

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
DISTRIBUTION REINVESTMENT PLAN

1. INTRODUCTION

This distribution reinvestment plan (the “**Reinvestment Plan**”) is being offered to registered and beneficial holders (“**Unitholders**”) of units (“**Units**”) of Allied Properties Real Estate Investment Trust (the “**REIT**”). The Reinvestment Plan is administered by CIBC Mellon Trust Company (the “**Agent**”), which acts as agent for Unitholders participating in the Reinvestment Plan (the “**Participants**”).

(a) Purpose

The purpose of the Reinvestment Plan is to enable Participants to invest any and all distributions on Units in additional units of the REIT (“**Plan Units**”). All Plan Units will be purchased directly from the REIT by the Agent. The Reinvestment Plan enables the REIT to issue additional equity capital to existing Unitholders.

(b) Advantages

Under the Reinvestment Plan:

- (i) a Participant may purchase Plan Units with the distributions paid on the Participant’s Units;
- (ii) Participants will receive additional Plan Units equal to 5% of their distributions divided by the weighted average closing price of Units on the Toronto Stock Exchange for the five (5) days trading days immediately preceding the relevant Distribution Payment Date (defined below);
- (iii) distributions in respect of Units purchased under the Reinvestment Plan will be held by the Agent for the Participants’ accounts (other than CDS) and distributions paid on these Units will automatically be invested in additional Plan Units; and
- (iv) no commissions, service charges or brokerage fees are payable by Participants in connection with the Reinvestment Plan.

2. ADMINISTRATION

(a) Payment of Distributions

The REIT shall promptly pay over to the Agent, on behalf of Participants (including, for greater certainty, CDS, as defined below), all distributions paid on Participants' Units. The Agent shall use such funds to purchase Plan Units for Participants directly from the REIT. Plan Units will be registered in the name of each Participant as it appears on the REIT's register of Unitholders.

(b) Involvement of CDS

The Canadian Depository for Securities Limited or its successor ("**CDS**") is a "clearing corporation" owned or controlled by securities brokers and dealers, banks, trust companies and others ("**CDS Participants**"). CDS hold securities for CDS Participants and facilitates the clearance and settlement of securities transactions between CDS Participants through electronic book-entries, thereby eliminating the need for physical movement of certificates (the "**Book-Entry Only System**").

Unitholders that are not registered holders of Units ("**Beneficial Unitholders**") but desire to participate in the Reinvestment Plan ("**Beneficial Participants**") may do so only through their CDS Participant. Beneficial Unitholders who participate in the Reinvestment Plan through their CDS Participants will not be recognized by the REIT or the Agent as Participants. Beneficial Unitholders can exercise the rights of a Participant but only through CDS and their CDS Participants. Currently, the only eligible Participant is CDS.

Plan Units purchased under the Reinvestment Plan for Beneficial Participants shall be registered in the name of CDS.

3. PARTICIPATION

(a) Participation in the Reinvestment Plan

Any Unitholder that is a resident of Canada may enroll in the Reinvestment Plan at any time. Without limiting the generality of the foregoing, Unitholders who are resident in the United States or who are United States persons (as defined in Regulation S under the *Securities Act of 1933* (United States)) will not be entitled to participate in the Reinvestment Plan.

Registered Unitholders (other than CDS) may participate in the Reinvestment Plan by completing *Form B - Authorization for Registered Unitholder*, attached hereto, and returning it to the Agent.

Beneficial Unitholders may participate in the Reinvestment Plan by (i) contacting their CDS Participant, and instructing such person to take all actions necessary to permit the Beneficial Unitholder to participate in the Reinvestment Plan and (ii) delivering a *Form A - Certificate of Beneficial Ownership* to the REIT.

The Units purchased by the Agent from the REIT will be allocated to Participants, and, in the case of Beneficial Participants, to CDS. Participants (or CDS as the case may be) will be credited with the number of new Plan Units, including fractions, computed to three decimal places, which is equal to the distributions reinvested for each Participant (or CDS, as the case may be), divided by the Applicable Market Price (defined below). Participants (or CDS) will only receive the number of whole Units to which they are entitled. Each Participant (or CDS) will also receive from the Agent a cash payment equal to any fractional Plan Units to which it would be entitled multiplied by the Average Market Price.

The accounts of CDS Participants will be credited by CDS with whole Plan Units and cash in accordance with the rules and regulations of CDS. CDS Participants will in turn credit the account of each Beneficial Participant with the Plan Units and cash received by the CDS Participant from CDS in accordance with each CDS Participant's operating policies. In the event that a Beneficial Participant's *pro rata* share of Plan Units received by the CDS Participant from CDS includes a fraction of a Unit, the Beneficial Participant's CDS Participant will take such measures or steps as are provided in its operating policies to satisfy the Beneficial Participant's entitlement to the fractional Plan Unit. Pursuant to the rules and regulations of CDS and the operating policies of CDS Participants, Beneficial Participants may not receive the same number of Plan Units to which they would be entitled if they were Registered Participants.

Once a Participant or Beneficial Participant has enrolled in the Reinvestment Plan, participation shall continue automatically unless terminated in accordance with the terms of the Reinvestment Plan or unless participation becomes unlawful under the laws governing the REIT.

(b) **Commencement of Participation for Participants**

A *Form B – Authorization for Registered Unitholder* may be obtained from the Agent at any time upon written request addressed to the Agent. The *Form B – Authorization for Registered Unitholder* directs the REIT to forward to the Agent all of the Participant's distributions and directs the Agent to invest all of such distributions in Plan Units.

If a completed *Form B – Authorization for Registered Unitholder* is received by the Agent from a registered Unitholder (other than CDS) five (5) days (the “**Deadline**”) before a record date (“**Distribution Record Date**”) in respect of a given distribution, and is accepted, the said distribution (and all distributions payable thereafter to the Participant, until such Participant's participation in the Plan is terminated) will be invested under the Reinvestment Plan. If a completed *Form B – Authorization for Registered Unitholder* is received by the Agent after the Deadline in respect of a given Distribution Record Date, and is accepted, participation in the Reinvestment Plan will commence with effect as of the next following Distribution Record Date. Distribution Record Dates in respect of a given month shall generally be on the last day of such month, and distributions will generally be made on or about the 15th day of the next following month except for December in respect of which distributions will be paid on December 31 (the “**Distribution Payment Date**”), subject in each case to the discretion of the trustees.

An election to participate in the Reinvestment Plan by a Unitholder must be made in respect of all of the Units held by such Unitholder as specified in the *Form B Authorization for Registered Unitholder*.

Distributions paid on Plan Units held by the Agent for the account of Participants (other than CDS) under the Reinvestment Plan will be automatically reinvested in additional Plan Units on each Distribution Payment Date.

No interest will be paid to Participants on any funds held for investment under the Reinvestment Plan.

(c) **Commencement of Participation for Beneficial Participants**

The Agent will invest Beneficial Participants' distributions in Plan Units in accordance with a direction from CDS. The rules and regulations of CDS will govern when CDS

Participants must provide notices to CDS with respect to Beneficial Unitholders' participation in the Reinvestment Plan.

(d) No Transfer of Participation Rights

The right to participate in the Reinvestment Plan may not be transferred by a Participant or Beneficial Participant (separate from a transfer of ownership of Units) without the approval of the REIT and applicable securities regulatory authorities.

(e) Termination of Participation

If any Units are owned by a non-resident of Canada, such Unitholder is not eligible to participate in the Reinvestment Plan. Upon ceasing to be a resident of Canada, Participants shall forthwith notify the Agent who shall terminate participation in the Reinvestment Plan with respect to such non-resident Participant's Units.

If any Units are beneficially owned by a non-resident of Canada, such Unitholder is not eligible to participate in the Reinvestment Plan. Upon ceasing to be a resident of Canada, Beneficial Participants shall forthwith notify their CDS Participants who shall in turn notify CDS who shall terminate participation in the Reinvestment Plan with respect to such non-resident Beneficial Participant's Units.

Participation in the Reinvestment Plan:

- (i) may be terminated by a Participant, at any time as provided below, or by CDS on behalf of a Beneficial Participant;
- (ii) will be terminated by the REIT, in respect of a particular Participant where such Participant has failed to comply with the terms of the Reinvestment Plan or, in the reasonable opinion of the REIT, abused the Reinvestment Plan to the detriment of the REIT or its Unitholders; and
- (iii) will be terminated automatically upon receipt by the Agent of a written notice of the death of a Participant or a Beneficial Participant.

A Participant wishing to terminate participation in the Reinvestment Plan may do so by providing written notice to the Agent. If notice of termination is received by the Agent at least five (5) business days prior to a Distribution Record Date, termination will have effect for the corresponding Distribution Payment Date. If notice of termination is

received less than five (5) business days before the Distribution Record Date, the distribution made on the corresponding Distribution Payment Date will be invested in Plan Units and the termination will be effective only after the Distribution Payment Date. The REIT will send at least annually to all Participants a notice of their right to withdraw from the Reinvestment Plan.

When participation in the Reinvestment Plan is terminated by a Participant (other than CDS), the Participant (other than CDS) will be credited for all whole Plan Units held for the Participant's account by the Agent and will be compensated by the Agent for any fractional Plan Units in an amount proportionate to the closing price of the Units on the Toronto Stock Exchange on the trading day prior to the effective date of termination.

A Beneficial Participant wishing to terminate participation in the Reinvestment Plan should notify his or her CDS Participant. A CDS Participant may terminate the participation of a Beneficial Participant in the Reinvestment Plan by giving notice CDS in accordance with the rules and regulations of CDS. A Beneficial Participant who has terminated participation in the Reinvestment Plan will be credited with any Plan Units held by his or her CDS Participant in accordance with the operating policies of such CDS Participant.

(f) **Amendment, Suspension or Termination of the Reinvestment Plan**

The REIT reserves the right to amend, suspend or terminate the Reinvestment Plan at any time, subject to the approval of the Toronto Stock Exchange, but such action shall have no retroactive effect that would prejudice the interest of Participants. All Participants will be sent written notice of any such amendment, suspension or termination.

In the event of a suspension of the Reinvestment Plan by the REIT, no investment will be made by the Agent on the Distribution Payment Date immediately following the effective date of such suspension. Any distribution made after the effective date of any such suspension will be remitted by the REIT to Participants in cash only.

In the event of suspension or termination of the Reinvestment Plan by the REIT, the Agent shall will credit Participants (other than CDS) with the number of whole Plan Units held for Participants by it and the Agent will deliver payment for any fractional Plan Units to Participants in an amount proportionate to the closing price of the Units on the Toronto Stock Exchange on the trading day prior to the effective date of termination.

(g) **Rules and Regulations**

The REIT, in conjunction with the Agent, may from time to time adopt rules and regulations to facilitate the administration of the Reinvestment Plan. The REIT also reserves the right to regulate and interpret the Reinvestment Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Reinvestment Plan.

(h) **Limits on Number of Units**

The REIT may limit the number of Units issuable under the Reinvestment Plan, including, without limitation, Units issuable to Unitholders resident in any province of Canada, in connection with discretionary exemptive relief relating to the Reinvestment Plan granted by any securities regulatory authority.

(i) **Rights Offering**

In the event the REIT makes available to Unitholders rights to subscribe for additional Units or other securities, rights will be issued by the REIT to Participants (other than CDS) in respect of the whole Plan Units held for Participants' accounts under the Reinvestment Plan on the record date for such rights issue.

(j) **Unit Splits and Unit Distributions**

If Units of the REIT are distributed pursuant to a Unit split or Unit distribution on Units, such Units received by the Agent for Participants (other than CDS) in respect of the whole Plan Units held for Participants' accounts under the Reinvestment Plan will be retained by the Agent and credited proportionately to the accounts of the Participants in the Reinvestment Plan.

(k) **Unitholder Voting**

Whole Plan Units held for a Participant's account (other than CDS) under the Reinvestment Plan on the record date for a vote of Unitholders will be voted in the same manner as such Participant's Units are voted. Fractional Plan Units may not be voted.

4. **PRICE OF UNITS AND COSTS**

(a) **Price of Plan Units**

The price (the “**Average Market Price**”) at which Plan Units will be purchased with Participants’ distributions, including the premium described below, will be the weighted average closing price of Units on the Toronto Stock Exchange for the five (5) trading days immediately preceding the relevant Distribution Payment Date. Participants will receive Plan Units based on 105% of the distributions to which they would otherwise be entitled.

The REIT will advise the Agent of the Average Market Price for such Plan Units.

(b) **Costs**

There are no commissions, service charges or brokerage fees payable in connection with the issuance of Plan Units under the Reinvestment Plan. All administrative costs of the Reinvestment Plan incurred by the Agent are borne by the REIT. Beneficial Participants may incur fees payable to their CDS Participant and are urged to consult their CDS Participant in this regard.

5. **RECORDING AND CERTIFICATES**

(a) **Reports to Participants**

An account will be maintained by the Agent or its nominee for each Participant (other than CDS) in the Reinvestment Plan. A statement will be mailed to each Participant monthly. These statements will be the continuing record of purchases made and Plan Units issued under the Reinvestment Plan. In addition, the Agent will annually send to each Participant the required and appropriate information for tax reporting purposes.

Beneficial Participants should consult their CDS Participant with respect to their entitlement to statements containing the information indicated above.

(b) **Certificates for Plan Units**

Certificates for Plan Units will not be issued to Participants.

In the event the REIT elects to terminate the Book-Entry Only System, a Participant (other than CDS) may by written notice withdraw a Participant’s Plan Units from the

Reinvestment Plan, and upon receipt of such a request, the Agent shall deliver to the Participant a Unit certificate representing the number of whole Plan Units held for such Participant's account and a cheque in payment of any fractional Plan Units. A Participant may not withdraw a Participant's Plan Units from the Reinvestment Plan more than four times per calendar year and no such requests will be processed by the Agent between a Distribution Record Date and the related Distribution Payment Date. Any such requests will be processed immediately following the Distribution Payment Date.

Units held by the Agent for a Participant may not be pledged, sold or otherwise disposed of by the Participant while so held. A Participant who wishes to effect any such transaction must withdraw such Plan Units from the Reinvestment Plan.

6. RESPONSIBILITIES OF THE REIT AND THE AGENT

The REIT and the Agent shall not be liable for any act or any omission to act in connection with the operation of the Reinvestment Plan including, without limitation, any claims for liability:

- (i) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death;
- (ii) arising in connection with income taxes (together with any applicable interest and/or penalties) payable by Participants or Unitholders in connection with their participation in the Reinvestment Plan; or
- (iii) relating to the prices at which Units are purchased or sold for the Participant's account and the times such purchases or sales are made;

except to the extent that such liability arises from gross negligence or wilful misconduct on the part of the Agent or the REIT, as the case may be.

Participants should recognize that neither the REIT nor the Agent can assure a profit or protect them against a loss on the Plan Units purchased or sold under the Reinvestment Plan.

7. INCOME TAX CONSIDERATIONS

Participants are urged to consult their tax advisors as to their particular tax position.

8. **PERSONAL LIABILITY**

Notwithstanding any other provision herein, it is hereby acknowledged and agreed that no obligations or liabilities, whether actual or contingent, of the REIT are personally binding upon, and neither resort nor recourse shall be had to, nor shall satisfaction be sought from, the private property of any kind whatsoever (including, without limitation, any private property consisting of or arising from a distribution by the REIT of any nature) of any of the trustees of the REIT, any registered or beneficial holder of securities (including units) of the REIT or any annuitant under a plan of which a holder of securities (including units) of the REIT acts as trustee or carrier, or any officers, employees or agents of the REIT, and it is hereby further acknowledged and agreed that all obligations and liabilities of the REIT shall be satisfied only out of and recourse shall be limited exclusively to the property and assets of the REIT.

9. **NOTICES**

All notices required to be given under the Reinvestment Plan shall be mailed to Participants at the address shown on the records of the Reinvestment Plan or at a more recent address as furnished by the Participant.

Notices to the REIT shall be sent to:

Allied Properties Real Estate Investment REIT
469 King Street West
Fourth Floor
Toronto, ON M5V 1K4

Attention: Chief Financial Officer
Telecopier: 416-977-9053

Notices to the Agent shall be sent to:

CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, ON M5C 2W9

Attention: Dividend Reinvestment Services
Telecopier: 416-643-5020

10. **APPROVAL/EFFECTIVE DATE**

The Reinvestment Plan shall become effective on the date (the “**Effective Date**”) which is the latest of (i) the date when it has been adopted by the board of trustees of the REIT, (ii) the date when it has been confirmed by the unitholders (if required) and (iii) the date upon which the necessary stock exchange and other regulatory approvals are obtained. No Plan Units may be issued prior to the Effective Date.

11. **GOVERNING LAW**

The Reinvestment Plan shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and REIT, the Agent and all Participants agree that they shall attorn to the non-exclusive jurisdiction of the Ontario Superior Court of Justice or any successors thereto with respect to any and all actions brought in relation hereto.

**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
DISTRIBUTION REINVESTMENT PLAN AUTHORIZATION FORM**

**FORM A
CERTIFICATE OF BENEFICIAL OWNERSHIP
(to be delivered to Allied Properties Real Estate Investment Trust)**

The Distribution Reinvestment Plan (the “**Reinvestment Plan**”) established by Allied Properties Real Estate Investment REIT (the “**REIT**”) gives each unitholder resident in Canada the right to direct the REIT to invest all of the unitholder’s distributions paid on units of the REIT in additional units of the REIT for the benefit of such unitholder. A unitholder wishing to exercise this right to direct the REIT to invest such amounts in additional units of the REIT must complete the information set forth below and advise his or her broker, dealer bank or financial institution to enrol the unitholder in the Reinvestment Plan.

The undersigned hereby certifies to the REIT and to CIBC Mellon Trust Company (the “**Agent**”), and acknowledges that they are relying upon such certification, that the undersigned is the beneficial owner of _____ *[insert number]* units of the REIT which are held on behalf of the undersigned by the following broker, dealer, bank or financial institution:

Name of broker, dealer, bank or financial institution
(Please print or type)

Name of representative of broker, dealer, bank or financial institution
(Please print or type)

DATED this _____ day of _____, 20 _____

Telephone Number of representative of broker, dealer, bank or financial institution
(Please print or type)

The undersigned hereby authorizes the above named broker, dealer, bank or financial institution to disclose and to confirm to the REIT and the Agent, from time to time on request, the number of units of the REIT acquired by the undersigned pursuant to the Reinvestment Plan. The undersigned acknowledges that by executing this certificate, it is authorizing the above named broker, dealer, bank or financial institution to enroll the undersigned in the Reinvestment Plan, and the undersigned further acknowledges that as the undersigned is a beneficial holder of units of the REIT, distributions made its units cannot be reinvested in Plan Units of the REIT without the authorization and enrollment in the Reinvestment Plan by above named broker, dealer, bank or financial institution.

DATED this _____ day of _____, 20 _____

Signature of Beneficial Unitholder

Name of Beneficial Unitholder
(Please print or type)

**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
DISTRIBUTION REINVESTMENT PLAN AUTHORIZATION FORM**

FORM B

**AUTHORIZATION FOR REGISTERED UNITHOLDER
(other than The Canadian Depository for Securities Limited)
(to be delivered to CIBC Mellon Trust Company)**

The Distribution Reinvestment Plan (the “**Reinvestment Plan**”) established by Allied Properties Real Estate Investment REIT (the “**REIT**”) gives each unitholder resident in Canada the right to direct the REIT to invest all of the unitholder’s distributions paid on units of the REIT in additional units of the REIT for the benefit of such unitholder.

I hereby agree to participate in the Reinvestment Plan and authorize the REIT to forward to CIBC Mellon Trust Company, or its successor from time to time, as agent for the Reinvestment Plan (the “**Agent**”), all distributions payable on units of the REIT owned by me to purchase new units of the REIT in accordance with the terms and conditions set forth in the Reinvestment Plan. I understand I may terminate my participation in the Reinvestment Plan at any time in the manner set out in the Reinvestment Plan.

DATED this _____ day of _____, 20 ____

Signature of Registered Unitholder

Name of Registered Unitholder
(Please print or type)

A return envelope has been provided for your convenience. Any questions concerning the Reinvestment Plan should be directed to the Agent:

CIBC Mellon Trust Company
Reinvestment Department
P. O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario
M5C 2W9

Telephone: 1-800-387-0825 (toll free)

Facsimile: 416-643-5020

This is not a proxy.