.6 million (up ~15%) and SG&A expenses of \$3.3 million (down ~46%) for the quarter. As a result, cash flow weakened year over year, with AFFO per share of \$0.264 (down ~24%) for the period. For FY2025, AFFO/share was \$1.25. For FY2026, we expect AFFO/share of \$0.78.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
AFFO	\$1.18	\$1.69	\$1.53	\$1.72	\$1.56	\$1.65	\$1.61	\$1.64	\$1.36	\$1.25	\$0.78	\$0.78
DPS	\$1.12	\$1.22	\$1.15	\$1.23	\$1.30	\$1.34	\$1.29	\$1.36	\$1.25	\$1.25	\$0.53	\$0.53
Shares¹	80.9	88.0	98.0	112.7	124.5	127.5	136.9	139.8	139.8	139.8	139.8	160.0

Allied Properties REIT's AFFO per share has failed to grow AFFO per share over the past decade. AFFO per shares peaked at \$1.72 in 2019 and has since been quite underwhelming. Specifically, the weak AFFO in 2016 was driven primarily 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.

The decline in 2024 reflects higher interest costs, lower income following asset disposals and loan repayments, and higher leasing expenses, partly offset by lower straight-line rent amortization. The further decline in 2025 is driven by

¹ Share count is in millions.

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continued higher interest costs, lower operating income from property dispositions and non-renewals, along with non-cash fair value losses on investment properties and an expected credit loss on loans receivable.

Moving forward, we don't forecast any growth in AFFO per share, as the company's high leverage (net debt at ~12.9x annualized adjusted EBITDA) and elevated interest expense are likely to absorb operating improvements from leasing and rent growth.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/AFFO	22.9	18.9	22.9	21.5	19.2	13.3	13.5	11.0	8.6	9.5	8.6	8.0
Avg. Yld.	4.1%	3.8%	3.3%	3.3%	4.3%	6.1%	5.9%	7.6%	10.7%	10.5%	7.9%	8.5%

Allied Properties' valuation has compressed significantly lately given its underwhelming performance and dividend cut. We expect a valuation compression toward a P/AFFO of 8.0 as the REIT remains highly levered and the 7.9% dividend yield is not high enough to make investors chase the stock higher today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

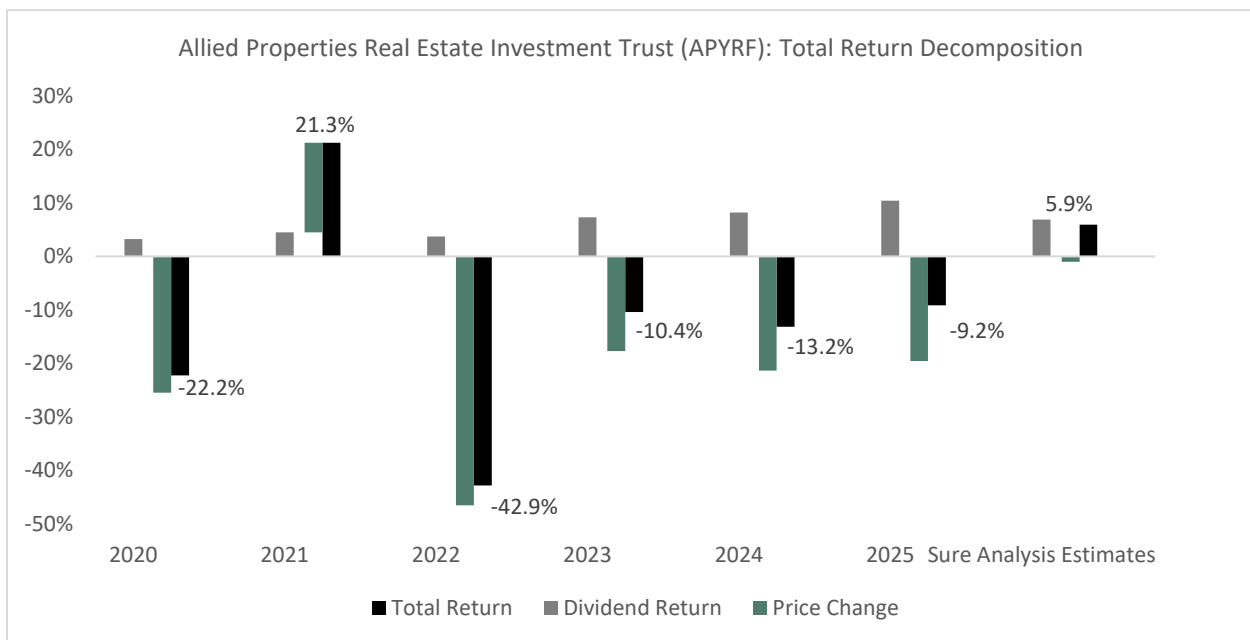
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	95%	72%	75%	72%	83%	81%	80%	83%	92%	100%	68%	68%

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 5.9% over the medium term, mainly powered by the starting dividend yield and a valuation headwind. However, due to the REIT's recent dividend cut, 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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