



ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST

**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2009**

MARCH 31, 2010

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GLOSSARY

As used in this Annual Information Form, the following acronyms and terms have the respective meanings set out below:

“2003 Non-Competition Agreements” means the non-competition agreements dated February 20, 2003, entered into between the REIT and each of Allied Canadian Development Corporation, Michael R. Emory, the President and Chief Executive Officer of the REIT, and Wayne L. Jacobs, the Executive Vice President of the REIT.

“2005 Non-Competition Agreements” means the non-competition agreements dated July 1, 2005, entered into between APM GM, in its capacity as general partner of APM LP, and each of the Allied Canadian Development Corporation, Michael R. Emory, the President and Chief Executive Officer of the REIT, and Wayne L. Jacobs, the Executive Vice President of the REIT.

“Adjusted Unitholders’ Equity” means, at any time, the aggregate of the amount of Unitholders’ equity and the amount of accumulated depreciation and amortization recorded in the books and records of the REIT in respect of its properties calculated in accordance with GAAP.

“Affiliate” means, with respect to any person, any other person directly or indirectly controlling, controlled by or under direct or indirect common control with, such person.

“APM LP” means Allied Properties Management Limited Partnership.

“APM GP” means Allied Properties Management GP Limited.

“Associate” has the meaning ascribed thereto in the *Securities Act* (Ontario), as amended.

“Change in Control” has the meaning described in the Non-Competition Agreements or the Option Plan, as applicable, and includes, with respect to an entity, at any time any change, through the issue, transfer, acquisition, conversion, exchange of securities or otherwise, as a result of which, a person or group of persons acting jointly or in concert, acting at arm’s length to the such entity, either individually or together with its or their associates and affiliates, beneficially own greater than fifty percent (50%) of the outstanding voting interests in such entity.

“Declaration of Trust” means the trust declaration dated October 25, 2002, and amended and restated on February 6, 2003 and May 14, 2008, governed by the laws of the Province of Ontario, pursuant to which the REIT was created, as the same may be amended, supplemented or varied from time to time.

“Development Property” means any Office Property that is not a Stabilized Property or any undeveloped land which is best developed into an Office Property or which is best used as a parking lot for an Office Property.

“Distributable Income” means for any period, the consolidated net income of the REIT and its subsidiaries determined in accordance with GAAP, adjusted by adding back or deducting, as required:

- (a) depreciation on rental properties;
- (b) amortization of the premiums or discounts on assumed mortgages;
- (c) non-cash rental revenue recorded to recognize rental income rateably over the life of each lease;
- (d) non-cash compensation expenses with respect to the long term incentive plan and the unit option plan;

- (e) amortization of values ascribed in a building acquisition to in-place leases and customer relationships;
- (f) amortization of values ascribed in a building acquisition to above-market and below-market leases;
- (g) amortization of values ascribed in the property management acquisition to acquired contracts and customer relationships; and
- (h) property management internalization expense recorded in connection with the property management acquisition.

Distributable Income may be estimated whenever the actual amount has not been fully determined, which estimates shall be adjusted as of the first Distribution Date by which the amount of such Distributable Income has been fully determined.

“Distribution Date” means, in respect of a month, on or about the 15th day of the following month except for the month of December in respect of which the Distribution Date shall be December 31.

“GAAP” or **“generally accepted accounting principles”** means accounting principles so described and promulgated by the Canadian Institute of Chartered Accountants which are applicable as at the date on which any calculation hereunder is to be effective.

“GLA” or **“Gross Leasable Area”** in relation to a building means the area of the premises that are intended to be leased to tenants in such building, measured using accepted industry standards of measurement.

“Gross Book Value” means, at any time, the book value of the assets of the REIT shown on the then most recent interim balance sheet of the REIT, plus the amount of accumulated depreciation and amortization included therein or in the notes thereto.

“Independent Trustee” means a Trustee who is both “independent” (as defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*) and not related within the meaning of the Tax Act to Allied Canadian Development Corporation and its affiliates.

“Initial Properties” means the 14 properties acquired by the REIT pursuant to the IPO.

“IPO” means the initial public offering of the REIT completed on February 20, 2003.

“LTIP” means the long-term incentive plan of the REIT that permits the Trustees, officers and employees of the REIT and the officers and employees of Allied Canadian Development Corporation and of any subsidiary of the REIT, as selected by the Governance and Compensation Committee, to purchase Units on an instalment basis.

“Mortgages” means the mortgages to which the Properties are subject.

“Non-Competition Agreements” means, collectively, the 2003 Non-Competition Agreements and the 2005 Non-Competition Agreements.

“Office Property” means, at any time, a building or real property in Canada in which not less than 50% of the GLA is used or is reasonably capable of being used as office space.

“Option Agreement” means the option agreement dated February 20, 2003, between the REIT, Allied Canadian Development Corporation, Toronto Realty Growth Fund I, Toronto Realty Growth Fund II, Toronto Realty Growth Fund III and certain Related Parties pursuant to which the REIT has been granted certain rights to purchase Office Properties from Allied Canadian Development Corporation and the other Related Parties from time to time.

“Person” shall include any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, body corporate, corporation, unincorporated organization, syndicate, governmental entity or other entity.

“Properties” means, collectively, all properties owned by the REIT as at the date hereof and **“Property”** means any one of them.

“PUD” means a property under development, as designated by the REIT.

“Related Parties” means Allied Canadian Development Corporation and any affiliate of Allied Canadian Development Corporation, Michael R. Emory, Wayne L. Jacobs and any members of the immediate family of either Michael R. Emory or Wayne L. Jacobs.

“REIT” means Allied Properties Real Estate Investment Trust, and if applicable, includes any subsidiaries of the REIT.

“Rights Plan” means the Unitholders’ rights protection plan established by the REIT.

“Stabilized Property” means, at any time, an Office Property that does not in the following 24 months require capital expenditures exceeding 33% of the property’s proposed acquisition cost in order for the property to function at its highest and best use.

“Subsidiary” has the meaning ascribed thereto in the *Securities Act* (Ontario), as amended.

“Substantial Completion” in respect of a Development Property occurs when: (i) 90% of the GLA of the property is leased to third parties who are in occupancy, are paying rent and who deal at arm’s length to the owner of the property, Allied Canadian Development Corporation and the Related Parties; and (ii) substantially all of the capital expenditures required in order for the property to function at its highest and best use have been spent or due provision has been made for such expenditures.

“Tax Act” means the *Income Tax Act* (Canada), as amended.

“TSX” means the Toronto Stock Exchange.

“Trustees” means the trustees of the REIT from time to time.

“Unitholder” means a holder of a Unit.

“Unit Option Plan” means the unit option plan of the REIT which provides for the grant, from time to time, at the discretion of the Trustees, of options to purchase Units for cash to the Trustees, officers and employees of the REIT or any subsidiary of the REIT and any subsidiary, officers and employees of Allied Canadian Development Corporation.

“Units” means units in a single class of units of the REIT and includes a fraction of a unit of the REIT.

DISTRIBUTABLE INCOME

The REIT defines Distributable Income for any period as the consolidated net income of the REIT and its subsidiaries determined in accordance with GAAP, adjusted by adding back or deducting, as required: (i) depreciation on rental properties; (ii) amortization of the premiums or discounts on assumed mortgages; (iii) non-cash rental revenue recorded to recognize rental income rateably over the life of each lease; (iv) non-cash compensation expenses with respect to the long term incentive plan and the unit option plan; (v) amortization of values ascribed in a building acquisition to in-place leases and customer relationships; (vi) amortization of values ascribed in a building acquisition to above-market and below-market rental rates; (vii) amortization of values ascribed in the property management acquisition to acquired contracts and customer relationships; and (viii) property management internalization expense recorded in connection with the property management acquisition.

Distributable Income is a non-GAAP measure generally used by Canadian real estate investment trusts as an indicator of financial performance. Distributable Income does not have any standardized meaning prescribed by GAAP. Distributable Income reflects the ability of the REIT to earn income and to make distributions of cash to Unitholders and, therefore, is considered by management of the REIT to be a useful measure of cash available for distributions. Distributable Income as computed by the REIT may differ from similar computations as reported by other similar organizations and, accordingly, is unlikely to be comparable to similar measures presented by such organizations. A reconciliation of cash flow from operating activities determined in accordance with GAAP to Distributable Income is presented in the REIT's management's discussion and analysis of financial condition and results of operations for the financial year ended December 31, 2009, as filed on SEDAR at www.sedar.com, incorporated by reference herein. Distributable Income should not be construed as an alternative to net income (loss) or cash flow from operating activities determined in accordance with GAAP as an indicator of the REIT's performance. See "Distributions and Distribution Policy".

FORWARD-LOOKING STATEMENTS

This Annual Information Form includes certain statements that are "forward-looking statements". All statements, other than statements of historical fact, in this Annual Information Form that address activities, events or developments that the REIT or a third party expects or anticipates will or may occur in the future, including the REIT's future growth, results of operations, performance and business prospects and opportunities, and the assumptions underlying any of the foregoing, are forward-looking statements. These forward-looking statements reflect the REIT's current beliefs and are based on information currently available to the REIT and on assumptions the REIT believes are reasonable. Actual results and developments may differ materially from results and developments discussed in the forward-looking statements as they are subject to a number of significant risks and uncertainties, including those discussed under "Risk Factors" and elsewhere in this Annual Information Form. Certain of these risk factors and uncertainties are beyond the REIT's control. Consequently, all of the forward-looking statements made in this Annual Information Form are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the REIT. These forward-looking statements are made as of the date of this Annual Information Form and the REIT assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise.

MARKET STATISTICS

Unless otherwise indicated, information relating to market statistics contained in this Annual Information Form has been derived from information published by Cushman & Wakefield.

TARGET MARKETS

The REIT operates in five target markets - downtown Toronto, downtown and midtown Montréal, downtown Winnipeg, downtown Québec City and downtown Kitchener. The following is a brief description of the REIT's target markets.

Downtown Toronto

This target market includes 13.3 million square feet of office inventory in three sub-markets, Downtown East (2.1 million square feet), Downtown West (9.2 million square feet) and King West (2.0 million square feet). Approximately half of the office inventory in this target market falls within the Class I category. At December 31, 2009, the overall vacancy rate for the downtown Toronto office market was 6.6%, with the Downtown East, Downtown West and King West sub-markets finishing the quarter at 5.8%, 8.0% and 12.1% respectively.¹

Downtown and Midtown Montréal

This target market includes 17.8 million square feet of office inventory in three sub-markets, Downtown East (7.5 million square feet), Old Montréal (7.8 million square feet) and Mile End (2.5 million square feet). Approximately half of the office inventory in this target market falls within the Class I category. At December 31, 2009, the overall vacancy rate for the downtown Montréal office market was 8.0%, with the Downtown East and Old Montréal sub-markets finishing the quarter at 2.9% and 8.7% respectively.²

Downtown Winnipeg

This target market includes 1.8 million square feet of office inventory, principally in the Exchange District. Most of the office inventory in this target market falls within the Class I category. At December 31, 2009, the overall vacancy rate for downtown Winnipeg office market was 6.9%.³

Downtown Québec City

This target market includes 1.5 million square feet of office inventory in the Saint-Roch office node. Most of the office inventory in this target market falls within the Class I category. At December 31, 2009, the vacancy rate for the downtown Québec City office market was 4.6%.⁴

Downtown Kitchener

This target market includes approximately 1 million square feet of existing and potential office inventory in the Warehouse District. Much of the office inventory in this target market falls within the Class I office category. At December 31, 2009, the overall vacancy rate in the downtown Kitchener office market was 16.4%.⁵

URBAN OFFICE ENVIRONMENTS

The REIT focuses on urban office properties that enrich experience and enhance profitability for business tenants. As at the date hereof, the REIT has acquired 58 properties located in Toronto, seven properties located in Winnipeg, 14 properties located in Montréal, five properties located in Québec City and one property located in Kitchener that fall within the Class I office category.

The REIT specializes in an office format created through the adaptive re-use of light industrial structures in urban areas that has come to be known as Class I, the "I" stemming from the original industrial nature of the structures. This format typically feature high ceilings, abundant natural light, exposed structural frames, interior brick and hardwood floors. When restored and retrofitted to the standards of the REIT's portfolio, Class I buildings can satisfy the needs of the most demanding office and retail tenants. When operated in the coordinated manner of the REIT's portfolio, these buildings become a vital part of the urban fabric and contribute meaningfully to a sense of community.

¹ Cushman & Wakefield, *Fourth Quarter 2009 Statistical Summary, Toronto Office Market*.

² Cushman & Wakefield, *Fourth Quarter 2009 Statistical Summary, Montréal Office Market*.

³ Cushman & Wakefield, *Fourth Quarter 2009 Statistical Summary, National Office Market*.

⁴ Avison Young, *National Office Market Report, Fourth Quarter 2009*.

⁵ Colliers International, *Fourth Quarter 2009*.

The Class I value proposition includes (i) proximity to central business districts in areas well served by public transportation, (ii) distinctive internal and external environments that assist tenants in attracting, retaining and motivating employees, and (iii) significantly lower overall occupancy costs than those that prevail in the central business districts. The value proposition has proven appeal to a diverse base of business tenants, including the full range of service and professional firms, telecommunications and information technology providers, media and film groups and storefront retailers.

OUTLOOK

A basic level of stability appears to have returned to the Canadian real estate sector. Nevertheless, it is prudent to anticipate an operating environment in 2010 that will continue to be challenging. It is also reasonable to expect that Class I space will perform well in this environment because of the competitive advantages that flow from the REIT's market-leading position, low operating costs and highly sought-after building attributes, as well as the stability that flows from the REIT's low pay-out ratios, strong balance sheet and limited mortgage maturities.

Finding growth opportunities in 2010 will not be easy. However, while there are no signs of distressed selling in the market, there is evidence of motivated selling. The REIT will strive to achieve between \$100 and \$150 million in acquisitions in 2010.

THE REIT

Allied Properties Real Estate Investment Trust (the "**REIT**") is an unincorporated closed-end real estate investment trust created pursuant to the Declaration of Trust dated October 25, 2002, as amended and restated on February 6, 2003 and May 14, 2008. The REIT is governed by the laws of the Province of Ontario. Although the REIT qualifies as a "mutual fund trust" as defined by the Tax Act, the REIT is not a "mutual fund" as defined by applicable securities legislation. The head office of the REIT is located at 255 Adelaide Street West, Toronto, Ontario, M5H 1X9.

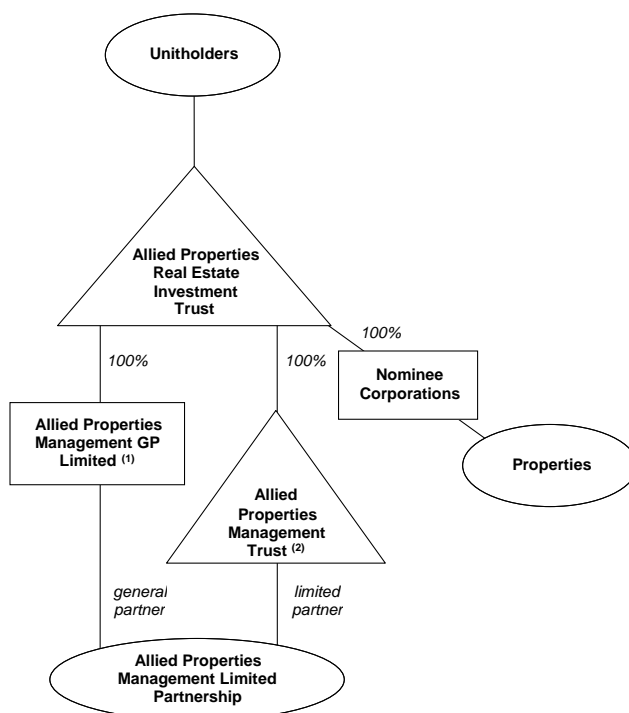
The objectives of the REIT are: (i) to provide Unitholders with stable and growing cash distributions from investments in income-producing office properties in Canada; and (ii) to maximize Unit value through on-going active management of the REIT's assets and the acquisition of additional office properties pursuant to the Option Agreement and otherwise.

Through on-going active management and a comprehensive leasing strategy, the REIT will strive to optimize the net operating income from its portfolio of properties.

The REIT will strive to achieve growth through strategic acquisitions of additional Class I and other office properties in its target markets, although given the current market conditions, the REIT does not expect to achieve growth through acquisitions at the same rate as in previous years.

Over the last three completed financial years, the REIT has acquired 33 properties (17 in 2007, 12 in 2008 and 4 in 2009), and in connection with those acquisitions has expanded its presence in each of its target markets.

The following chart illustrates the organizational structure of the REIT:



Notes:

- (1) APM GP, a corporation incorporated pursuant to the laws of the Province of Ontario, acts as general partner of APM LP.
- (2) Allied Properties Management Trust, a trust governed by the laws of the Province of Ontario, is the sole limited partner of APM LP.
- (3) Legal title to the Properties is held by 88 wholly-owned subsidiaries of the REIT which act as nominee title holders, 84 of which are incorporated under the laws of the Province of Ontario and four of which are incorporated under the laws of the Province of Québec.

RECENT DEVELOPMENTS

Acquisitions

860 Richmond Street West, Toronto

On May 6, 2009, the REIT purchased 860 Richmond Street West, a 24,199 square foot, three-storey Class I office property located on the north side of Richmond Street, east of Strachan Avenue in the Downtown West sub-market of Toronto. The purchase price was paid by drawing down on the REIT's credit facilities. This acquisition was the final component of a portfolio acquisition announced and otherwise completed in the second quarter of 2008.

151 Front Street West, 7 Station Street and 20 York Street, the "Front Street Property", Toronto

On October 28, 2009, the REIT purchased The Front Street Property, a 315,245 square foot office complex in Toronto comprised of: (i) a 275,254 square foot specialised brick-and-concrete building in the Downtown West submarket in Toronto, just west of the intersection of Front Street and University Avenue, located at 151 Front Street West, Toronto ("**151 Front**"); (ii) a 39,991 square foot, elevated pedestrian walkway connecting Union Station with the Metro Toronto Convention Centre comprised of 7 Station Street, Toronto, 20 York Street, Toronto and various leasehold and other interests ("**Skywalk**"); (iii) 56 surface parking spaces ("**Parking**"); and (iv) a development site designed to accommodate a 750,000 square foot, Class I office and retail building ("**151 Front Phase II**", and collectively with 151 Front, Parking and Skywalk, the "**Front Street Property**"). The REIT has obtained a first mortgage with an approximate principal amount outstanding of \$96,000,000 bearing an interest rate of 7.5% and for a term

expiring on November 1, 2019. The balance of the purchase price was paid from the proceeds of the REIT's public offering completed on October 2, 2009. The REIT filed a business acquisition report dated November 3, 2009 with respect to this acquisition on SEDAR at www.sedar.com.

375-381 Queen Street West, Toronto

On December 17 2009, the REIT purchased 375-381 Queen Street West, a Class I property located on the southwest corner of the intersection of Queen and Peter Streets comprised of approximately 34,729 square feet of GLA and 4,381 square feet of surplus land. The purchase price was paid by drawing down on the REIT's credit facilities.

For more information about these properties, see "Property Portfolio".

Public Financings

On October 2, 2009, the REIT completed a public offering of 7.6 million units at \$16.50 unit for gross proceeds of approximately \$125 million.

Normal Course Issuer Bid

The REIT commenced a normal course issuer bid ("**NCIB**") on January 7, 2009 allowing the REIT to purchase up to 3,003,667 Units for cancellation, representing approximately 10% of the public float of 30,036,674 Units as of December 23, 2008. The REIT did not purchase any Units under the NCIB. The NCIB terminated on January 6, 2010 in accordance with the terms of the notice of intention to conduct a normal course issuer bid filed by the REIT with the TSX.

PROPERTY PORTFOLIO

Property Table

December 31, 2009	Office	Retail	Total	% Total	Office	Retail	Total	Leased %
Properties	GLA	GLA	GLA	GLA	Vacant	Vacant	Leased	
555 College	41,023	19,145	60,168		-	-	60,168	100.0%
860 Richmond W	24,199	-	24,199		-	-	24,199	100.0%
The Castle	106,393	34,323	140,716		-	-	140,716	100.0%
King West	171,615	53,468	225,083	3.9%	-	-	225,083	100.0%
141 Bathurst (+ land)	10,521	-	10,521		5,105	-	5,416	51.5%
183 Bathurst	24,879	-	24,879		-	-	24,879	100.0%
420 Wellington W	33,813	3,137	36,950		-	-	36,950	100.0%
425 Adelaide W	74,434	4,104	78,538		6,232	-	72,306	92.1%
425-439 King W	75,333	17,297	92,630		-	3,397	89,233	96.3%
441-443 King W	6,820	3,065	9,885		-	3,065	6,820	69.0%
445-455 King W	27,640	23,048	50,688		-	-	50,688	100.0%
468 King W	65,027	-	65,027		-	-	65,027	100.0%
469 King W	64,334	11,250	75,584		-	-	75,584	100.0%
489 King W	15,621	10,650	26,271		-	-	26,271	100.0%
495 King W	11,183	-	11,183		1,733	-	9,450	84.5%
499 King W	-	8,400	8,400		-	-	8,400	100.0%
500-522 King W	94,892	34,238	129,130		-	-	129,130	100.0%
579 Richmond W	123,935	34,238	158,173		-	-	158,173	100.0%
602-606 King W	39,727	24,320	64,047		-	-	64,047	100.0%
662 King W	30,774	2,126	32,900		-	-	32,900	100.0%
96 Spadina	80,451	9,361	89,812		18,651	-	71,161	79.2%
King-Brant Parking	-	-	-		-	-	-	0.0%
King West Central	779,384	185,234	964,618	16.6%	31,721	6,462	926,435	96.0%
116 Simcoe	15,389	-	15,389		-	-	15,389	100.0%
151 Front W	285,402	29,843	315,245		12,081	395	302,769	96.0%
179 John	67,331	-	67,331		1,771	-	65,560	97.4%
185 Spadina	55,814	-	55,814		-	-	55,814	100.0%
200 Adelaide W	28,024	-	28,024		-	-	28,024	100.0%
208-210 Adelaide W	12,422	-	12,422		4,880	-	7,542	60.7%
217-225 Richmond W	35,453	21,200	56,653		-	-	56,653	100.0%
257 Adelaide W	46,914	-	46,914		-	-	46,914	100.0%
312 Adelaide W	66,043	5,752	71,795		-	-	71,795	100.0%
331-333 Adelaide W	20,503	3,210	23,713		-	-	23,713	100.0%
358-360 Adelaide W	54,250	-	54,250		8,948	-	45,302	83.5%
364 Richmond W	22,018	17,300	39,318		-	-	39,318	100.0%
375-381 Queen w	23,641	11,088	34,729		3,772	-	30,957	89.1%
388 King W	32,603	11,765	44,368		-	-	44,368	100.0%
82 Peter	38,811	8,287	47,098		-	-	47,098	100.0%
99 Spadina	39,327	11,392	50,719		4,061	-	46,658	92.0%
Entertainment District	843,945	119,837	963,782	16.6%	35,513	395	927,874	96.3%
67 Richmond W	44,702	5,804	50,506		2,094	-	48,412	95.9%
193 Yonge	34,836	16,318	51,154		-	-	51,154	100.0%
Downtown	79,538	22,122	101,660	1.8%	2,094	-	99,566	97.9%
106 Front E	24,386	10,109	34,495		-	-	34,495	100.0%
35-39 Front E	30,812	17,850	48,662		-	-	48,662	100.0%
36-40 Wellington E	12,630	11,550	24,180		-	-	24,180	100.0%
41-45 Front E	20,024	19,811	39,835		-	-	39,835	100.0%
45-55 Colborne	27,815	12,526	40,341		1,000	-	39,341	97.5%
50 Wellington E	21,937	11,049	32,986		-	-	32,986	100.0%
St. Lawrence Market	137,604	82,895	220,499	3.8%	1,000	-	219,499	99.5%
145 Berkeley	8,124	2,687	10,811		-	-	10,811	100.0%
230 Richmond E	73,667	-	73,667		-	-	73,667	100.0%
489 Queen E	25,242	-	25,242		15,468	-	9,774	38.7%
Dominion Square	65,339	45,622	110,961		4,766	700	105,495	95.1%
QRC South	36,104	-	36,104		9,800	-	26,304	72.9%
Queen Richmond Centre	155,481	64,593	220,074		15,302	5,255	199,517	90.7%
70 Richmond St E	34,414	-	34,414		-	-	34,414	100.0%
204-214 King St E	128,970	5,460	134,430		-	-	134,430	100.0%
Queen Richmond	527,341	118,362	645,703	11.1%	45,336	5,955	594,412	92.1%
Total Toronto	2,539,427	581,918	3,121,345	53.8%	115,664	12,812	2,992,869	95.9%

Properties	Office GLA	Retail GLA	Total GLA	% Total GLA	Office Vacant	Retail Vacant	Total Leased	Leased %
3575 Saint-Laurent	166,157	17,464	183,621		8,583	-	175,038	95.3%
400 Atlantic	86,034	-	86,034		12,612	-	73,422	85.3%
425 Viger W (+ land)	205,193	820	206,013		-	-	206,013	100.0%
4446 Saint-Laurent	74,961	7,667	82,628		8,843	-	73,785	89.3%
5505 Saint-Laurent	252,452	2,524	254,976		-	-	254,976	100.0%
451-481 Saint Catherine W	22,222	8,434	30,656		-	-	30,656	100.0%
6300 Avenue du Parc	217,826	950	218,776		29,352	-	189,424	86.6%
111 Duke St: Phase IV	374,817	-	374,817		-	-	374,817	100.0%
50 Queen St: Phase I	31,541	-	31,541		-	-	31,541	100.0%
700 Wellington St: Phased V	128,229	1,925	130,154		-	-	130,154	100.0%
75 Queen St: Phase VI & VII	249,450	2,128	251,578		4,180	-	247,398	98.3%
80 Queen St: Phase II	70,263	-	70,263		-	-	70,263	100.0%
87 Prince St: Phase III	106,628	1,065	107,693		-	-	107,693	100.0%
Total Montreal	1,985,773	42,977	2,028,750	35.0%	63,570	-	1,965,180	96.9%
115 Bannatyne	34,587	4,029	38,616		-	-	38,616	100.0%
138 Portage East	39,400	-	39,400		9,796	-	29,604	75.1%
165 Garry	9,000	5,800	14,800		1,800	-	13,000	87.8%
250 McDermot	34,946	10,040	44,986		2,159	-	42,827	95.2%
309 Hargrave	18,268	1,400	19,668		4,771	-	14,897	75.7%
50-70 Arthur	99,052	15,380	114,432		13,934	-	100,498	87.8%
1500 Notre Dame	109,518	-	109,518		-	-	109,518	100.0%
Total Winnipeg	344,771	36,649	381,420	6.6%	32,460	-	348,960	91.5%
390 Charest E	68,413	4,686	73,099		-	-	73,099	100.0%
410 Charest E	23,637	1,300	24,937		-	1,300	23,637	94.8%
420 Charest E	43,551	13,285	56,836		500	-	56,336	99.1%
622 Saint Joseph	3,620	3,300	6,920		-	-	6,920	100.0%
633 Saint Joseph	15,655	6,000	21,655		-	-	21,655	100.0%
Total Quebec City	154,876	28,571	183,447	3.2%	500	1,300	181,647	99.0%
72 Victoria	89,588	-	89,588		1,524	-	88,064	98.3%
Total Kitchener-Waterloo	89,588	-	89,588	1.5%	1,524	-	88,064	98.3%
			0					
Total Rental Portfolio	5,114,435	690,115	5,804,550	100.0%	213,718	14,112	5,576,720	96.1%
47 Fraser, Toronto	11,772	-	11,772					
47A Fraser, Toronto	20,000	-	20,000					
134 Peter, Toronto	30,151	19,518	49,669					
544 King, Toronto	20,000		20,000					
905 King W	103,105	8,991	112,096					
Adjacent Land, Montreal	-	-	-					
Total PUD	185,028	28,509	213,537					

Tenant Mix

No single tenant accounts for more than 5.2% of the rental revenue from the Properties. As shown in the table below, the Properties have a diversified tenant base, which is expected to provide the REIT with stable and predictable cash flows. The following table shows the tenant mix for the Properties on the basis of percentage of rental revenue for the year ended December 31, 2009, and the year ended December 31, 2008.

Category	% of Rental Revenue 2009	% of Rental Revenue 2008
Business service and professional ⁽¹⁾	28.3	31.4
Telecommunications and information technology	26.1	25.7
Retail (head office and storefront)	14.6	14.7
Media and entertainment	16.1	12.4
Financial Services	4.9	6.4
Government	1.4	1.7
Other	8.6	7.7

Note:

(1) Includes law, marketing, advertising, architectural and design firms.

The following table shows the percentage of rental revenue from the REIT's ten largest tenants ranked by annual rental revenue for the year ended December 31, 2009, as well as the percentage of rental revenue from those tenants for the year ended December 31, 2008.

Tenant	% of Rental Revenue 2009	% of Rental Revenue 2008
C.G.I. Inc.	5.2	5.9
Ubisoft Divertissement Inc.	3.4	2.0
Visa Desjardins	3.4	3.9
Cossette Inc.	2.2	2.5
Autodesk Canada	2.2	1.2
SAP Labs Inc.	1.8	1.9
St. Michael's Hospital	1.6	0.4
MTS Allstream Inc.	1.6	1.5
Indigo Books & Music Inc.	1.6	1.4
Cardinia Real Estate Canada Inc.	1.5	1.2

Note:

(1) The information in the above table under the heading "Tenant" reflects the trade names of such tenants. The legal names appear elsewhere in this Annual Information Form under the heading "Property Portfolio – Description of Properties".

Due to the demand for Class I office space to date, the REIT has been able to be very selective with respect to the office and retail tenants in the Properties, both on a property-by-property basis and on a portfolio basis. This has resulted in a balanced mix of tenants without undue exposure to any tenant type.

Lease Maturities

The following table sets forth the total occupied square footage of the Properties subject to lease maturities during the period from January 1, 2010 to December 31, 2014 (assuming tenants do not exercise renewal options) and the percentage of the total GLA relating to the Properties represented by such maturities, as of March 9, 2010:

Year Ended	Square Feet	% of Total GLA
December 31, 2010	922,668	15.9%
December 31, 2011	847,211	14.6%
December 31, 2012	686,874	11.8%
December 31, 2013	958,261	16.5%
December 31, 2014	250,691	4.3%

Description of Properties

The following is a description of each of the Properties other than certain ancillary parking lots, as at the date hereof. In the description below, basements that are partially above ground and that are used as office or retail space are referred to herein as a storey. The information in the tables below reflects the legal names of tenants. The trade names of such tenants appear elsewhere in this Annual Information Form.

King West, Toronto

555 College Street

555 College Street is a six-storey, Class I office property. Located on the south side of College Street, west of Bathurst Street, in the King West sub-market in Toronto, the property is comprised of 60,168 square feet of GLA. The property was constructed in 1912, renovated in the late 1960s and in 2004 to 2007 and is 100% leased to ten tenants.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Sobey's Capital Incorporated	food/grocery	15,154	25.2
FPA Holdings Inc.	law firm	10,915	18.2
BOS Advertising Inc.	advertising	7,500	12.5

The Castle, 41 and 53 Fraser Avenue, 135 Liberty Street and 8 Pardee Avenue

The Castle is an office complex comprised of four buildings, three of which are restored Class I, brick-and-beam office/retail buildings and one of which is a restored brick-and-concrete office/retail building. Located near the intersection of King Street West and Dufferin Street, the property is comprised of 140,716⁽¹⁾ square feet of GLA and 50 surface parking spaces. The property is 100% leased. Built in 1912 by E.W. Gillett Company for use in the production of Magic Baking Powder, the property was renovated and retrofitted for office and retail use in 2001 through 2004.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Nelvana Limited	entertainment company	69,375	49.3
Loblaw Properties Limited	retailer	14,312	10.2
Esprit Canada Wholesales Inc.	clothing wholesale	12,765	9.0
Sirius Canada Inc.	satellite communication	12,765	9.0

Note:

(1) Excludes 5,932 square feet of storage space.

King West Central, Toronto

141 Bathurst Street

141 Bathurst Street is a restored, two-storey, Class I, brick-and-beam office building. Located on the east side of Bathurst Street, in the western portion of King West Central, the property is comprised of 10,521 square feet of GLA and 13 surface parking spaces. The property is 51.5% leased. Built in 1926 for industrial warehouse purposes, the property has been completely renovated.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Toronto Arts Council	funding agency for artists	3,653	34.7
New Style Signs	signage company	2,279	16.76

183 Bathurst Street

183 Bathurst Street is a restored, four-storey, Class I, brick-and-beam office building. Located on the east side of Bathurst Street, immediately north of Queen Street West, the property is comprised of 24,879 square feet of GLA. The property is 100% leased.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Burdi Filek Inc.	designers' supplies	6,938	27.9
Blue Spark Media Inc.	media company	5,100	20.5

420 Wellington Street West

420 Wellington Street West is a restored, three-storey, Class I, brick-and-beam office/retail building. Located on the north side of Wellington Street West, west of the intersection with Spadina Avenue, the property is comprised of 36,950 square feet of GLA and surface parking for three vehicles. The property is 100% leased. Built in 1912 by The Dominion Paper Box Company and home to garment industry tenants for decades, the property was extensively renovated and retrofitted for office and retail use in 2001.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Bensimon Byrne Inc.	advertising agency	33,813	91.5

425 Adelaide Street West

425 Adelaide Street West is a restored, ten-storey, brick-and-concrete office/retail building. Located on the southeast corner of the intersection of Adelaide Street West and Brant Street, the property is comprised of 72,306 square feet of GLA and underground parking for 42 vehicles. The property is 92.1% leased. Built in 1989, the property was renovated in 2001.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Legal Aid Ontario	legal aid research	18,528	23.5
Critical Mass Inc.	internet strategies	15,297	19.4

The Samuel Building, 425-439 King Street West

The Samuel Building is a restored, seven-storey, Class I, brick-and-beam office/retail building. Located on the southwest corner of the intersection of King Street West and Spadina Avenue, the property is comprised of 92,630 square feet of GLA. The property is 96.3% leased. Built in 1910 and home to garment industry tenants for decades, the property was extensively renovated and retrofitted for office and retail use in 2000.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Loblaws Properties Limited	financial services	45,561	49.2
The Hive Strategic Marketing Inc.	marketing firm	15,221	16.4

441-443 King Street West

441-443 King Street West is a restored, three-storey, brick-and-beam office/retail building. Located on the south side of King Street West, between 425-439 King Street West and 445-455 King Street West, two of the Properties, it is comprised of 9,885 square feet of GLA. The property is 69% leased. Built around 1909, the property was renovated in 2006.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Indigo Books & Music, Inc.	book retailer	6,820	69.0

The Krangle Building, 445-455 King Street West

The Krangle Building is a restored, five-storey, Class I, brick-and-beam office/retail building. Located on the south side of King Street West, west of the intersection with Spadina Avenue, the property is comprised of 50,688 square feet of GLA. The property is 100% leased. Built in 1910 and home to garment industry tenants for decades, the property was extensively renovated and retrofitted for office and retail use in 2000.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Courtyard Group Ltd.	marketing firm	16,284	32.1
Totum LifeScience Inc.	fitness and wellness facility	6,030	11.9

468 King Street West

468 King Street West is a restored, seven-storey, Class I, brick-and-beam office building. Located on the north side of King Street West, west of the intersection with Spadina Avenue, the property is comprised of 65,027 square feet of GLA and leased surface parking for 14 vehicles. The property is 100% leased. Built in 1910 and home to the Ontario Cabinet & Furniture Works for decades, the property was extensively renovated and retrofitted in 1999 for office and retail use, though currently it is leased solely for office use.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Indigo Books & Music, Inc.	book retailer (head office)	65,027	100.0

469 King Street West

469 King Street West is a restored, five-storey, Class I, brick-and-beam office/retail building. Located on the south side of King Street West, west of the intersection with Spadina Avenue, the property is comprised of 75,584 square feet of GLA with eight surface parking spaces. The property is 100% leased to seven tenants. Built in 1903, the property was extensively renovated and retrofitted for office and retail use in 1999 and 2000.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Caseware International Inc.	supplier of software solutions for accounting	23,543	31.8
94272 Canada Inc.	health and beauty products	17,858	24.2
Newport Securities LP ⁽¹⁾	financial services	15,492	21.0
Rodney's Oyster House Corp.	restaurant	10,500	14.2

489 King Street West

489 King Street West is a restored, five-storey, Class I, brick-and-beam office/retail building. Located on the south side of King Street West, west of Spadina Avenue and east of Portland Street, the property is comprised of 26,271 square feet of GLA and 37 parking spaces shared with 495 King Street West. The property is 100% leased. Built in 1925, the property was extensively renovated and retrofitted for office and retail use in the mid-1980's and 1990's.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Insight Production Company Ltd.	television production	10,590	40.3
365 Services Ltd. (o/a Got Style)	men's clothing retailer	5,800	22.2

495 King Street West

495 King Street West is a restored, three-storey, Class I, brick-and-beam office building. Located on the south side of King Street West, west of Spadina Avenue and east of Portland Street, the property is comprised of 11,183 square feet of GLA and surface parking for 26 vehicles. The property is 81.4% leased. Built in 1915, the property was extensively renovated and retrofitted for office and retail use in the mid-1980's and 1990's.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Surje & Company Inc.	management consulting	3,400	30.4
Lex PR Canada Inc.	public relations	2,750	24.6

499 King Street West

499 King Street West is a restored, one-storey, Class I, brick-and-beam retail commercial building. Located on the south side of King Street West, west of Spadina Avenue and east of Portland Street, the property is comprised of 8,400 square feet of GLA and ten parking spaces. The property is 100% leased. Built in 1960, the property was extensively renovated and retrofitted for office and retail use in 2008.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Liberty Entertainment Group	restaurant	8,400	100.0

500-522 King Street West

500-522 King Street West is a restored four-storey Class I brick-and-beam office retail building located on the northeast corner of the intersection of King West and Brant St. The property is comprised of 129,130 square feet of GLA. The property is 100% leased. Built in 1972 and expanded in the early 1890's to house the Gurney Stove Factory, the property was extensively renovated and retrofitted for office and retail use in 2000 and 2001.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Cossette Communications	advertising	94,892	73.9
Negozio 522 Limited (o/a Negozio Alimento)	fine foods shop	14,102	11.0
1700520 Ontario Limited (o/a Brant House)	restaurant	8,531	6.6

579 Richmond Street West

579 Richmond Street West is a restored, five-storey, Class I, brick-and-beam office building. Located on the south side of Richmond Street West near the intersection of Bathurst Street, the property is comprised of 29,043 square feet of GLA. The property is 100% leased. Built in 1931, the property has been fully renovated.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Media Profile Inc.	public relations and communications	12,000	41.3
SDI Media Canada Inc.	multi-media subtitling movies	5,811	20.0
AdValiant	performance marketing	5,232	18.0

602-606 King Street West

602-606 King Street West is a restored, four-storey, Class I, brick-and-beam office/retail building. Located in the King Street West central area, the property is comprised of 64,047 square feet of GLA. The property is 100% leased to seven tenants. Built in 1912, the property was renovated in 2005.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Scholastic Canada Ltd.	children's publisher	30,084	47.0
Hariri Pontarini Inc.	architecture	9,643	15.1
Hammam Spa Inc.	spa	7,551	11.8

662 King Street West

662 King Street West is a restored, four-storey, Class I, brick-and-beam office/retail building. Located on the north side of King Street West, just east of the intersection with Bathurst Street, the property is comprised of 32,900 square feet of GLA and has 15 parking spaces. The property is 100% leased. Built in 1941, the property was renovated in the 1980s.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Bronskill & Co. Ltd.	design and production company	15,249	46.4
Infolink Communications Ltd.	voice technology/ advertising	6,461	19.7

96 Spadina Avenue

96 Spadina Avenue is a nine-storey, Class I office building. Located on the southwest corner of Spadina Avenue and Adelaide Street West, the property is comprised of 89,812 square feet of GLA and is 79% leased. The property is a high-quality brick-and-concrete structure that was partially renovated in the 1990s and was a PUD until the second quarter of 2009.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Cardinia Real Estate Canada Inc.	real estate services on behalf of multinational	21,777	30.6
Nurun Inc.	digital media strategies	15,341	21.6

King-Brant Parking

King-Brant Parking is a parcel of vacant land with a newly constructed two-level underground parking structure comprised of 208 underground parking spaces. The underground parking structure has two points of access, one on King Street West and the other on Brant Street. King-Brant Parking is located immediately behind 500-522 King Street West (one of the Properties) between Adelaide Street West to the north and King Street West to the south. The parking spaces are leased to tenants of the Properties at monthly rates established from time to time in accordance with market conditions and are also available to the public at hourly rates established from time to time in accordance with market conditions.

Entertainment District, Toronto

116 Simcoe Street

116 Simcoe Street is a restored, four-storey, Class I, brick-and-beam office building. Located on the north-west corner of Adelaide Street West and Simcoe Street, just to the west of University Avenue and the Financial Core, the property is comprised of 15,389 square feet of GLA. The property is 100% leased. Built in 1971 for office purposes, the property has since been renovated.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Section 16 Properties Inc.	condominium developer	6,134	39.9
Timeplay Entertainment	interactive entertainment	3,575	23.2
Hargraft Schofield Benefits	insurance	2,100	15.6

The Front Street Property

The Front Street Property is a 315,245 square foot office complex in the Downtown West submarket of Toronto. Located on the south-west corner of Front Street and Simcoe Street, just west of University Avenue, the property is 96% leased to a number of high quality tenants.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Switch and Data	hosting and telecom facility	55,679	18.4
MTS Allstream	telecommunications facility	50,428	16.7
Goodlife Corporation	fitness and wellness facility	29,239	9.7

179 John Street

179 John Street is an eight-storey, Class I, brick-and-beam office building. Located on the east side of John Street, just north of Queen Street West, the property is comprised of 67,331 square feet of GLA and 14 surface parking spaces. The property is 97.4% leased. The property was renovated in the 1990s.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Grip Ltd. (HL)	integrated marketing	21,812	32.4
Points International	rewards program exchange	18,170	27.0
Big Studio Inc.	design/animation	7,787	11.6

185 Spadina Avenue

185 Spadina Avenue is a restored, seven-storey, Class I, brick-and-beam office building. Located on the east side of Spadina Avenue, just to the north of Queen Street, the property is comprised of 55,814 square feet of GLA. The property is 100% leased. Built in 1916, the property was extensively renovated and retrofitted for office use in 1997.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Algorithmics Incorporated	risk management software provider	55,814	100.0

200 Adelaide Street West

200 Adelaide Street West is a restored, six-storey, Class I, brick-and-beam office building. Located on the north side of Adelaide Street West, just to the west of University Avenue and the Financial Core, the property is comprised of 28,024 square feet of GLA. The property is 100% leased. Built in 1933 for industrial warehouse purposes, the property has been completely renovated.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Ehvert Engineering Inc.	electrical / mechanical engineering	6,429	22.9
Intelliware Developments	custom software development	4,729	16.9
Dyson Canada Limited	vacuum manufacturer (head office)	4,729	16.9

208-210 Adelaide Street West

208-210 Adelaide Street West is a restored, four-storey, Class I, brick-and-beam office building. Located on the north side of Adelaide Street West, just to the west of University Avenue and the Financial Core, the property is comprised of 12,422 square feet of GLA. The property is 60.7% leased. Built in 1910 for industrial warehouse purposes, the property has been completely renovated.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Con*nect Strategic Alliances (o/a Colleges of Ontario Network for Education and Training)	education/training	3,711	29.9

The Gelber Building, 217-225 Richmond Street West

217-225 Richmond Street West is a restored, six-storey, Class I, brick-and-beam office/retail building. Located on the southwest corner of the intersection of King Street West and Duncan Street, the property is comprised of 56,653 square feet of GLA. The property is 100% leased to 14 tenants. Built in the 1920's, the property was renovated and retrofitted for office and retail use in the 1980's.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Barracuda Management Inc.	restaurant/catering management company	10,660	18.7
1081943 Ontario Limited (o/a Fluid Nightclub)	nightclub	7,690	13.8

257 Adelaide Street West

257 Adelaide Street West is a seven-storey, Class I, brick-and-beam office/retail building. Located in the Entertainment District of downtown Toronto, the property is comprised of 46,914 square feet of GLA. The property is 100% leased. Built in the 1900s, with an addition in the 1910s, the property was renovated in the 1980s. The property is a PUD.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Allied Properties REIT	real estate	19,394	41.3
Ciris Group of Companies	communications consultants	6,999	14.9
Koei Canada Inc.	software development	6,999	14.9

312 Adelaide Street West

312 Adelaide Street West is a restored, eight-storey, Class I, brick-and-beam office/retail building. Located on the north side of Adelaide Street West, in the western portion of the Entertainment District, the property is comprised of 71,795 square feet of GLA. The property is 100% leased. Built in 1895 for industrial warehouse purposes, the property has been completely renovated.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Soma Networks	IP solutions for service providers	23,097	32.2
Audienceview Ticketing Corporation	ticketing services to venues	9,099	12.7
IMASON.com Inc.	internet consulting	9,099	12.7
1258390 Ontario Ltd. (o/a Panic & Bob Editing)	post-production/editing company	9,099	12.7

The Fremes Building, 331-333 Adelaide Street West

331-333 Adelaide Street West is a restored, six-storey, Class I, brick-and-beam office/retail building. Located on the southwest corner of the intersection of Adelaide Street West and Peter Street, the property is comprised of 23,713 square feet of GLA. The property is 100% leased to a diverse group of single- floor tenants. Built in 1925 and home to the Ontario Clock Company for decades, the property was renovated and retrofitted for office and retail use in 1987 and further renovated in 1999.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Ryder, Wright, Blair and Doyle	law firm	4,222	17.8
Taylor Hazell Architects Ltd.	architecture firm	4,222	17.8
Brightworks Interactive Marketing Inc.	marketing	4,222	17.8
Swiss Virtual Business School	business school	3,636	15.3

The Weld Building, 358-360 Adelaide Street West

358-360 Adelaide Street West is a restored, six-storey, Class I, brick-and-concrete office/retail building. Located on the north side of Adelaide Street West, west of the intersection with Peter Street, the property is comprised of 54,250 square feet of GLA and surface parking for four vehicles. The property is 84% leased. Built in 1920 and home to The Bryant Press for decades, the property was extensively renovated and retrofitted for office and retail use in 1999.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Cardinia Real Estate Canada Inc.	real estate services on behalf of multinational	40,124	74.0
Estée Lauder Companies Inc.	personal products (head office)	5,178	9.5

364 Richmond Street West

364 Richmond Street West is a restored, five-storey, Class I, brick-and-beam office/retail property. Located in the Entertainment District, the property is comprised of 39,318 square feet of GLA and does not include any parking spaces. The property is 100% leased. Built in the 1910s, the property was renovated in 1988.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Easy & The Fifth Inc. (o/a This is London)	nightclub	17,300	44.1
980 Marketing	sports marketing	14,000	35.6

375-381 Queen Street West

375-381 Queen Street West is a Class I property located on the southwest corner of the intersection of Queen and Peter Streets and is comprised of approximately 34,729 square feet of GLA and 4,381 square feet of surplus land with parking for 24 cars. It is 89% leased to high quality tenants.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Red Bull Canada	energy drink producer and lifestyle company	14,896	42.9
Gap International	clothing retailer	9,190	26.5

388 King Street West

388 King Street West is a restored, three-storey, Class I, brick-and-concrete office/retail building. Located on the northwest corner of the intersection of King Street West and Peter Street, the property is comprised of 44,368 square feet of GLA and surface parking for nine vehicles. The property is 100% leased. Built in the 1930's and home to garment industry tenants for decades, the property was extensively renovated and retrofitted for office use in the 1980's and again for office and retail use in 1999.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
toronto.com (a division of Toronto Star Newspapers Limited)	online city guide	22,315	50.4
Shoppers Realty Inc.	beauty products, pharmaceutical retailer	16,122	36.4
The Second City Communications Inc.	training centre	5,857	13.2

82 Peter Street

82 Peter Street is a restored, six-storey, Class I, brick-and-beam office/retail building. Located on the west side of Peter Street, just north of 388 King Street West, the property is comprised of 47,098 square feet of GLA and surface parking for 14 vehicles. The property is 100% leased. Built in 1928 and home to

garment industry tenants for decades, the property was extensively renovated and retrofitted in 1999 for office and retail use, though currently the building is leased solely for office use.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Acclaim - SBA Disability Management Inc.	disability management	8,116	17.3
1535554 Ontario Inc.	film reproduction and editing	7,898	16.8
Indigo Books & Music, Inc.	book retailer (head office)	7,885	16.8

99 Spadina Avenue

99 Spadina Avenue is a restored, seven-storey, Class I, brick-and-beam office/retail building. Located on the east side of Spadina Avenue, just to the north of the intersection with King Street West, the property is comprised of 50,719 square feet of GLA. The property is 92.0% leased. Built in 1910, the property was extensively renovated and expanded for office and retail use in 2000 and 2001.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Novator E-Business Services Inc.	e-business solutions	16,029	30.8
New Ad Media Inc.	indoor advertising/event marketing	11,392	21.9

Downtown, Toronto

67 Richmond Street West

67 Richmond Street West is a restored, seven-storey, Class I, brick-and concrete office/retail building. Located on the south side of Richmond Street West, just west of Bay Street, the property is comprised of 50,506 square feet of GLA. The property is 95.9% leased. Built in 1949, the property was substantially renovated in 1990 and again in 2000.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Communicopia Inc.	marketing/advertising and branding	31,692	62.8
Infonex Inc.	training seminars and conferences	6,509	12.9

The Heintzman Building, 193 Yonge Street

193 Yonge Street is a restored, eight-storey, Class I, brick-and-beam building. Located on the east side of Yonge Street, across from the Eaton Centre and south of Dundas Square, the property is comprised of 51,154 square feet of GLA and 22 underground parking spaces. The property is 100% leased to two tenants. Built in 1903, the property was renovated in 1986 and 1999. The property is designated under the Ontario Heritage Act.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
St. Michael's Hospital	offices	34,836	68.1
Winners Merchants International L.P.	fashion and home retailer	16,318	31.9

St. Lawrence Market, Toronto

106 Front Street East

106 Front Street East is a four-storey, Class I office and retail property. Located on the north-west corner of Front Street and George Street in the Downtown East sub-market in Toronto, the property is comprised of 34,495 square feet of GLA and includes 16 surface parking spaces. The property was constructed in 1890, renovated and retrofitted for office and retail use in the late 1980s and late 1990s and is 100% leased to nine tenants.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Yahoo! Canada Co.	world wide web directory	11,271	32.7
Romagna Mia Osteria Pizzeria Inc.	restaurant	4,035	11.7

The Beardmore Building, 35-39 Front Street East

35-39 Front Street East is a restored, four-storey, Class I, brick-and-beam office/retail building. Located on the south side of Front Street East, east of the intersection with Yonge Street, the property is comprised of 48,662 square feet of GLA and seven underground parking spaces. The property is 100% leased. Built in 1872, the property was extensively renovated and retrofitted for office and retail use in 1986 and further renovated in 1991. This property has been designated by the City of Toronto as having historical or architectural value.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Redwood Custom Communications Inc.	custom publisher	30,812	63.3
Winners Merchants International L.P.	fashion and home retailer	17,850	36.7

36-40 Wellington Street East

36-40 Wellington Street East is a four-storey, Class I office and retail property. Located on the north side of Wellington Street East, east of Yonge Street in the Downtown East sub-market in Toronto, the property is comprised of 24,180 square feet of GLA. The property was constructed in 1862, renovated in 1980 and is 100% leased to eight tenants. The property includes three parking spaces.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
The Advantage Group International Inc.	performance benchmarking	7,680	41.2
1091043 Ontario Inc. (o/a Bravi)	restaurant	4,250	17.6

The Perkins/Dixon Building, 41-45 Front Street East

41-45 Front Street East is a restored, four-storey, Class I, brick-and-beam office/retail building. Located on the south side of Front Street East, just east of The Beardmore Building, the property is comprised of 39,835 square feet of GLA. The property is 100% leased. Built in 1875, the property was extensively renovated and retrofitted for office and retail use in 1985 and further renovated in 1991. This property has been designated by the City of Toronto as having historical or architectural value.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Winners Merchants International L.P.	fashion and home retailer	15,311	38.4
3409945 Canada Limited (o/a Info Tech Research Group Inc.)	IT research and consulting	13,356	33.5

45-55 Colborne Street

45-55 Colborne Street is a four-storey, Class I office property located on the south side of Colborne Street, west of Church Street in the St. Lawrence Market sub-market in Toronto, and is adjacent to 50 Wellington Street East. Designed by E.J. Lennox and built in 1888, it is comprised of 40,341 square feet of GLA and is designated as being historically significant. The property is 97.5% leased to tenants consistent in character and quality with the REIT's tenant base.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
2113719 Ontario Inc. (o/a Six Steps Restaurant)	restaurant	6,004	14.9
Colborne Lane Inc.	restaurant	3,352	8.3
Verticore Communications	elevator advertising	3,238	8.0

50 Wellington Street East

50 Wellington Street East is a restored, five-storey, Class I, brick-and-beam office building. Located on the north side of Wellington Street East, just west of Church Street, the property is comprised of 32,986 square feet of GLA. The property is 100% leased. Built in the early 1900s, the property was extensively renovated for office use in the 1980s and in the 1990s.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Canadian Television Fund	television production	7,262	22.0
The Canadian Football League	sports league	7,108	21.6

Queen Richmond, Toronto

145 Berkeley Street

145 Berkeley Street is a restored, six-storey, Class I, brick-and-beam office building. Located on the southeast corner of Queen Street East and Berkeley Street, the property is comprised of 10,811 square feet of GLA and surface parking for three vehicles. The property is 100% leased. Built in the 1880's, the property was extensively renovated in 1996 for office and retail use.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
2182534 Ontario Inc. (o/a O'Connor Gallery)	art gallery	2,687	24.9
Court Canada Ltd.	software solutions for legal professionals	2,228	20.6

230 Richmond Street East

230 Richmond Street East is a restored, four-storey, Class I, brick-and-beam office building. Located on the north side of Richmond Street East, to the east of the intersection with Jarvis Street, the property is comprised of 73,667 square feet of GLA, with surface parking for 62 vehicles. The property is 100% leased. Built in 1909, the property was extensively renovated and retrofitted for office use in 2000.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
IDT Entertainment	telecom services	43,816	59.5
The George Brown College	college	29,851	40.5

489 Queen Street East

489 Queen Street East is a restored, four-storey, Class I, brick-and-beam office building. Located on the south east corner of Queen Street East and Sumach Street, in the eastern portion of the Queen-Richmond East District, the property is comprised of 25,242 square feet of GLA and 20 surface parking spaces. The property is 38.7% leased. Built in 1890 for industrial warehouse purposes, the property has been completely renovated.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
e-roleplay.com Inc.	telecommunications	19,988	60.7

Dominion Square, 464, 468 and 478-496 Queen Street East

464, 468 and 478-496 Queen Street East is comprised of seven integrated four-storey Class I office and retail structures. Located on the north side of Queen Street East, east of Parliament Street in the Downtown East sub-market in Toronto, the property is comprised of 110,961 square feet of GLA and includes 141 surface parking spaces. The property was constructed in 1878, renovated in 1992 and is 95.1% leased.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Vistek	camera retail	38,050	20.8
Footmaxx Holdings Inc.	orthopaedic shoe-maker	12,72	6.9

Queen Richmond Centre South ("QRC South"), 103 Richmond Street East

QRC South is a four-storey, Class I, brick-and-beam building. Located on the south side of Richmond Street East, the property is comprised of 36,104 square feet of GLA. Built in the early 1900's, the property is an amalgamation of three buildings reportedly joined in 1971, which included the laneway which formerly separated the building. When the property was acquired in November 2005, less than 40% of the GLA was occupied. The REIT redeveloped this property as an annex to The Queen Richmond Centre in 2006. It became a rental property for accounting purposes on April 1, 2007, and the leased area is now increased to 72.9%.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Lewis Builds Corporation	telemarketing and telefundraising services	4,428	12.3
Nabet 700 CEP	film and television technicians union	4,420	12.2

Queen Richmond Centre East (“QRC East”), 99-123 Queen Street East and 92-114 Richmond Street East

QRC East is a restored, six-storey, Class I, brick-and-beam office/retail building. Located on the north side of Richmond Street East, just west of Jarvis Street, the property is comprised of 220,074 square feet of GLA. The property is 90.7% leased. Built between 1870 and 1910, the property was renovated and retrofitted for office and retail use in 2000.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Publicis Toronto Inc	advertising and communications	58,308	26.5
St. Joseph Media Inc.	media publisher	51,686	23.5
Veritprop Limited	private women's club	44,861	20.4

70 Richmond Street East

70 Richmond Street East is a restored, five-storey, Class I, office building. Located on the north-west corner of Richmond Street East and Church Street, the property is comprised of 34,414 square feet of GLA. The property is 100% leased. Built in 1908 the property was extensively renovated and retrofitted for office use in the 1990's.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
St. Michael's Hospital	offices	31,232	90.8

204-214 King Street East

204-214 King Street East is a restored, seven-storey, Class I, office building. Located on the north side of King Street East, east of Jarvis Street, the property is comprised of 134,430 square feet of GLA and access to 50 underground parking spaces. The property is 100% leased. Built in 1908 the property was extensively renovated and retrofitted for office use in the 1990's.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Autodesk Canada	software development	100,840	75.0

Montréal

The Balfour Building, 3575 Saint-Laurent Boulevard

3575 Saint-Laurent Boulevard is a restored, ten-storey, Class I, brick-and-concrete office/retail building. Located to the east of Montréal's downtown core in the Downtown East submarket and to the north of the Old Montréal submarket, the property is comprised of 183,621 square feet of GLA with 41 underground parking spaces. The property is 95.5% leased to a number of tenants. Built in 1929 for light industrial use, the property was renovated and retrofitted for office and retail use in 1985 and 1995.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Cardinia Real Estate Canada Inc.	real estate services on behalf of multinational	31,203	17.0
9023 1689 Quebec Inc o/a Lg2	marketing/ad agency	28,079	15.3

400 Atlantic Avenue

400 Atlantic Avenue is a restored, ten-storey, Class I, brick-and-concrete office building. Located on the northern edge of the Plateau Mont Royal District, immediately to the east of the proposed site for the new University of Montréal campus, the property is comprised of 86,034 square feet of GLA and includes approximately 20 parking spaces. The property is 85.3% leased. Built in 1920, the property was renovated in 2003 and 2004.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Julien Bélanger Carrière Architectes et Design	architecture and design	5,811	6.8
Univlms	fine wine distributor	5,684	6.6
Go Films Inc.	television and film production	4,800	5.6

425 Viger Avenue West (+ adjacent land)

425 Viger Avenue West is a restored, eleven-storey, Class I, brick-and-concrete office/retail building. Located just north of Old Montréal, the property is comprised of 206,013 square feet of GLA. The property is 100% leased. Built in 1915, the property was renovated in 1981-1982 and 1992-1993.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Fédération des caisses Desjardins du Québec	financial services	192,157	93.3
Telus Québec Inc.	telecommunications	7,058	3.4
Québec Cystic Fibrosis Association	charity	5,826	2.8

4446 Saint-Laurent Boulevard

4446 Saint-Laurent Boulevard is a restored, nine-storey, Class I, brick-and-concrete office/retail building. Located in downtown Montréal, the property is comprised of 82,628 square feet of GLA, 24 underground parking spaces, 26 surface parking spaces and 5,500 square feet of adjacent land that forms the southwest corner of Saint-Laurent Boulevard and Mount-Royal Avenue. The property is 89.3% leased. Built in 1915, the property was renovated in 1989.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Telefiction Inc.	television and film production	14,477	17.5
Carat Canada Inc.	business and communications consultants	13,418	16.3

The Peck Building, 5505 Saint-Laurent Boulevard

5505 Saint-Laurent Boulevard is a restored, five-storey, Class I, brick-and-concrete office building. Located in downtown Montréal, the property is comprised of 254,976 square feet of GLA. The property is 100% leased. Built in 1903 and mid 1900's, the property was renovated in the late 1990's and 2005.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Ubisoft Divertissement Inc.	developer, publisher and distributor of entertainment products	252,452	99.0

451-481 Saint Catherine Street West

451-481 Saint Catherine Street West is comprised of two restored, three-storey, brick-and-beam office/retail buildings in which the REIT has a 98-year leasehold interest. Located on the north side of Saint Catherine Street West, near the intersection with McGill College Avenue, the buildings comprise 30,656 square feet of GLA. The property is 100% leased. Built in 1928, the property was renovated in 2005.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Setym International Inc.	project management	6,569	21.4
91451377 Québec Inc. (o/a Garderie L'Etoile)	daycare	6,500	21.2

6300 Avenue du Parc

6300 Avenue du Parc is a restored, six-storey, Class I, brick-and-concrete office/retail building. Located on the northern edge of the Plateau Mount Royal District, just south of 400 Atlantic Avenue, and just east of the Outremont Triage, the site for the new University of Montréal campus, the property is comprised of 218,203 square feet of GLA, 52 surface parking spaces and 38 underground parking spaces. The property is 86.5% leased to a number of tenants consistent with the REIT's tenant base. Built in 1927 with additions in 1949 and 1957, the property was renovated between 1987 and 1990.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Zenobia Collection	fashion designer	18,264	7.6
Sterling Woollens and Silks Ltd	textile wholesaler	10,414	4.8
EQ3 World Ltd.	furniture retailer	9,500	4.3

Cité Multimédia

Cité Multimédia is a 963,089 square foot portfolio of six office properties. It is comprised of buildings at: 111 Duke Street; 50 Queen Street; 700 Wellington Street; 75 Queen Street; 80 Queen Street; and 87 Prince Street, which, respectively consist of: 374,817; 31,541; 130,154; 247,548; 70,263; and 107,693 square feet of predominantly office GLA. The complex is 100% leased.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
CGI Inc.	information technology and business process services	243,328	25.2
SAP Labs Inc.	business software development	75,882	7.9
Motorola	multimedia software centre of excellence	73,532	7.6

Winnipeg

The Brokerage Building, 115 Bannatyne Avenue

115 Bannatyne Avenue is a partially restored, five-storey, Class I, brick-and-beam office/retail building. Located in the Exchange District, a 30-block area just to the north of Portage and Main named for the Winnipeg Grain and Produce Exchange founded in 1887, the property is comprised of 38,618 square feet of GLA. The property is 100% leased. Built in 1899, the property was renovated in 1976.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Number 10 Management Ltd.	architect/space planning	14,827	38.4
Online Enterprises Inc.	IT consulting	12,124	31.4

138 Portage Avenue East

138 Portage Avenue East is a partially restored, seven-storey, Class I, brick-and-concrete office building. Located just north of the intersection of Portage Avenue and Main Street, on the edge of the Exchange District, the property is comprised of 39,400 square feet of GLA and access to 34 parking spaces. The property is 75.1% leased. Built in 1920, the property was renovated over the past five years.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
SGS Canada Inc.	agricultural services	11,571	29.4

165 Garry Street

165 Garry Street is a partially restored, two-storey, brick-and-concrete office/retail building. Located nearly three blocks south of Portage Avenue and just east of Main Street, the property is comprised of 14,800 square feet of GLA. The property is 87.8% leased to smaller tenants. Built in 1949, the property has not been renovated.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Big Sand Volleyball Design	clothing manufacturer	5,800	39.3

250 McDermot Avenue

250 McDermot Avenue is a partially restored, four-storey, Class I, brick-and-beam office/retail building. Located across from 54-70 Arthur, in the heart of the Exchange District, the property is comprised of 44,986 square feet of GLA and 40 surface parking spaces. The property is 95.2% leased to a large number of smaller tenants. Built in 1898, the property was renovated on a piecemeal basis over the past fifteen years.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Dimension Display Inc.	advertising agency	9,000	20.0

309 Hargrave Street

309 Hargrave Street is a partially restored, four-storey, brick-and-concrete office/retail building. Located on Hargrave Street, just north of Portage Avenue, the property is comprised of 19,668 square feet of GLA and 52 parking spaces. The property is 75.7% leased to smaller tenants. Built in 1900 and in 1950, the property has not been renovated.

50-70 Arthur Street

50-70 Arthur Street is a partially restored, seven-storey, Class I, brick-and-beam office/retail building. Located in the Exchange District, the property is comprised of 114,432 square feet of GLA and access to 98 surface parking spaces. The property is 87.8% leased to a large number of smaller tenants. Built in 1896, the property was renovated on a piecemeal basis over the past fifteen years.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
3712044 Manitoba Inc. (o/a Frantic Films)	film production and visual effects	12,300	10.8

1500 Notre Dame Avenue

1500 Notre Dame Avenue is a single-storey, Class I, needle trade office building. Located well west of the Downtown Core and close to the Winnipeg James Armstrong International Airport, the property is comprised of 109,518 square feet of GLA, extensive surface parking and approximately two acres of surplus land. The property was a PUD until the fourth quarter of 2008 and is now 100% leased.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Industrial Commercial Equipment Manufacturing Ltd.	manufacturing	65,000	59.4

Québec City

390 Charest Boulevard East

390 Charest Boulevard East is a eight-storey, office/retail building. Located near the corner of Charest Boulevard East and Rue de la Louronne, the property is comprised of 73,099 square feet of GLA and includes approximately 56 underground parking spaces. The property is 100% leased. The property was built in 2002.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Ubisoft Divertissements Inc.	developer, publisher and distributor of entertainment products	28,587	39.1
Promutel Innovation Inc.	insurance company	19,075	26.1

410 Charest Boulevard East

410 Charest Boulevard East is a restored, eight-storey, Class I, brick-and-concrete retail building. Located on the ground floor of the eight-storey building, the property is comprised of 24,937 square feet of GLA. The property is 94.8% leased. The larger building (of which the property is a part) was built in 1933 and thoroughly renovated and added to in 2004.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
Mountain Equipment Cooperative	retailer of outdoor clothing and equipment	18,434	73.9

420 Charest Boulevard East

420 Charest Boulevard East is a restored, six-storey, Class I, brick-and-beam office/retail building. Located near the corner of Charest Boulevard East and Rue de la Louronne, the property is comprised of 56,836 square feet of GLA. The property is 99.1% leased. Built in 1880, the property was renovated and retrofitted in 2003.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
BGJLR (Consortium)	geomatics engineering	8,605	15.1
Baltazar Objets de Monde	retailer	8,290	14.6

622 Saint Joseph Street East

622 Saint Joseph Street East is a restored, three-storey, Class I, brick-and-beam office/retail building. Located near St. Joseph Street East and Caron Street, the property is comprised of 6,920 square feet of GLA. The property is 100% leased. Built in 1880, the property was renovated and retrofitted in 2003.

Key Tenant	Nature of Business	Area Leased (square feet)	% of GLA
La Maison de la Santé du Québec, Inc.	health care provider	3,620	52.3

633 Saint Joseph Street East

633 Saint Joseph Street East is a restored, four-storey, Class I, brick-and-beam office/retail building. Located near St. Joseph Street East and Caron Street, the property is comprised of 21,655 square feet of GLA. The property is 100% leased. Built in 1880, the property was renovated and retrofitted in 2002.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
Les Logiciels Dynagram Inc.	information technology	5,852	27.0
Musique Richard Gendreau	musical instrument sales and repairs	5,000	23.1

Kitchener

72 Victoria Street

72 Victoria Street is a five-storey Class I office property. Located on the south-east corner of Victoria Street and Joseph Street in the Warehouse District of downtown Kitchener, the property is comprised of 89,588 square feet of GLA, and approximately 228 surface parking spaces. The property was constructed in 1900, renovated in 1999 and is 98.3% leased.

Key Tenants	Nature of Business	Area Leased (square feet)	% of GLA
CM2MHILL Canada Limited	engineering firm	14,909	17.1
Totten Sims Hubicki	engineers, architects and planners	13,495	15.1
Peer Group	software development and consulting	11,457	12.8

Properties Under Development

47 Fraser Avenue, Toronto

47 Fraser Avenue is a two-storey, brick-and-beam office building, built in 1912. Located near the intersection of King Street West and Dufferin Street, the property is comprised of 11,772 square feet of GLA and is a satellite building at The Castle in Liberty Village. The upgrade of this property, together with that of 47A Fraser Avenue is being performed in conjunction with, and customized to, the re-leasing effort, which is underway.

47A Fraser Avenue, Toronto

47A Fraser Avenue is a four-storey, brick-and-beam office building, built in 1912. Located near the intersection of King Street West and Dufferin Street, the property is comprised of 20,000 square feet of GLA and is a satellite building at The Castle in Liberty Village. The upgrade of this property, together with that of 47 Fraser Avenue is being performed in conjunction with, and customized to, the re-leasing effort, which is underway.

134 Peter Street, Toronto

134 Peter Street is a restored, four-storey, Class I, brick-and-beam office/retail building. The REIT initiated the planning and approval stage of a large-scale intensification of this property, and relocated a number of office tenants in late 2007 and early 2008. The site includes approximately 14,500 square feet of surplus land with frontage on Peter Street and Richmond Street West. The REIT's plan is to restore the

existing historic building and to construct a new, LEED-certified, office building with Class I office attributes, approximately 252,000 square feet of GLA and a lobby that integrates with the main component of the existing building and 364 Richmond Street West, the REIT's property immediately to the west. The execution of this project, as currently conceived, is contingent upon achieving a level of pre-leasing satisfactory to Management and the Trustees of the REIT.

544 King Street West, Toronto

544 King Street West is a brick-and-beam property in the Downtown West sub-market of Downtown Toronto. Located on the north side of King Street, just west of Brant Street, it is comprised of approximately 20,000 square feet of GLA. This property is adjacent to another PUD, 1-9 Morrison Street. Together, the two properties have a combined land area of 19,400 square feet and frontage on both King and Morrison Streets. The REIT plans to construct a new, LEED-certified, office building with Class I attributes with approximately 135,000 square feet of total GLA for office and ancillary retail use and 60 on-site parking spaces. Although the REIT received the necessary zoning variances for its initial plan early in 2009, the REIT decided to defer the full-scale development for a period of time and to redevelop the existing building fronting on King Street for office and ancillary retail use. The REIT has initiated a leasing program for the redeveloped property.

905 King Street West, Toronto

905 King Street West is a seven-storey, brick-and-concrete office/retail building. Located on the south side of King Street West, west of the intersection of King Street and Bathurst Street, the property is comprised of 112,096 square feet of GLA and 118 underground parking spaces. Built in 1987, the property features raised floors, internal points of presence with Allstream, Bell, Cogeco and Rogers. It also has significant electrical power and cooling capacity and is able to accommodate additional mechanical and cooling upgrades. In November of 2009, 905 King Street West was put into development after being identified as an optimal building for expanding the capacity of 151 Front Street West.

Land adjacent to 4446 Saint-Laurent Boulevard, Montréal

The REIT acquired approximately 5,500 square feet of land adjacent to 4446 Saint-Laurent Boulevard, Montreal, in April of 2006. The REIT has evaluated the potential development of a 22,000 square foot building on the land to accommodate office and ancillary retail users and has concluded that it is feasible.

Mortgages

The following table lists the Mortgages and particulars regarding the respective Properties, the balance of the debt as at December 31, 2009, the year of maturity of the debt, the rate of interest attaching to the debt and the expected principal balance of the debt at maturity. To the knowledge of the REIT, as at the date hereof, the Mortgages are all in good standing except as described in the notes to the table.

Mortgaged Property	Balance as at December 31, 2009 (\$)	Year of Maturity	Interest Rate	Balance at Maturity (\$)
555 College	9,230,427	Nov. 2017	5.67%	7,882,868
The Castle (41 and 53 Fraser, 8 Pardee)	6,384,185	Sep. 2014	6.55%	4,943,092
The Castle (135 Liberty, 47 and 47A Fraser)	8,562,134	Jan. 2017	5.10%	6,763,330
King West				
141 Bathurst (+ land) and 579 Richmond W	5,955,356	Feb. 2016	5.16%	4,839,959
425 Adelaide W	9,575,006	Sep. 2017	5.76%	8,194,177
425-439 King W	14,458,188	Jul. 2016	5.86%	11,760,227
441-443 King W	1,873,393	Jan. 2017	5.03%	1,477,492
445-455 King W	7,275,722	Jul. 2016	5.86%	5,918,010
468 King W	4,246,291	Jul. 2018	6.88%	2,027,407
469 King W	3,062,635	Jun. 2015	6.13%	-
495 King W and 499 King W	6,372,000	Aug. 2011	5.75%	6,372,000
500-522 King W	13,377,148	Aug. 2012	7.38%	12,316,940
602-606 King W	7,281,237	Nov. 2015	5.16%	5,956,874
662 King W	3,165,809	Mar. 2015	5.92%	2,374,849
King-Brant Parking	5,580,547	Jan. 2017	5.18%	4,416,727
King West Central				
116 Simcoe, 200 Adelaide W and 208 Adelaide W	8,245,878	Feb. 2016	5.16%	6,701,483
151 Front W	95,816,058	Nov. 2019	7.50%	65,255,802
179 John St	7,292,721	Jun. 2013	6.60%	6,485,804
217-225 Richmond W.	6,935,240	Jan. 2018	5.74%	5,460,388
185 Spadina	5,131,955	Dec. 2011	6.19%	4,302,622
257 Adelaide W	7,017,817	Aug. 2013	5.70%	6,440,023
312 Adelaide W	11,003,968	Jan. 2016	5.43%	8,979,325
358-360 Adelaide W	2,399,595	Jan. 2011	7.67%	2,255,624
364 Richmond W	4,050,000	Jun. 2017	5.31%	3,738,175
134 Peter	5,911,710	Nov. 2015	5.10%	4,812,972
82 Peter	1,509,676	Nov. 2014	8.10%	-
99 Spadina	10,174,073	Nov. 2017	6.10%	8,749,814
Entertainment District				
67 Richmond W	6,054,716	Nov. 2015	5.19%	4,938,117
193 Yonge	7,826,000	Apr. 2017	5.14%	7,207,096
Downtown				
106 Front E	6,150,000	May. 2017	5.26%	5,663,551
44-50 Wellington St	5,250,800	Aug. 2017	5.76%	4,157,409
36-40 Wellington E	847,249	Nov. 2014	5.99%	-
45-55 Colborne	6,054,229	Sep. 2015	5.54%	4,679,512
St. Lawrence Market				
145 Berkeley	1,627,000	Jun. 2017	5.31%	1,501,731
204-214 King E	11,905,893	Jun. 2015	5.16%	9,828,842
230 Richmond E	8,419,634	Aug. 2015	5.40%	6,144,195
Dominion Square	6,778,536	Dec. 2012	4.98%	6,298,194
489 Queen E ⁽¹⁾	1,933,132	Jan. 2010	5.26%	1,926,076
Queen Richmond Centre	21,815,811	Jun. 2014	6.42%	18,883,411
Queen Richmond				
Toronto	356,551,769			279,654,119

NOTE:

(1) On February 9, 2010, this mortgage was repaid.

Mortgaged Property	Balance as at December 31, 2009 (\$)	Year of Maturity	Interest Rate	Balance at Maturity (\$)
3575 Saint-Laurent	15,322,997	Aug. 2015	4.94%	12,567,352
400 Atlantic	3,514,828	Jan. 2017	5.10%	2,776,805
425 Viger W (+ land)	18,207,775	Dec. 2014	5.55%	15,325,337
4446 Saint-Laurent	5,151,374	Jul. 2014	5.05%	3,892,952
5505 Saint-Laurent	19,074,958	Jan. 2012	5.26%	18,190,356
451-481 Saint Catherine	3,923,436	Nov. 2018	6.14%	3,060,360
6300 Avenue du Parc	7,585,953	Jan. 2017	5.01%	5,980,070
Cite Multimedia	136,015,767	Feb. 2014	5.25%	118,618,171
Montreal	208,797,088			180,411,403
115 Bannatyne	2,196,444	Oct. 2013	5.16%	1,996,298
138 Portage E	2,126,250	Jun. 2017	5.24%	1,960,724
250 McDermot	2,077,500	Jun. 2017	5.23%	1,915,514
50-70 Arthur	4,702,500	Jun. 2017	5.18%	4,332,942
Winnipeg	11,102,694			10,205,478
390 Charest - 1st	7,672,521	Jul. 2013	5.93%	7,074,611
390 Charest - 2nd	1,500,000	May. 2010	5.23%	1,500,000
410 Charest	2,234,373	Aug. 2011	6.31%	1,938,226
420 Charest ⁽²⁾	2,568,461	Jan. 2010	5.41%	2,552,401
622 Saint Joseph	249,912	May. 2010	2.42%	242,531
633 Saint Joseph	840,991	Mar. 2010	2.91%	818,023
Quebec City	15,066,258			14,125,793
72 Victoria	5,857,190	Jul. 2016	5.73%	4,195,521
Kitchener-Waterloo	5,857,190			4,195,521
Total	597,374,999			488,592,314

NOTE:

(2) On March 12, 2010, this mortgage was renewed for a term of one year bearing an interest rate of 5.41%.

THE OPTION AGREEMENT

The principal terms of the Option Agreement between Allied Canadian Development Corporation and the REIT are as follows:

- (a) Allied Canadian Development Corporation and any Related Parties may at any time acquire a Development Property, which Development Property will be subject to the provisions of the Option Agreement (provided that any joint venture partner with which Allied Canadian Development Corporation or a Related Party purchases a Development Property shall be required to have its interest subject to the Option Agreement).
- (b) Upon any Development Properties owned by Allied Canadian Development Corporation and any Related Parties reaching Substantial Completion, Allied Canadian Development Corporation and the Related Parties shall offer to the REIT the opportunity to purchase such property at fair market value, as determined by an independent appraiser, and the REIT shall have a period of 120 days to accept or reject such offer and a period of 60 days after acceptance of such offer to close such transaction.
- (c) In addition to the right granted to the REIT pursuant to (b) above, Allied Canadian Development Corporation and any Related Parties shall not sell a Development Property to a third party unless Allied Canadian Development Corporation and the Related Parties have first done the following:
 - (i) offered to sell such Development Property to the REIT at a price stipulated by Allied Canadian Development Corporation and the Related Parties;
 - (ii) allowed the REIT 120 days to accept or reject such offer and a period of 60 days after acceptance of such offer to close such transaction; and

- (iii) sold such Development Property at a price and on terms which are not more favourable to the purchaser than those offered to the REIT within 180 days of the REIT rejecting such offer.

Allied Canadian Development Corporation, its affiliates, Michael R. Emory and Wayne L. Jacobs shall not, during a specified term, purchase or acquire any interest in a Stabilized Property other than through the direct or indirect ownership of Units or securities of other publicly traded securities of entities with whom they deal at arm's length. See "Non-Competition Arrangements".

The Option Agreement will remain in effect until: (i) there is a Change in Control of the REIT and Mr. Emory ceases to be Chief Executive Officer of the REIT; or (ii) Mr. Emory's employment by the REIT is terminated.

On September 1, 2007, the REIT purchased 555 College Street West pursuant to the Option Agreement.

RISK FACTORS

There are certain risks inherent in the activities of the REIT, including the following.

Public Market

The REIT is an unincorporated trust and its Units are listed on the TSX. The REIT cannot predict at what price the Units will trade and there can be no assurance that an active trading market in the Units will be sustained. A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. One of the factors that may influence the market price of the Units is the annual yield on the Units. Accordingly, an increase in market interest rates may lead purchasers of Units to expect a higher annual yield which could adversely affect the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the REIT.

Real Property Ownership

All real property investments are subject to elements of risk. 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, such as availability of long term mortgage funds, local real estate markets, supply and demand for leased premises, competition from other available premises, realty taxes based on market value assessment and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants.

Tenant Terminations and Financial Stability

The REIT's Distributable Income would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the Properties and any additional properties in which the REIT acquires an interest were not able to be leased on economically favourable lease terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the REIT's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to the REIT. The ability to rent unleased space in the properties in which the REIT will have an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition.

Fixed Costs

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made by the REIT throughout the period of its ownership of the Properties and any property in which the REIT subsequently acquires an interest regardless of whether the property is producing any income. If the REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

Liquidity

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were to be required to liquidate its real property investments, the proceeds to the REIT might be significantly less than the aggregate carrying value of its properties.

Financing Risks

The REIT will be subject to the risks associated with debt financing, including the risk that the Mortgages secured by the Properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness and to the risks of changing interest rates. In order to minimize this risk, the REIT attempts to maintain an appropriate mix of fixed rate and floating rate debt and to stagger the maturities of its debt.

Availability of Cash Flow

Distributable Income may exceed actual cash available to the REIT from time to time because of items such as principal repayments of debt, tenant inducements, leasing commissions and capital expenditures, if any. The REIT may be required to use part of its debt capacity or reduce distributions in order to accommodate such items.

Term Debt

Approximately 46% of the principal amount of the Mortgages have terms of five years or less. Variations in interest rates and principal repayments required under the Mortgages and the REIT's operating and acquisition credit facilities, on renewal or otherwise, could result in significant changes in the amount required to be applied to debt service and, as a result, reduce the amount of Distributable Cash available for distribution to Unitholders. Certain covenants in the Mortgages and credit facilities may also limit payments by the REIT to its Unitholders. If the REIT becomes unable to pay its debt service charges or otherwise commits an event of default, the rights of its lenders will rank senior to any rights of Unitholders.

Availability of Growth Opportunities

There can be no assurance that the REIT will be able to acquire assets on an accretive basis or that distributions to Unitholders will increase.

Competition

The real estate business is competitive. Numerous other developers, managers and owners of office properties compete with the REIT in seeking tenants. Some of the properties of the REIT's competitors are better located or less levered than the Properties and any property in which the REIT subsequently acquires an interest. Some of the REIT's competitors are better capitalized and stronger financially and hence better able to withstand an economic downturn. The existence of competing developers and owners and competition for the REIT's tenants could have an adverse effect on the REIT's ability to lease space in its properties and on the rents charged or concessions granted, and could adversely affect the REIT's revenues and its ability to meet its debt obligations. An increase in the availability of investment

funds and an increase in interest in immovable property investments may tend to increase competition for immovable property investments, thereby increasing purchase prices and reducing the yield on them. Competition for acquisitions of real properties is intense, and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that the REIT is prepared to accept.

General Uninsured Losses

The REIT carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. The REIT will have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but the REIT would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Interest Rate Fluctuations

The REIT's financing may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the REIT's cost of borrowing.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as, to fund its growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms.

Environmental Matters

As an owner of real property, the REIT is subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that the REIT 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 the REIT's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the REIT. The REIT is not aware of any material non-compliance with environmental laws at any of the Properties. The REIT 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.

The REIT will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, the REIT does not believe that costs relating to environmental matters will have a material adverse effect on the REIT's business, financial condition or results of operation. However, environmental laws and regulations may change and the REIT 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 the REIT's business, financial condition or results of operation. It is the REIT'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. See "Investment Guidelines and Operating Policies - Operating Policies".

Development Risk

As an owner of Properties Under Development, the REIT is subject to development risks, such as construction delays, cost over-runs and the failure of tenants to take occupancy and pay rent in accordance with lease arrangements. In connection with all Properties Under Development, the REIT

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 by not commencing construction until a satisfactory level of pre-leasing is achieved. Overall, these risks are managed by ensuring that Properties Under Development do not represent a large component of the REIT's Gross Book Value. As at December 31, 2009, the cost of Properties Under Development was equivalent to 3.2% of the REIT's Gross Book Value.

Absence of Shareholder Rights

Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions against the REIT. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, it is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Unitholder Liability

On December 16, 2004, the Province of Ontario proclaimed the *Trust Beneficiaries Liability Act (Ontario)* in force. This legislation provides that beneficiaries of Ontario based income trusts are not liable, as beneficiaries, for any act, default, obligation or liability of the income trust. Unitholders of the REIT will have the benefit of this legislation with respect to liabilities arising on or after December 16, 2004. This legislation has not been subject to interpretation by courts in the Province of Ontario or elsewhere.

Potential Conflicts of Interest

The REIT may be subject to various conflicts of interest because of the fact that Allied Canadian Development Corporation and its affiliates, and their respective directors, officers and associates, as well as the Trustees and management of the REIT, are engaged in a wide range of real estate and other business activities.

Although the REIT has entered into the Non-Competition Agreements and the Option Agreement, the REIT may become involved in transactions which conflict with the interests of the foregoing. The Trustees, the management of the REIT, associates or affiliates of Allied Canadian Development Corporation and Allied Canadian Development Corporation may from time to time deal with persons, firms, institutions or corporations with which the REIT may be dealing, or which may be seeking investments similar to those desired by the REIT. In such circumstances, the interests of the Trustees, the management of the REIT, associates or affiliates of Allied Canadian Development Corporation and Allied Canadian Development Corporation could conflict with those of the REIT. In addition, from time to time, these persons may be competing with the REIT for available investment opportunities. Allied Canadian Development Corporation continues to operate as a developer of office properties, which activities may compete with the REIT's properties, including competition for prospective tenants. Any decisions regarding the enforcement by the REIT of the terms of any agreement entered into by the REIT with a Trustee who is not an Independent Trustee, Allied Canadian Development Corporation or an affiliate thereof, or an associate of a non-Independent Trustee must be made by a majority of the Independent Trustees.

The Declaration of Trust contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and refrain from voting. The REIT has entered into the Non-Competition Agreements and the Option Agreement with certain parties which address certain potential conflicts of interest. See "Non-Competition Arrangements" and "Property Portfolio - Option Agreement".

Acquisition and Expansion

The REIT's success will depend in large part on identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions, and effectively operating the Properties. If the REIT is

unable to manage its growth effectively, its business, operating results and any other financial condition could be adversely affected.

Changes in Legislation and Investment Eligibility

There can be no assurance that income tax laws (or in the judicial interpretation thereof or the administrative and/or accessing practices of the Canada Revenue Agency) and/or the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. The REIT will endeavour to ensure that the Units continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds, registered education savings plans and tax-free savings accounts. Units will cease to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and registered education savings plans if the REIT is no longer qualified as a mutual fund trust or as a registered investment. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Reliance on Key Personnel

The management of the REIT depends on the services of certain key personnel, including Michael R. Emory and Wayne L. Jacobs. The loss of the services of any key personnel could have an adverse effect on the REIT.

Tax Treatment of Trusts

In 2007, the Tax Act was amended to change the manner in which certain trusts, which are included in the definition of SIFT trusts in the Tax Act, are taxed. Trusts that meet the definition of real estate investment trust (the "REIT exemption") in the Tax Act are not subject to these rules. The determination as to whether the REIT qualifies for the REIT exemption in a particular taxation year can only be made with certainty at the end of that taxation year. While there can be no assurance in this regard, due to uncertainty surrounding the interpretation of the relevant provisions of the REIT exemption, the REIT expects that it will qualify for the REIT exemption in 2010 and beyond.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations of the REIT for the financial year ended December 31, 2009, as filed on SEDAR at www.sedar.com, is incorporated by reference herein.

MANAGEMENT OF THE REIT

Trustees

The Declaration of Trust provides that the assets and operations of the REIT are subject to the control and authority of between seven and nine Trustees. There are currently seven Trustees. The number of Trustees may be changed by the Unitholders or, if authorized by the Unitholders, by the Trustees, provided that the Trustees may not, between meetings of Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. The Trustees have been authorized to change the number of Trustees as aforesaid. A vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees or by the Unitholders at a meeting of the Unitholders.

The Trustees are to be elected by resolution passed by a majority of the votes cast at a meeting of the Unitholders. Trustees elected at an annual meeting will be elected for terms expiring at the next annual meeting and will be eligible for re-election. A Trustee elected to fill a vacancy will be elected for the remaining term of the Trustee he or she is succeeding.

The approval of the Trustees or, if an Investment Committee has been appointed, of the Investment Committee, is required prior to the REIT making any acquisition or disposition and for the assumption or granting of any mortgage, but not for the renewal of any existing mortgage. The Declaration of Trust contains additional provisions to the following effect with respect to Trustees: (i) a majority of the Trustees must be resident in Canada and must be Independent Trustees; and (ii) a Trustee may be removed with or without cause by two-thirds of the votes cast at a meeting of Unitholders or with cause by two-thirds of the Trustees.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on a director of a corporation governed by the *Canada Business Corporations Act*. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his office honestly, in good faith and in the best interests of the REIT and the Unitholders and, in connection therewith, to exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitations on the REIT. Given that the Trustees are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the *Canada Business Corporations Act*, that require each Trustee to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture arrangement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee is required to disclose in writing to the REIT or request to have entered into the minutes of meetings of Trustees the nature and extent of his interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his remuneration as a Trustee, officer, employee or agent of the REIT or one for indemnity under the provisions of the Declaration of Trust or liability insurance.

Independent Trustee Matters

In addition to any other approvals, the approval of a majority of the Independent Trustees is required in order for the following matters involving a potential conflict of interest to become effective: (i) the acquisition of real property or an investment in real property in which Allied Canadian Development Corporation or any of its Related Parties has any direct or indirect interest; (ii) a material change to any of the Option Agreement (including any loan agreement entered into pursuant thereto) or the 2003 Non-Competition Agreements; (iii) the enforcement of any agreement entered into by the REIT with a Trustee that is not an Independent Trustee or an associate thereof or with Allied Canadian Development Corporation or an affiliate or associate thereof; (iv) to waive or amend the provisions of any of the Option Agreement or the Non-Competition Agreements; (v) to waive the application of the Rights Plan to any flip-in event (as such term is defined in the Rights Plan); and (vi) any matter involving the REIT in which Allied Canadian Development Corporation or any of its associates or affiliates has an interest.

Trustees and Officers

The name and municipality of residence, office held with the REIT and principal occupation of each Trustee and executive officer of the REIT as at the date hereof are as follows:

Name and Municipality of Residence	Position with the REIT	Trustee Since	Principal Occupation
Gerald R. Connor ⁽¹⁾⁽³⁾ Toronto, Ontario	Trustee	2002	Chairman, Cumberland Private Wealth Management Inc. (discretionary money manager)
Gordon R. Cunningham ⁽²⁾⁽³⁾ Toronto, Ontario	Trustee and Chairman	2002	Corporate Director
Michael R. Emory Toronto, Ontario	Trustee, President and Chief Executive Officer	2002	President and Chief Executive Officer of the REIT
James Griffiths ⁽¹⁾⁽³⁾ Toronto, Ontario	Trustee	2006	President, KLC Capital Investment Corporation (consulting and advisory services)
Wayne L. Jacobs Toronto, Ontario	Executive Vice President	-	Executive Vice President of the REIT
Robert W. Martin ⁽²⁾⁽³⁾ Toronto, Ontario	Trustee	2002	Corporate Director
Ralph T. Neville ⁽¹⁾⁽³⁾ Toronto, Ontario	Trustee	2008	Chartered Accountant and Tax Advisor
Marianne O'Leary Toronto, Ontario	Senior Vice President, Real Estate Operations	-	Senior Vice President, Real Estate Operations of the REIT
Daniel F. Sullivan ⁽²⁾⁽³⁾ Toronto, Ontario	Trustee	2002	Consul General of Canada in New York
Tom Wenner Toronto, Ontario	Chief Financial Officer and Secretary	-	Chief Financial Officer of the REIT

Notes:

- (1) Member of the Audit Committee
- (2) Member of Governance and Compensation Committee
- (3) Independent Trustee

All Trustees of the REIT serve until the next annual meeting of Unitholders or until such Trustee's successor is duly elected or appointed. To the knowledge of the REIT, as at the date hereof, the Trustees and executive officers of the REIT beneficially owned, directly or indirectly, or had control or direction over 1,296,865 Units (includes Units and Units issuable under the LTIP), representing approximately 3.3% of the outstanding Units. Additional information regarding the Trustees and executive officers of the REIT listed above is set forth below. See "Interest of Management and Others in Certain Transactions". As a Trustee of Atlas Cold Storage Income Trust, Mr. Martin was subject to a management and insider cease trade order issued by the Ontario Securities Commission on December 2, 2003, as a result of Atlas' failure file its interim financial statements for its nine-month period ended September 30, 2003. The cease trade order was extended on December 15, 2003, and, following the completion by Atlas of all required filings, allowed to lapse on February 2, 2004. In addition, Mr. Griffiths was President and Chief Executive Officer of Krystal Bond Inc., which company was the subject of a cease trade order issued by the Ontario Securities Commission in 2002.

Gerald R. Connor:

Mr. Connor is the Chairman of Cumberland Private Wealth Management Inc., which currently manages assets in excess of \$1.0 billion for primarily high net worth investors. Prior to founding Cumberland Private Wealth Management Inc. in 1997, Mr. Connor was President of Connor, Clark & Company Ltd. (1977 to 1997) and Chairman of the board of directors of Connor, Clark & Lunn Investment Management. Mr. Connor has over 40 years of investment experience.

Gordon R. Cunningham:

Mr. Cunningham is the Chairman of the REIT. Positions Mr. Cunningham has previously held include President and Chief Executive Officer of London Insurance Group and London Life Insurance Company, Vice Chairman of Cumberland Private Wealth Management Inc. and director of Intertape Polymer Group Inc. Mr. Cunningham was formerly a partner at the law firm of Torys.

- Michael R. Emory:** Mr. Emory is the President and Chief Executive Officer and a trustee of the REIT. He is also President and Chief Executive Officer and a director of Allied Canadian Development Corporation, positions he has held since 1988. Prior thereto, Mr. Emory was a partner with the law firm of Aird & Berlis LLP, specializing in corporate and real estate finance. He has been continuously active in the commercial real estate business since that time.
- James Griffiths:** Mr. Griffiths is a director and the Vice President, Finance of Ennsolutions Group, Inc. He is a chartered accountant and has over 25 years of experience in the real estate development/ financing industries. He was the Vice President Finance of Genstar Property Corporation and the President of First City Development Corp. He was also President of RealFund, Canada's first Real Estate Investment Trust. Mr. Griffiths is a past director of the Canadian Institute of Public Real Estate Companies and was the Founding Chairman of the Association of Foreign Investors in U.S. Real Estate.
- Wayne L. Jacobs:** Mr. Jacobs is Executive Vice President of the REIT. He is also Executive Vice President and a director of Allied Canadian Development Corporation, positions he has held since 1995. Prior to joining Allied Canadian Development Corporation in 1993, Mr. Jacobs was employed by CB Richard Ellis, a leading national real estate brokerage firm. Prior thereto, Mr. Jacobs worked for both Oppenheimer and Lehman Brothers in New York City.
- Robert W. Martin:** Mr. Martin is also a director of York University Foundation and an honorary governor of York University. Mr. Martin was formerly the President and Chief Executive Officer of The Consumers' Gas Company Ltd. and a past director of Enbridge Inc., Enbridge Gas Distribution Inc. and HSBC Bank Canada.
- Ralph T. Neville:** Mr. Neville is a director of Bennett Environmental Inc. He is a chartered accountant and since 2006 serves as an independent tax advisor. Prior thereto, Mr. Neville was a partner in BDO Dunwoody LLP between 1973 and 2005, specializing in income tax practice for corporate clients.
- Marianne O'Leary:** Ms. O'Leary is Senior Vice President, Real Estate Operations of the REIT. She was Senior Vice President, Real Estate Operations of Allied Canadian Development Corporation, a position she held since 1995. Prior to joining Allied Canadian Development Corporation in 1988, Ms. O'Leary was employed by Roycom Securities Inc. where she assisted in the formation of Roycom's Pagebrook Real Estate Mutual Fund, an early real estate based mutual fund. Ms. O'Leary is a Real Estate Institute of Canada Certified Property Manager (CPM) and Certified Manager of Condominiums (CMOC). She is also a licensed real estate agent.
- Daniel F. Sullivan:** Mr. Sullivan is the Consul General of Canada in New York. Prior to December 2006, Mr. Sullivan was Deputy Chairman of Scotia Capital Inc. and has 38 years of experience in the investment banking industry, all of which were with Scotia Capital Inc. and its predecessor entities. He has extensive experience in real estate financing and the acquisition and disposition of commercial properties. Mr. Sullivan has served on the boards of Camco Inc., Allstream Inc, Cadillac Fairview Corporation, Monarch Developments Inc. and Schneider Corporation. He has served as Chairman of the board of directors of the Toronto Stock Exchange Inc. and the Investment Dealers Association of Canada.
- Tom Wenner:** Mr. Wenner is Chief Financial Officer and Secretary of the REIT. Prior to December 31, 2003 he was also Vice President, Finance, of Allied Canadian Development Corporation, a position he held since 1999. Mr. Wenner was previously employed by The Bank of Nova Scotia, Corporate Banking and prior thereto he was employed by Deloitte & Touche. Mr. Wenner is a Chartered Accountant.

Investment Committee

The Declaration of Trust provides that the Trustees may from time to time appoint from among their number an Investment Committee consisting of at least three Trustees (the "**Investment Committee**"). A majority of the members of the Investment Committee must be Independent Trustees.

The Declaration of Trust provides that the Investment Committee shall have the power, to the extent delegated from the Trustees, to approve or reject proposed acquisitions and dispositions of investments by the REIT, to authorize proposed transactions on behalf of the REIT and to approve all borrowings and the assumption or granting of any mortgage. As of the date hereof, the Trustees have not appointed an Investment Committee but may do so in the future.

Governance and Compensation Committee

The Declaration of Trust requires the creation of a Governance and Compensation Committee, consisting of at least three Trustees, to develop and monitor the REIT's approach to matters of governance and to compensation of officers of the REIT. A majority of the members of the Governance and Compensation Committee must be Independent Trustees. The Trustees have appointed a Governance and Compensation Committee consisting of three Trustees, namely, Gordon R. Cunningham (Chair), Robert W. Martin and Daniel F. Sullivan, all of whom are independent.

Audit Committee

The Declaration of Trust requires the creation of an Audit Committee, consisting of at least three Trustees, to monitor the REIT's system of financial controls, to evaluate and report on the integrity of the financial statements of the REIT, enhance the independence of the REIT's external auditors and to oversee the financial reporting process of the REIT. A copy of the mandate of the Audit Committee is attached to this Annual Information Form as Exhibit A. All of the members of the Audit Committee are financially literate and independent (as those terms are defined in Multilateral Instrument 52-110 – *Audit Committees*). The Trustees have appointed an Audit Committee consisting of three Trustees, namely, Gerald R. Connor (Chair), James Griffiths and Ralph T. Neville. In addition to each member's general business experience, the education and experience of each audit committee member that is relevant to the performance of his or her responsibilities as an audit committee member is as follows: Mr. Griffiths is a chartered accountant and a real estate professional. Mr. Connor is Chairman of Cumberland Private Wealth Management Inc. Prior to founding Cumberland Private Wealth Management Inc., Mr. Connor was President of Connor, Clark and Company Ltd. (1977 to 1997). Mr. Connor has over 40 years of investment experience. Mr. Neville is a chartered accountant and a chartered financial analyst with over 40 years of experience with a public accounting firm.

The audit committee pre-approves non-audit services to be provided by the auditors on an annual basis. Authority to approve additional non-audit services is delegated to the Chair of the audit committee.

NON-COMPETITION ARRANGEMENTS

General

On February 20, 2003, each of Allied Canadian Development Corporation and its affiliates, Michael R. Emory and Wayne L. Jacobs entered into a Non-Competition Agreement with the REIT which restrict certain real estate related activities by each of them. In addition, on July 1, 2005, each of the aforementioned parties entered into a Non-Competition Agreement with APM GP, in its capacity as general partner of APM LP, which specifically restricts the provision of third party property management services by each of them.

Scope of Restrictions

Allied Canadian Development Corporation and its affiliates, Michael R. Emory and Wayne L. Jacobs are prohibited from purchasing or otherwise acquiring any interest in a Stabilized Property and from providing third party property management services during the term of the Non-Competition Agreements.

Term of Restrictions

The restrictions in the 2003 Non-Competition Agreements applicable to Allied Canadian Development Corporation and Michael R. Emory, continue until: (i) there is a Change in Control of the REIT and Mr. Emory ceases to be the Chief Executive Officer of the REIT; or (ii) the date on which Mr. Emory's employment by the REIT is terminated. A breach of the 2003 Non-Competition Agreement by any of Allied Canadian Development Corporation, an affiliate of Allied Canadian Development Corporation or Mr. Emory entitles the Trustees to terminate Mr. Emory's employment with the REIT without entitlement to severance.

The restrictions in the 2005 Non-Competition Agreements applicable to Allied Canadian Development Corporation and its affiliates and Michael R. Emory continue until the earlier of: (i) the date on which there is a Change in Control of APM LP; and (ii) and Mr. Emory ceases to be Chief Executive Officer of APM LP.

The restrictions in the Non-Competition Agreements applicable to Wayne L. Jacobs continue until the date on which Mr. Jacobs' employment by the REIT or APM LP, as applicable, is terminated.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides for certain guidelines on investments that may be made by the REIT. The assets of the REIT may be invested only in accordance with the following guidelines:

- (a) the REIT may invest in interests (including fee ownership and leasehold interests) in income producing office and retail properties in Canada;
- (b) the REIT shall not make any investment, take any action or omit to take any action that would result in Units not being units of a "mutual fund trust" within the meaning of the Tax Act, that would result in Units being disqualified for investment by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans or registered education savings plans, that would result in the REIT being liable under the Tax Act to pay a tax as a result of holdings by the REIT of foreign property as defined in the Tax Act or that would result in Units being foreign property for the purpose of the Tax Act;
- (c) the REIT may invest in a joint venture or co-ownership arrangement (a "**joint venture arrangement**") only if:
 - (i) the joint venture arrangement is one pursuant to which the REIT holds an interest in real property jointly or in common with others ("**joint venturers**") either directly or through the ownership of securities of a corporation (a "**joint venture entity**");
 - (ii) the REIT's interest in the joint venture arrangement, and the joint venture arrangement's interest in the particular real property or properties, is not subject to any restriction on transfer other than a right of first refusal, if any, in favour of the joint venturers and a requirement that the transferee enter into an assumption agreement;
 - (iii) the REIT has a right of first refusal to buy the interests of the other joint venturers;
 - (iv) the joint venture arrangement provides an appropriate buy-sell mechanism to enable a joint venturer to purchase the other joint venturers' interests or to sell its interest;
 - (v) the joint venture arrangement provides that the liability of the REIT to third parties is several and not joint and several (and contains an express disavowal of Trustee and Unitholder liability); provided, however, that subject to any remedies that each joint venturer may have against the other joint venturers, a joint venturer may be required to give up its interest in any particular property owned by the joint venture entity as a result of another joint venturer's failure to honour its proportionate share of the obligations relating to such property;

- (vi) the joint venture arrangement permits, but does not require, the REIT or its designee to participate fully in the management thereof;
 - (vii) the joint venture arrangement is approved by a majority of the Independent Trustees or, if the number of Independent Trustees is less than three, by all the Independent Trustees; and
 - (viii) the REIT receives an opinion from counsel to the effect that the REIT is not exposed to any additional or unusual liabilities as a result of the joint venture arrangement;
- (d) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term “hedging” shall have the meaning ascribed thereto by National Instrument 81-102 adopted by the Canadian Securities Administrators, as amended from time to time;
- (e) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province or of Canada, short-term government debt securities, or money market instruments of, or guaranteed by, a Schedule 1 Canadian bank maturing within one year from the date of issue or except as permitted pursuant to paragraphs (c), (d), (g), (i), (j) and (k) under the heading “Investment Guidelines and Operating Policies — Investment Guidelines”, the REIT shall not hold securities of another issuer unless either (i) such securities derive their value, directly or indirectly, principally from real property, or (ii) the principal business of the issuer of the securities is the ownership or operation, directly or indirectly, of real property, or (iii) shares of a corporation which carries on a business which is ancillary or incidental to an income producing office property in Canada in which the REIT holds an interest (in each case as determined by the Trustees);
- (f) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (g) the REIT shall not acquire interests in general partnerships or limited partnerships provided that the REIT may invest in a limited partnership if:
- (i) the limited partnership is formed and operated solely for the purpose of acquiring, owning, maintaining, improving, leasing or managing a particular real property or properties or interests therein;
 - (ii) the REIT’s interest in the limited partnership is not subject to any restriction on transfer other than a right of first offer or right of first refusal, if any, in favour of any other partner or any affiliate thereof and a requirement that the transferee enter into an assumption agreement;
 - (iii) the REIT has a right of first offer or right of first refusal to buy the interests of the other partners;
 - (iv) the limited partnership arrangement provides an appropriate buy-sell mechanism to enable a limited partner to purchase the other limited partners’ interests or to sell its interests; and
 - (v) the limited partnership arrangement is approved by a majority of the Independent Trustees or, if the number of Independent Trustees is less than three, by all the Independent Trustees,

provided that, notwithstanding the foregoing, the REIT may from time to time enter into any limited partnership arrangement which does not comply with any of

subparagraphs (ii), (iii) or (iv) above if the Trustees determine that the investment is desirable for the REIT and otherwise complies with the investment restrictions, investment guidelines and operating policies established in accordance with the Declaration of Trust and in effect at such time;

- (h) the REIT shall not invest in raw land except raw land: (i) which is ancillary to property which the REIT is otherwise permitted to purchase or already owns; or (ii) for the purpose of developing new properties which will be or are expected to be upon completion income producing;
- (h.1) the aggregate amount of the acquisition costs of all Properties Under Development and the development costs of all Properties Under Development will not exceed 15% of the Gross Book Value;
- (i) the REIT may invest in mortgages if the REIT intends to use the acquisition of the mortgages as a method of acquiring control of an income-producing real property which would otherwise comply with the investment restrictions, investment guidelines and operating policies established in accordance with the Declaration of Trust and in effect at such time and provided the aggregate book value of the investments of the REIT in these mortgages, after giving effect to the proposed investment, will not exceed 20% of the Adjusted Unitholders' Equity;
- (j) the REIT shall not invest in or acquire securities of a Canadian real estate investment trust unless:
 - (i) the activities of the real estate investment trust are focused on acquiring, holding, maintaining, improving, leasing or managing primarily income-producing real properties; and
 - (ii) in the case of any proposed investment or acquisition which would result in the REIT owning beneficially more than 10% of the outstanding units of such real estate investment trust (the "**acquired trust**"), the investment is made for the purpose of subsequently effecting the merger or combination of the operations and assets of the REIT and the acquired trust or for otherwise ensuring that the REIT will control the undertaking and operations of the acquired trust;
- (k) subject to paragraph (b), the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by the REIT and secured by a mortgage on such property) up to 15% of the Adjusted Unitholders' Equity of the REIT in investments or transactions which do not comply with paragraphs (a), (c), (e), (i) and (j) under the heading "Investment Guidelines and Operating Policies — Investment Guidelines" or paragraph (d) under the heading "Investment Guidelines and Operating Policies — Operating Policies";
- (l) the REIT shall not acquire any interest in a single real property if, after giving effect to the proposed acquisition, the cost to the REIT of such acquisition (net of the amount of acquisition debt) will exceed 20% of the REIT's Adjusted Unitholders' Equity; and
- (m) the Trust may invest in interests (including fee ownership and leasehold interests) in income producing office properties in the United States.

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement. Nothing in the guidelines

prohibits the REIT from holding some or all of the receivables due pursuant to the instalment receipt agreements.

Operating Policies

The Declaration of Trust provides that the operations and affairs of the REIT shall be conducted in accordance with the following policies:

- (a) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage, or (ii) to the extent the Trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the Unitholders, any written instrument which in the judgment of the Trustees is a material obligation must, in each case, contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from, the private property (including, without limitation, any private property consisting of or arising from a distribution of any kind or nature by the REIT) of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof will be bound; the REIT, however, is not required, subject to having, in the opinion of the Trustees, used all reasonable efforts to comply with this requirement, to comply in respect of obligations assumed by the REIT upon the acquisition of real property;
- (b) the REIT will not lease or sublease to any person any real property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market value net of encumbrances in excess of 20% of the Adjusted Unitholders' Equity of the REIT;
- (c) the limitation contained in paragraph (b) will not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by:
 - (i) the Government of Canada, the Government of the United States, any province of Canada, any state of the United States, any municipality or city in Canada or the United States, or any agency thereof; or
 - (ii) a Canadian chartered bank or its subsidiaries or a life insurance company registered or licensed federally or under the laws of a province of Canada;
- (d) the REIT may engage in construction or development of real property in order to maintain its real properties in good repair or to expand upon or enhance the income-producing potential of properties in which the REIT has an interest;
- (e) title to each real property must be held by and registered in the name of the REIT, the Trustees, a trustee for the REIT or in the name of a corporation or other entity wholly-owned, directly or indirectly, by the REIT or, directly or indirectly, by the REIT together with joint venturers, partners or co-owners;
- (f) the REIT will not incur or assume any indebtedness if, after the incurring or assuming of the indebtedness, the total indebtedness of the REIT would be more than 60% of the Gross Book Value, excluding convertible debentures (or 65% of the Gross Book Value, including the entire principal amount of indebtedness outstanding pursuant to any convertible debentures, if any such convertible debentures are outstanding). For the purposes of this subsection, "indebtedness" means (without duplication) on a consolidated basis:
 - (i) any obligation of the REIT for borrowed money (including, for greater certainty, the specified amount of convertible debentures, notwithstanding the presentation

of such securities in the REIT's financial statements in accordance with generally accepted accounting principles);

- (ii) any obligation of the REIT incurred in connection with the acquisition of property;
- (iii) any obligation of the REIT issued or assumed as the deferred purchase price for property;
- (iv) any capital lease obligation of the REIT; and
- (v) any obligation of a person other than the REIT of the type referred to in (i) through (iv) above, the payment of which is guaranteed by the REIT or for which the REIT is responsible or liable;

provided that, for the purposes of paragraphs (i) through (v) above (except as specifically provided with respect to convertible debentures in paragraph (i) above), an obligation will constitute "indebtedness" only to the extent that it would appear as a liability on the consolidated balance sheet of the REIT in accordance with generally accepted accounting principles;

- (g) unless otherwise approved by a majority of the Trustees, at no time shall the total indebtedness of the REIT (other than secured trade payables, accrued expenses and distributions payable): (i) having floating interest rates; or (ii) having maturities of less than one year at the time of incurrence of the debt, exceed an amount equal to 15% of the Gross Book Value of the assets of the REIT;
- (h) the REIT will not directly or indirectly guarantee any indebtedness or liabilities of any person unless such guarantee is given in connection with or incidental to an investment that is otherwise permitted under the heading "Investment Guidelines and Operating Procedures — Investment Guidelines";
- (i) the REIT shall obtain an independent appraisal of each property that it acquires;
- (j) the REIT shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and
- (k) the REIT shall obtain a Phase I environmental assessment of each real property to be acquired by it and, if the Phase I environmental assessment report recommends a Phase II environmental assessment be conducted, the REIT shall have conducted a Phase II environmental assessment, in each case by an independent and experienced environmental consultant; such assessment as a condition to any acquisition, must be satisfactory to the Trustees.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading "Investment Guidelines and Operating Policies — Investment Guidelines" and the operating policies contained in paragraphs (e), (g), (h), (i) and (j) under the heading "Investment Guidelines and Operating Policies - Operating Policies" may be amended only with the approval of at least 66 2/3% of the votes

cast by Unitholders of the REIT at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

DECLARATION OF TRUST AND DESCRIPTION OF UNITS

General

The REIT is an unincorporated trust created pursuant to the Declaration of Trust and governed by the laws of the Province of Ontario.

Units

The beneficial interests in the REIT are divided into a single class of Units. The aggregate number of Units which the REIT may issue is unlimited. Units represent a Unitholder's proportionate undivided beneficial interest in the REIT. No Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of the REIT. Each Unit confers the right to one vote at any meeting of Unitholders and to participate pro rata in any distributions by the REIT and, in the event of termination of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units are transferable. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without Unitholder approval. Fractional Units will not entitle the holders thereof to vote except to the extent they may represent in the aggregate one or more whole Units.

Limitation on Non-Resident Ownership

At no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Units and the Trustees shall inform the transfer agent and registrar of the REIT of this restriction. The transfer agent and registrar may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the transfer agent and registrar becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar will advise the Trustees, and upon receiving direction from the Trustees, may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a non-resident. If, notwithstanding the foregoing, the transfer agent and registrar determines that more than 49% of the Units are held by non-residents, the transfer agent and registrar may, upon receiving a direction and suitable indemnity from the Trustees, send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not non-residents within such period, the transfer agent and registrar, upon receiving a direction from the Trustees, may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale, subject to the right to receive payment of any distribution declared by the Trustees which is unpaid and owing to such Unitholders upon surrender of the certificate representing such Units.

PRICE RANGE AND TRADING VOLUME OF THE UNITS

The Units of the REIT are listed on the TSX and are quoted under the symbol "AP.UN". The following table sets forth, for the periods indicated, the closing market price ranges and trading volumes of the Units on the TSX.

	High (\$)	Low (\$)	Volume
2009			
January	13.55	11.43	1,019,235
February	13.40	11.60	1,410,430
March	12.85	11.74	965,690
April	13.68	12.19	889,608
May	15.01	13.18	1,014,617
June	14.86	14.18	1,666,969
July	15.60	14.65	1,279,153
August	17.74	15.68	1,142,763
September	17.12	16.50	2,322,266
October	16.84	16.12	2,527,877
November	17.90	16.72	1,977,553
December	19.75	17.60	1,588,186
2010			
January	20.13	18.57	1,557,511
February	19.62	18.79	1,038,751

On March 30, 2010, the closing price of the Units on the TSX was \$20.65.

DISTRIBUTIONS AND DISTRIBUTION POLICY

The following outlines the distribution policy of the REIT as contained in the Declaration of Trust. The distribution policy (specifically, the requirements of the Declaration of Trust relating to distributions) may be amended only with the approval by a majority of the votes cast at a meeting of Unitholders. Subject to compliance with such distribution policy, determinations as to the amounts actually distributable are in the discretion of the Trustees.

General

The REIT currently intends to make monthly cash distributions to Unitholders on each Distribution Date and the REIT is focussed on increasing distribution to Unitholders on a regular and prudent basis although, pursuant to the Declaration of Trust, the REIT is only required to pay or declare payable each taxation year the greater of (i) 75% of its Distributable Income; or (ii) an amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be subject to tax on its net income and net capital gains under Part I of the Tax Act. The level of distributions paid by the REIT is expected to fluctuate from year to year. If the Trustees anticipate a cash shortfall and determine that it would be in the best interests of the REIT, they may reduce for any period the percentage of Distributable Income to be distributed to Unitholders. The REIT shall also distribute to Unitholders, and the Unitholders will have a right to receive, on December 31 of each year (i) the net realized capital gains of the REIT and (ii) any excess of the income of the REIT for the purposes of the Tax Act for the year then ended over distributions otherwise made for that year. Distributions of Distributable Income may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than or less than the Trustees' estimates for the prior periods. Distributions shall be made in cash or Units pursuant to any distribution reinvestment plan adopted by the Trustees pursuant to the Declaration of Trust. Any distribution shall be made proportionately to persons who are Unitholders as at the close of business on the record date for such distribution, which shall be the last Business Day of the calendar month preceding the month in which the Distribution Date falls, or if such date is not a Business Day then the next following Business Day, or such other date, if any, as is fixed in accordance with the Declaration of Trust. It is expressly declared in the Declaration of Trust that a Unitholder shall have the legal right to enforce payment as of the Distribution Date of any amount which is required to be distributed to a Unitholder pursuant to the Declaration of Trust. The Trustees, if they so determine when income has been accrued but not collected may, on a temporary basis, transfer sufficient moneys from the capital to the income account of the REIT to permit distributions under the Declaration of Trust to be effected.

Computation of Distributable Income for Distribution Purposes

The Distributable Income of the REIT for any period is calculated based on the consolidated net income of the REIT and its subsidiaries determined in accordance with GAAP, including adding back or deducting as required: (i) depreciation on rental properties; (ii) amortization of the premiums or discounts on assumed mortgages; (iii) non-cash rental revenue recorded to recognize rental income rateably over the life of each lease; (iv) non-cash compensation expenses with respect to the long term incentive plan; (v) amortization of values ascribed in a building acquisition to in-place leases and customer relationships; and (vi) amortization of values ascribed in a building acquisition to above-market and below-market leases. Distributable Income so calculated may reflect any other adjustments determined by the Trustees in their discretion and may be estimated whenever the actual amount has not been fully determined. Such estimates will be adjusted as of the subsequent Distribution Date when the amount of Distributable Income has been finally determined. The underlying reason for the adjustments to net income described above is that these items are regarded by management as being of a non-cash nature which will not impact the REIT's ability to achieve its objectives.

Computation of Net Realized Capital Gains

The net realized capital gains of the REIT for any year means the amount, if any, by which the capital gains of the REIT for the year exceed the aggregate of the amount of any capital losses of the REIT for the year.

Tax Deferral on Distributions

A portion of the distributions to be made by the REIT to Unitholders in 2009 will be tax deferred by reason of the REIT's ability to claim capital cost allowance and certain other deductions. In 2007 such portion was 57.32%, in 2008 such portion was 58.83% and in 2009 such portion was 67.47%. The adjusted cost base of Units held by a Unitholder will generally be reduced by the non-taxable portion of distributions made to the Unitholder (other than the non-taxable portion of certain capital gains). A Unitholder will generally realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise be a negative amount.

Distribution Reinvestment Plan

The REIT has implemented a Distribution Reinvestment Plan pursuant to which Unitholders resident in Canada may elect to have all their distributions of income of the REIT automatically reinvested in additional Units at a price per Unit calculated by reference to the weighted average of the closing price of Units on the TSX for the five trading days immediately preceding the relevant Distribution Date. A Unitholder who so elects will receive an additional distribution of Units equal in value to 5% of each distribution that was reinvested by the Unitholder. No brokerage commissions are payable in connection with the purchase of Units under the Distribution Reinvestment Plan and all administrative costs are borne by the REIT. Unitholders resident outside of Canada are not be entitled to participate in the Distribution Reinvestment Plan. Upon ceasing to be a resident of Canada, a Unitholder must terminate the Unitholder's participation in the Distribution Reinvestment Plan.

In respect of each month from April 2003 to and including February 2004, the REIT paid a distribution of \$0.09167 per Unit. In respect of each month from March 2004 to and including February 2005, the REIT paid a distribution of \$0.095 per Unit. In respect of each month from March 2005 to and including February 2006, the REIT paid a distribution of \$0.09833 per Unit. In respect of each month from March 2006 to and including February 2007, the REIT paid a distribution of \$0.10167 per Unit. In respect of each month from March 2007 to and including February 2008, the REIT paid a distribution of \$0.105 per Unit. In respect of each month from March 2008 to and including February 2010, the REIT paid a distribution of \$0.11 per Unit.

UNITHOLDERS' RIGHTS PLAN

The REIT has established a Unitholders' rights protection plan (the "**Rights Plan**"). The material terms of the Rights Plan are summarized below and are substantially the same as the Unitholders' rights protection plan originally implemented by the REIT at the IPO apart from changes to the definitions of Expiration Time and Lock-up Agreement, which changes are discussed below. This summary is qualified in its entirety by reference to the actual provisions of the Rights Plan. All capitalized terms which are used in this summary and are not otherwise defined have the meanings which are attributed to them in the Rights Plan.

General

To implement the Rights Plan, the Trustees will authorize the issuance of one right (a "**Plan Right**") in respect of each Unit when issued. Each Plan Right entitles the registered holder to purchase from the REIT one Unit for the Exercise Price, subject to adjustment as set out in the Rights Plan. In the event of an occurrence of a Flip-in Event (as defined below), each Plan Right entitles the registered holder to purchase from the REIT that number of Units that have an aggregate Market Price (as defined in the Rights Plan) on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price (as defined in the Rights Plan), in accordance with the terms of the Rights Plan, for an amount in cash equal to the Exercise Price, subject to certain adjustments. The Plan Rights are not exercisable prior to the Separation Time (as defined below). The issuance of the Plan Rights will not affect reported earnings per Unit until the Plan Rights separate from the underlying Units and become exercisable. The issuance of Plan Rights will not change the manner in which Unitholders currently trade their Units. The Rights Plan must be reconfirmed by a resolution passed by a majority of the votes cast by all Unitholders at every third annual meeting of Unitholders. If the Rights Plan is not so reconfirmed, the Rights Plan and all outstanding Plan Rights shall terminate and be void and of no further force and effect, provided that such termination shall not occur if a Flip-in Event that has not been waived pursuant to the Rights Plan has occurred prior to such annual meeting.

The rights protection plan implemented by the REIT at the IPO had a ten-year term expiring February 20, 2013, subject to the reconfirmation by Unitholders every third annual meeting of Unitholders. The Trustees of the REIT amended the definition of Expiration Time to provide that the Rights Plan must be reconfirmed and approved by Unitholders every three years without specifying a fixed term.

Flip-in Event

A "Flip-in Event" means a transaction as a result of which a Person becomes an Acquiring Person (as defined below). On the occurrence of a Flip-in Event, any Plan Rights Beneficially Owned on or after a date determined in accordance with the Rights Plan by an Acquiring Person (including any affiliate or associate thereof or any Person acting jointly or in concert with an Acquiring Person or any affiliate or associate of an Acquiring Person) and certain transferees of Plan Rights will become void and any such holder will not have any right to exercise Plan Rights under the Rights Plan and will not have any other rights with respect to the Plan Rights.

Acquiring Person

An "Acquiring Person" is, generally, a Person who is the Beneficial Owner of 20% or more of the outstanding Units of the REIT. Under the Rights Plan there are various exceptions to this rule, including that an Acquiring Person: (i) shall not include: (A) the REIT or a subsidiary of the REIT, and (B) an underwriter or selling group member during the course of a public distribution, and (ii) may not, in certain circumstances, include a Person who becomes the Beneficial Owner of 20% or more of the outstanding Units as a result of any one of certain events or combinations of events that include: (A) a Unit reduction through an acquisition or redemption of Units by the REIT, and (B) an acquisition of Units made pursuant to a Permitted Bid (as defined below) or a Competing Permitted Bid.

Beneficial Ownership

A Person is deemed to be the “Beneficial Owner” of, and to “Beneficially Own”, Units in circumstances where that Person or any of its affiliates or associates: (i) is the owner of the Units at law or in equity, or (ii) in certain circumstances, has the right to become the owner at law or in equity where such right is exercisable within 60 days and includes any Units that are Beneficially Owned by any other Person with whom such Person is acting jointly or in concert. Under the Rights Plan there are various exceptions to this rule, including where a Person:

- (a) has agreed to deposit or tender Units to a take-over bid pursuant to a permitted lock-up agreement in accordance with the terms of the Rights Plan; or
- (b) is an investment fund manager or a trust company acting as trustee or administrator who holds such Units in the ordinary course of such duties for the account of another Person or other account(s), an administrator or trustee of one or more registered pension funds or plans, a crown agent or agency, a manager or trustee of a certain mutual funds or a Person established by statute to manage investment funds for employee benefit plans, pension plans, insurance plans or various public bodies, provided that such Person is not making and has not announced an intention to make a take-over bid alone or acting jointly or in concert with any other Person, other than an Offer to Acquire Units (as defined in the Rights Plan) pursuant to a distribution by the REIT, by means of a Permitted Bid, or by means of ordinary market transactions executed through the facilities of a stock exchange or organized over-the-counter market.

Lock-Up Agreements

A bidder, any of its affiliates or associates or any other Person acting jointly or in concert with the bidder may enter into lock-up agreements (each, a “**Lock-up Agreement**”) with the REIT’s Unitholders (each, a “**Locked-up Person**”) whereby such Locked-up Persons agree to tender their Units to the take-over bid or otherwise commit to support a control transaction (the “**Subject Bid**”) without a Flip-in Event occurring. Any such agreement must permit the Locked-up Person to withdraw their Units from the lock-up to tender to another take-over bid or support another transaction that (i) will provide greater value to the Locked-up Person than the Subject Bid or (ii) contains an offering price per Unit that exceeds by as much or more than a specified amount (a “**Specified Amount**”) the value offered under the Subject Bid, and does not provide for a Specified Amount that is greater than 7% of the value offered under the Subject Bid.

The Rights Plan expands on the definition of Lock-up Agreement in the rights protection plan originally put in place by the REIT at the IPO. The definition of Lock-up Agreement is amended to provide that any Lock-up Agreement can be made available to the public, and that under a Lock-up Agreement no “break-up” fees, “top-up” fees, penalties, expense reimbursement or other amounts that exceed in aggregate the greater of: (i) 2.5% of the value payable to the Locked-up Person under the Subject Bid; and (ii) 50% of the amount by which the value payable to the Locked-up Person under another take-over bid or transaction exceeds what such Locked-up Person would have received under the Subject Bid; can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender their Units to the Subject Bid or withdraws such Units previously tendered thereto in order to tender such Units to another take-over bid or participate in another transaction.

Permitted Bid

A Flip-in Event will not occur if a take-over bid is structured as a Permitted Bid. A Permitted Bid is a take-over bid made by means of a take-over circular, which also complies with the following provisions:

- (a) the take-over bid is made to all registered Unitholders of the REIT, wherever resident, other than the Person making the bid;
- (b) the take-over bid contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, irrevocable and unqualified conditions that:

- (i) no Units will be taken-up or paid for pursuant to the take-over bid: (A) before the close of business on a date that is not less than 60 days following the date of the take-over bid; and (B) unless, at the close of business on such date, the Units deposited or tendered pursuant to the take-over bid and not withdrawn constitute more than 50% of the Units outstanding which are held by “independent unitholders” (as defined in the Rights Plan);
- (ii) unless the take-over bid is withdrawn, Units may be deposited pursuant to the take-over bid at any time before the close of business on the date of the first take-up of or payment for Units;
- (iii) any Units deposited pursuant to the take-over bid may be withdrawn until taken-up and paid for; and
- (iv) if the requirement in clause (b) (i) (B) is satisfied, the Person making the bid will make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of Units for not less than ten business days from the date of such public announcement.

Trading of Rights

Until the Separation Time (as defined below), the Plan Rights will be evidenced by the associated issued and outstanding Units of the REIT. The Rights Plan provides that, until the Separation Time, the Plan Rights will be transferred with, and only with, the associated Units. Until the Separation Time, or earlier termination or expiration of the Plan Rights, each new Unit certificate issued after the applicable record time, if any, will display a legend incorporating the terms of the Rights Plan by reference. As soon as practicable following the Separation Time, separate certificates evidencing the Plan Rights (“**Plan Rights Certificates**”) will be mailed to registered Unitholders, other than an Acquiring Person and in respect of any Plan Rights Beneficially Owned by such Acquiring Person, as of the close of business at the Separation Time, and thereafter the Plan Rights Certificates alone will evidence the Plan Rights.

Separation Time

The Plan Rights will separate and trade apart from the Units after the Separation Time until the Expiration Time. Subject to the right of the Trustees to defer it, the “Separation Time” means the close of business on the eighth business day after the earliest of: (i) the first date of a public announcement that a Person has become an Acquiring Person; (ii) the commencement or first public announcement of the intent of any Person to commence a take-over bid other than a Permitted Bid; and (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such.

Waiver

Without the consent of Unitholders or, if applicable, holders of Plan Rights, the Trustees may waive the application of the Rights Plan to a Flip-in Event that would occur by reason of a take-over bid made by means of a take-over bid circular to all Unitholders of REIT provided that, if the Trustees waive the application of the Rights Plan to such Flip-in Event, they will be deemed to have waived the application of the Rights Plan to any other Flip-in Events occurring by reason of a take-over bid made by means of a take-over bid circular to all Unitholders of the REIT which is made prior to the expiry of any take-over bid in respect of which a waiver has been granted by the Trustees. The Trustees may also, subject to certain conditions, waive the application of the Rights Plan to a Flip-in Event triggered by inadvertence.

Redemption

The Trustees with the approval of a majority vote of the votes cast by Unitholders (or the holders of Plan Rights if the Separation Time has occurred) voting in person and by proxy, at a meeting duly called for that purpose, may redeem the Plan Rights at \$0.001 per Plan Right, subject to adjustment in accordance with the Rights Plan. Plan Rights may also be redeemed by the REIT without such approval following

completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition (as defined in the Rights Plan).

Power to Amend

The REIT may make amendments to the Rights Plan to correct clerical or typographical errors without the approval of the holders of Plan Rights. The REIT may make amendments to the Rights Plan to preserve the validity of the Rights Plan in the event of any change in applicable legislation, rules or regulations thereunder with the approval of the Unitholders of the REIT or, in certain circumstances, the holders of Plan Rights, in accordance with the Rights Plan. In other circumstances, amendments to the Rights Plan may require the prior approval of the Unitholders of the REIT or, the holders of Plan Rights.

Exemptions for Investment Advisors

Investment advisors (for fully managed accounts), trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds and administrators of registered pension plans acquiring greater than 20% of the Units are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

Except as otherwise disclosed herein, none of the Trustees, senior officers of the REIT and no Associate or affiliate of any of them has a material interest in any transaction involving the REIT or in any proposed transaction which has materially affected or will materially affect the REIT, except for the following: Messrs. Emory and Jacobs are directors, officers and shareholders of Allied Canadian Development Corporation, Mr. Wenner was an officer of Allied Canadian Development Corporation and Ms. O'Leary is an officer of Allied Canadian Development Corporation, which (i) had interests in the Development Properties that have been sold to the REIT pursuant to the Option Agreement, and (ii) sold its property management business to the REIT on July 1, 2005. Mr. Connor has interests in Cumberland Partners Limited, which had interests in the Initial Properties and the Development Properties that have been sold to the REIT pursuant to the Option Agreement (See the "Option Agreement".) Messrs. Connor and Cunningham also held indirect personal interests in the Development Properties that have been sold to the REIT pursuant to the Option Agreement.

EXPERTS

The REIT's financial statements for the year ended December 31, 2009, have been audited by BDO Canada LLP.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the REIT are BDO Canada LLP.

The transfer agent and registrar of the Units is CIBC Mellon Trust Company.

AUDIT FEES

The following table sets forth all services rendered by the BDO Canada LLP by category, together with the corresponding fees billed by the auditors for each category of service for the financial years ended December 31, 2009 and 2008.

	Years ended December 31	
	<u>2009</u>	<u>2008</u>
Audit Fees ¹	204,000	209,800
Audit-Related Fees ²	115,500	142,000
Tax Fees ³	21,800	18,900

All Other Fees ⁴	152,300	123,100
Total Fees	<u>493,600</u>	<u>493,800</u>

Notes:

- (1) Represents the aggregate fees billed by the REIT's auditors for audit services.
- (2) Represents the aggregate fees billed for assurance and related services by the REIT's auditors that are reasonably related to the performance of the audit or review of the REIT's financial statements and are not included under "Audit Fees".
- (3) Represents the aggregate fees billed for professional services rendered by the REIT's auditors for tax compliance, tax advice and tax planning.
- (4) Represents the aggregate fees billed for products and services provided by the REIT's auditors other than those services reported under "Audit Fees", "Audit Related Fees" and "Tax Fees".

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, entered into by the REIT within the most recently completed financial year of the REIT or before the most recently completed financial year but still in effect:

- (a) the Option Agreement;
- (b) the 2003 Non-Competition Agreements;
- (c) the Declaration of Trust; and
- (d) the Rights Plan;

Electronic copies of the contracts set out above may be accessed on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to the REIT can be found on SEDAR at www.sedar.com. Additional information, including Trustees' and officers' remuneration and indebtedness, principal holders of Units of the REIT and securities authorized for issuance under equity compensation plans, as applicable, is contained in the REIT's information circular prepared in connection with the annual general meeting of Unitholders held on May 12, 2009. Additional financial information is provided in the REIT's audited consolidated financial statements and management's discussion and analysis of financial condition and results of operations for the period ended December 31, 2009. A copy of such documents may be obtained upon request from the Chief Financial Officer of the REIT.

Exhibit A

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST

(the "REIT")

AUDIT COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

The overall purpose of the Audit Committee (the "Committee") of the REIT is to monitor the REIT's system of internal financial controls, to evaluate and report on the integrity of the financial statements including the MD&A and related Press Release of the REIT, to enhance the independence of the REIT's external auditor and to oversee the accounting and financial reporting processes and audits of financial statements of the REIT.

2. COMPOSITION, PROCEDURES AND ORGANIZATION

- 2.1 The Committee shall consist of at least three members of the board of trustees of the REIT (the "**Board**"), each of whom shall be, in the determination of the Board, "independent" as that term is defined by Multilateral Instrument 52-110 Audit Committees, as amended from time to time, and the majority of whom shall be resident Canadians. The definition of "independent" is set out in Exhibit A hereto.
- 2.2 All members of the Committee shall be, in the determination of the Board, "financially literate", as that term is defined by Multilateral Instrument 52-110 Audit Committees, as amended from time to time. The definition of "financially literate" is set out in Exhibit A hereto.
- 2.3 The Board, at its organizational meeting held in conjunction with each annual meeting of unit holders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee. Any member of the Committee ceasing to be a trustee shall cease to be a member of the Committee.
- 2.4 Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from amongst their number.
- 2.5 The Committee shall have access to such officers and employees of the REIT and to the REIT's external auditor and its legal counsel, and to such information respecting the REIT as it considers to be necessary or advisable in order to perform its duties.
- 2.6 Notice of every meeting shall be given to the external auditor, who shall, at the expense of the REIT, be entitled to attend and to be heard thereat.
- 2.7 Meetings of the Committee shall be conducted as follows:
- (a) the Committee shall meet on a regular basis, at such times and at such locations as the chair of the Committee shall determine;
 - (b) the external auditor or any member of the Committee may call a meeting of the Committee;

- (c) any trustee of the REIT may request the chair of the Committee to call a meeting of the Committee and may attend such meeting to inform the Committee of a specific matter of concern to such trustee, and may participate in such meeting to the extent permitted by the chair of the Committee; and
 - (d) the external auditor and management employees shall, when required by the Committee, attend any meeting of the Committee.
- 2.8 The external auditor shall be entitled to communicate directly with the chair of the Committee and may meet separately with the Committee. The Committee, through its chair, may contact directly any employee in the REIT as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.
- 2.9 Compensation to members of the Committee shall be limited to trustee's fees, either in the form of cash or equity, and members shall not accept consulting, advisory or other compensatory fees from the REIT (other than as members of the Board and Board committee members).
- 2.10 The Committee is authorized, at the REIT's expense, to retain independent counsel and other advisors as it determines necessary to carry out its duties and to set their compensation.

3. DUTIES

General

- 3.1 The overall duties of the Committee shall be to:
- (a) assist the Board in the discharge of its duties relating to the REIT's accounting policies and practices, reporting practices and internal controls;
 - (b) establish and maintain a direct line of communication with the REIT's external auditor and assess its performance;
 - (c) oversee the co-ordination of the activities of the external auditor;
 - (d) ensure that the management of the REIT has designed, implemented and is maintaining an effective system of internal controls;
 - (e) monitor the credibility and objectivity of the REIT's financial reports;
 - (f) report regularly to the Board on the fulfilment of the Committee's duties;
 - (g) assist the Board in the discharge of its duties relating to the REIT's compliance with legal and regulatory requirements; and
 - (h) assist the Board in the discharge of its duties relating to risk assessment and risk management.

Oversight of External Auditor

- 3.2 The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the REIT, including the resolution of

disagreements between management and the external auditor regarding financial reporting, and in carrying out such oversight the Committee's duties shall include:

- (a) recommending to the Board a firm of external auditor to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the REIT and recommending the compensation of the external auditor;
- (b) reviewing, where there is to be a change of external auditor, all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 Continuous Disclosure Obligations, as amended from time to time, and the planned steps for an orderly transition;
- (c) reviewing all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102 Continuous Disclosure Obligations, as amended from time to time, on a routine basis, whether or not there is to be a change of external auditor;
- (d) reviewing the engagement letters of the external auditor, both for audit and non-audit services;
- (e) reviewing the performance, including the fee, scope and timing of the audit and other related services and any non-audit services provided by the external auditor; and
- (f) reviewing and approving the nature of and fees for any non-audit services performed for the REIT by the external auditor and consider whether the nature and extent of such services could detract from the firm's independence in carrying out the audit function.

Audits and Financial Reporting

3.3 The duties of the Committee as they relate to audits and financial reporting shall be to:

- (a) review the audit plan with the external auditor and management;
- (b) review with the external auditor and management any proposed changes in accounting policies, the presentation of the impact of significant risks and uncertainties, and key estimates and judgments of management that may in any such case be material to financial reporting;
- (c) review the contents of the audit report;
- (d) question the external auditor and management regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
- (e) review the scope and quality of the audit work performed;
- (f) review the adequacy of the REIT's financial and auditing personnel;
- (g) review the co-operation received by the external auditor from the REIT's personnel during the audit, any problems encountered by the external auditor and any restrictions on the external auditor's work;
- (h) review the internal resources used;

- (i) review the appointments of the chief financial officer, internal auditor (or persons performing the internal audit function) and any key financial executives involved in the financial reporting process;
- (j) review and approve the REIT's annual audited financial statements and those of its subsidiaries in conjunction with the report of the external auditor thereon including related MD&A and Press Release, and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
- (k) review and approve the REIT's interim unaudited financial statements including related MD&A and Press Release and auditors' review thereof, and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
- (l) establish a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and employees' confidential anonymous submission of concerns regarding accounting and auditing matters;
- (m) satisfy itself that adequate procedures are in place for the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements, and periodically re-assess the adequacy of those controls; and
- (n) review the terms of reference for an internal auditor or internal audit function.

Internal Controls

- 3.4 The duties of the Committee as they relate to the review of internal controls over financial reporting shall be to, on an annual basis:
- (a) review the processes that support the CEO's and CFO's certification regarding internal controls over financial reporting ("ICFR") and be satisfied that they constitute a reasonable approach and are diligently performed;
 - (b) review all design or operational weaknesses in ICFR identified in these processes that could have a material impact on the issuer's financial reporting;
 - (c) review how management assessed each weakness, and decided on whether it should be disclosed in the MD&A or not, and should review the "close call" decisions;
 - (d) review the completeness and accuracy of the disclosures provided in the MD&A;
 - (e) review, with advice from legal counsel as necessary, the proposed course of action for CEO and CFO signing of the certificates and consultation with the appropriate securities regulators when unremedied ICFR design weaknesses are disclosed in the MD&A; and
 - (f) review and approve disclosed remediation plans.

Accounting Policies and Disclosure of Financial Information

- 3.5 The duties of the Committee as they relate to accounting and disclosure policies and practices shall be to:

- (a) review changes to accounting principles of the Canadian Institute of Chartered Accountants which would have a significant impact on the REIT's financial reporting as reported to the Committee by management and the external auditor;
- (b) review the appropriateness of the accounting policies used in the preparation of the REIT's financial statements and consider recommendations for any material change to such policies;
- (c) review the status of material contingent liabilities as reported to the Committee by management;
- (d) review the status of potentially significant tax problems as reported to the Committee by management;
- (e) review any errors or omissions in the current or prior year's financial statements;
- (f) review and approve before their release all public disclosure documents containing audited or unaudited financial information, including all annual and interim earnings press releases, management's discussion and analysis, annual information forms and management's discussion and analysis; and
- (g) oversee and review all financial information and earnings and distributable cash flow guidance provided to analysts and rating agencies.

Other

3.6 The other duties of the Committee shall include:

- (a) reviewing any inquiries, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;
- (b) reviewing annual operating and capital budgets;
- (c) reviewing the funding and administration of the REIT's compensation and pension plans, if any;
- (d) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
- (e) inquiring of management and the external auditor as to any activities that may be or may appear to be illegal or unethical; and
- (f) any other questions or matters referred to it by the Board.