



# BLACK-OUT POLICY

December 2006

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Barristers and Solicitors

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## Executive Summary

- If you possess material, non-public information relating to the Trust you may not pass any such information onto others.
- You may not trade your Allied securities during the period commencing 10 days prior to the end of each fiscal quarter and year end and ending on the second trading day following the Release by Allied of such quarterly and annual results.
- If you have access to inside information or undisclosed *material information*, you may not trade in Allied's securities without the approval of the Chief Executive Officer and Secretary.
- If you obtain material, undisclosed information relating to any other company, including customers or suppliers of Allied, you may not buy or sell securities of that entity.
- You should not trade in call or put options or short-sell the securities of Allied and should acquire these securities only as a long-term investment.
- **Failure to comply with this policy will result in disciplinary action, which may include termination of employment, the imposition of fines and the possibility of imprisonment.**
- This policy should be viewed as the minimum criteria for compliance with insider trading laws. Additional guidance should be sought when uncertainty exists regarding a contemplated transaction.
- This policy applies to persons or companies who acquire information from a source known by them to be in a *special relationship* with Allied. (Ex. spouses and close friends).
- Insiders are required to file reports with the Ontario Securities Commission.
- Any inquiry as to the application of these policies should be directed to Michael R. Emory, Chief Executive Officer, Allied Properties Real Estate Investment Trust, at 416.977.9002 Ext. 131 ([memory@alliedproperties.ca](mailto:memory@alliedproperties.ca)).

## Introduction

It is a cornerstone of the capital markets in Canada that all persons investing in securities listed on a public stock exchange have equal access to information that may affect their investment decisions. Public confidence in the integrity of the capital markets requires timely disclosure of material information concerning the business and affairs of reporting issuers, such as Allied Properties Real Estate Investment Trust ("Allied" or the "Trust"), which is listed on the Toronto Stock Exchange ("TSX"). Please note that the terms "Allied" and the "Trust" used herein shall include Allied and all of its subsidiaries from time to time.

## Material Information

*Material information* is any information relating to the business and affairs of Allied that results in or would reasonably be expected to result in a significant change in the market price or value of the Trust's securities.

*Material information* consists of both *material changes* and *material facts* relating to the business and affairs of Allied.

The *Securities Act* (Ontario) requires the disclosure of any *material change* by filing a report with the Ontario Securities Commission as soon as reasonably practicable and, in any event, within ten days of the date on which such change occurs. The provisions of the *Securities Act* (Ontario) are supplemented by the disclosure policies of the TSX which consider that *material information* is broader than the term *material change* since it encompasses material facts that may not entail a *material change* (as that term is defined in the *Securities Act* (Ontario)).<sup>1</sup> The TSX regulations require that *material information* concerning the business and affairs of a listed company such as Allied be disclosed forthwith upon the information becoming known to management. Where information is previously known, it must be disclosed forthwith upon it becoming apparent that the information is material. Senior management of Allied will determine what information is material according to the above definitions and will bear responsibility for compliance with the timely disclosure obligations under applicable securities laws and requirements of the TSX.

Examples of developments in the business and affairs of Allied which are likely to require prompt disclosure include:

1. changes in ownership of securities that may affect control of the Trust;
2. changes in the structure of the Trust, such as reorganizations, amalgamations, etc.;
3. take-over bids or issuer bids;
4. major acquisitions or dispositions;
5. changes in capital structure;
6. borrowing of a significant amount of funds;
7. public or private sale of additional securities;
8. development of new products and developments affecting the Trust's resources, technology, products or market;
9. entering into or loss of significant contracts;
10. firm evidence of significant increases or decreases in near term earnings prospects;

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<sup>1</sup> Bill 198, which received Royal Assent on December 9, 2002, amends the *Securities Act* (Ontario) to, among other things, change the definitions of *material fact* and *material change* in the *Securities Act* (Ontario) as follows: *Material fact* means a fact that would reasonably be expected to have a significant effect on the market price or value of the securities. *Material change* means (i) a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer, or (ii) a decision to implement such a change made by the board of directors or other persons acting in a similar capacity or by senior management of the issuer who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable.

11. changes in capital investment plans or objectives of the Trust;
12. significant changes in management;
13. significant litigation;
14. major labour disputes and disputes with major contractors or suppliers;
15. events of default under financing or other agreements; and
16. any other developments relating to the business and affairs of the Trust that would reasonably be expected to significantly affect the market price or value of any of the Trust's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

### **Persons in a “*Special Relationship*” with the Trust**

The restrictions on insider trading set out in section 76 of the *Securities Act* (Ontario) apply to any person or company in a “*special relationship*” with a reporting issuer. For the purposes of this policy, persons in such a relationship with Allied include<sup>2</sup>

1. Trustees, Officers and Employees of Allied;
2. insiders of Allied;
3. a person or company that is or proposes to engage in any business or professional activity with or on behalf of Allied; and
4. a person or company that learns of a *material fact* or *material change* from another person or company and knows or ought reasonably to have known that the other person or company is in a *special relationship* with Allied.

Thus, each of the employees of Allied and the insiders of Allied, are in a *special relationship* with the Trust. As such, the provisions of this policy apply to each of them and they are all restricted from trading on the basis of *material information* regarding the business and affairs of the Trust that is not generally disclosed. The policies set out herein are designed to assist the employees and insiders of Allied in complying with applicable securities laws.

Please note that persons who learned of a *material fact* or *material change* while in a *special relationship* with the Trust, but who are no longer in such a *special relationship*, are similarly prohibited from purchasing or selling securities of the Trust, unless the material fact or material change has been generally disclosed.

The potential scope of a chain of tippees is significantly expanded by the inclusion in the definition of *special relationship*, persons or companies who acquire information from a source known to them to have a *special relationship* with Allied. It would, for example, also capture spouses and close friends.

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<sup>2</sup> Additional persons considered to be in a *special relationship* with Allied will include those who are insiders, affiliates or associates of Allied, a person or company proposing to make a take-over bid of Allied, and a person or company proposing to become a party to a reorganization, amalgamation, merger or similar business arrangement with Allied.

Allied has established a firm rule prohibiting all persons who have access to confidential information from making use of such information in trading in the Trust's securities before such information has been fully disclosed to the public and a reasonable period of time for dissemination of the information has passed. (See – “General Restrictions on Trading by Persons in a *Special Relationship* with the Trust”).

### **Confidentiality**

No one in a *special relationship* with Allied may inform or ‘tip’ another person or company of a previously undisclosed *material fact* or *material change* with respect to the business and affairs of Allied, other than in the necessary course of business. Such tipping is in direct contravention of Ontario securities laws and exposes the disclosing party to potential sanctions. Unless specifically authorized by senior management, you must maintain undisclosed material information regarding the business and affairs of Allied in strict confidence. The following questions should be considered prior to any disclosure being made:

1. Is the information a *material fact* or a *material change*?
2. Has the information in question been generally disclosed?
3. Is the disclosure in the necessary course of business?

Where you are uncertain about any of the above questions, a member of Senior Management should be contacted prior to the disclosure of any information.

### **General Restrictions on Trading by Persons in a *Special Relationship* with the Trust**

Persons or companies in a *special relationship* with Allied and who either possess or have access to *material information* regarding the business and affairs of the Trust are prohibited from trading until the *material information* has been fully disclosed to the public and a reasonable period of time has passed for the information to be disseminated. This prohibition applies not only to trading in the securities of Allied but also to trading in other securities whose value might be affected by changes in the price of Allied's securities. Furthermore, persons or companies in a *special relationship* with Allied who possess material non-public information relating to the Trust may not pass any such information onto others.

Persons or companies in a *special relationship* with Allied who, while acting for the Trust, obtain material undisclosed information which relates to any other company, including customers or suppliers of Allied, may not buy or sell securities of that company, customer or supplier or otherwise misuse such information.

It is recommended that you not engage in the following transactions with respect to the securities of Allied, as the following types of transactions may not be viewed favourably by securities regulatory authorities in retrospect if there were suspicions of insider trading:

- (a) selling short; or
- (b) trading in call or put options.

You should also refrain from frequent buying and selling of the securities of Allied for the purpose of realizing short-term profits and should acquire securities only as a long-term investment.

As noted above under the heading “Confidentiality”, Persons or companies in a *special relationship* with Allied must not discuss or disclose any non-public information about Allied or its activities that may have an impact on the value of Allied’s securities.

The restrictions on trading based on *material information* apply not only when such information is non-public, but also for a limited time after such information has been made public. Allied’s unitholders and the investing public must be afforded time to receive and digest *material information*.

As a general rule, you should consider *material information* to be non-public from the time that you become aware of it until at least one business day after it has been released by Allied to the public. Accordingly, you should not engage in any transactions in securities of the Trust until the second business day after *material information* has been released to the public. If the information is complex or is not widely disseminated, you should consider waiting for an even longer period of time.

The restrictions on trading set forth above apply not only to a person with *material information* but also to the members of that person’s household. They are responsible for the compliance by such persons of these restrictions and should, if necessary, review this policy with them and the general prohibitions on insider trading.

The foregoing prohibition does not include the exercise of unit options granted under the Trust’s unit option plan. However, the sale of the underlying securities is not permitted without the permission of the Chief Financial Officer and Secretary. Please note, however, that a “same day cashless exercise” of unit options funded by a broker is considered a sale of securities for this purpose.

#### **“Blackout” Procedures**

In general, the period that commences on the second trading day after the public release of fiscal quarter or year-end results and which ends on the day which is 10 days prior to the end of the subsequent fiscal quarter shall be open for trading in Allied’s securities by insiders. Therefore, it follows that persons or companies in a *special relationship* with Allied may not trade their securities in Allied during the period commencing 10 days prior to end of each fiscal quarter or year-end and ending at the close of business on the second trading day following the dissemination by Allied of such quarterly and annual results.

The Trust will post the dates of proposed releases of its interim and audited year-end financial statements by email well in advance of the specific release dates.

Note that the Trust must release its interim financial statements no later than 45 days following the end of each three month period and must release its audited annual financial statements no later than 90 days following the end of its financial year end.

At the present time, the Trust’s fiscal periods are as follows:

<b>Interim Statements</b>
1Q - 3 months ended March 31
2Q - 6 months ended June 30
3Q - 9 months ended September 30
<b>Audited Financial Statements</b>
4Q - 12 months ended December 31

However, no one in a *special relationship* with the Trust having access to inside information or undisclosed *material information* or deemed to be an insider shall trade in Allied's securities without the approval of the Chief Financial Officer and Secretary.

All persons or companies subject to this Blackout Policy shall also observe additional "blackout periods" due to material developments which may arise, as specified from time to time by the Chief Financial Officer and Secretary, during which times trading shall be prohibited.

Senior Management of Allied shall take reasonable precautions to ensure that access to undisclosed *material information* is restricted to those employees, officers, directors and others who must have access to such information for the purpose of performing the duties expected of them by Allied.

### **Responsibility**

The policies and procedures set forth herein present only a general framework within which a person or company in a *special relationship* with the Trust may purchase and sell securities of Allied without violating securities laws.

### **You bear the ultimate responsibility for complying with securities laws.**

You should therefore view this policy and the attendant procedures as the minimum criteria for compliance with insider trading laws and should obtain additional guidance when uncertainty exists regarding a contemplated transaction.

### **Sanctions**

Failure to comply with this policy or the procedures set out herein may result in the Trust taking appropriate disciplinary action, which may include termination of employment.

Canadian securities laws provide that breach of the prohibition against trading in securities with knowledge of undisclosed material information or providing undisclosed material information to others, in addition to civil liability for damages, may result in imprisonment for up to two years and/or a fine of up to the greater of: (i) \$1 million; and (ii) an amount equal to three times the profit obtained or loss avoided by reason of the contravention.

Penalties may also be levied by Canadian securities regulatory authorities for not complying with the requirements to file insider reports.

### **Insiders**

Certain persons and companies who are in a *special relationship* with the Trust are also considered *Insiders* of Allied and, as such, have certain reporting obligations.

Insider trading is strictly regulated by Part XXI and Sections 76 and 134 of the *Securities Act* (Ontario) and the regulations made thereunder. The securities laws of other provinces also regulate insider trading in their respective jurisdictions.

The definition of the term *insider* will vary from statute to statute, but in any case will include directors and senior officers of the Trust and large unitholders. In Ontario, where a company is an insider of a reporting issuer, directors and officers of that company are also considered insiders of the reporting issuer.

In addition to complying with the restrictions imposed on persons and companies in a *special relationship* with the Trust insiders of Allied are required to electronically file insider reports through the System for Electronic Disclosure by Insiders (“SEDI”). Such reports are due within 10 days of becoming an insider and thereafter within 10 days of the date of a trade. Insiders who are not likely to need to file insider trade reports in the immediate future are encouraged to register only a few days in advance of their first anticipated insider report filing.

Before an insider can file their insider reports on SEDI, they must register with CDS Inc. and file an insider profile. Insiders can take these steps themselves or use an agent to register and file their insider profiles and insider reports for them. For more detailed information on how to register and file insider reports on SEDI, please see **Appendix A – SEDI Filing by Insiders**.

Failure to file a report on time will result in late fees being levied on the insider and may cause future regulatory filings by Allied to be reviewed or cleared on an untimely basis by securities regulators, thereby impairing the Trust’s access to capital markets.

### **Further Inquiries**

Any inquiry as to the application of these policies should be directed to Michael R. Emory, Chief Executive Officer, Allied Properties Real Estate Investment Trust, at 416.977.9002 Ext. 131 ([memory@alliedproperties.ca](mailto:memory@alliedproperties.ca)).

### **Acknowledgement**

Please complete the form of acknowledgement attached hereto as Appendix B and return same to Michael R. Emory, Chief Executive Officer, as soon as possible.

## APPENDIX A

### SEDI FILING BY INSIDERS

Beginning on **June 9, 2003**, all insiders of reporting issuers (other than mutual funds) who file disclosure through SEDAR (“SEDI Issuers”) will be required to file their insider reports through the System for Electronic Disclosure by Insiders (“SEDI”). SEDI is the insider trade reporting system available over the Internet at [www.sedi.ca](http://www.sedi.ca). Insiders of issuers not required to file through SEDAR will continue to file using the current paper format.

*As an insider of a SEDI issuer, you need to:*

- *register on SEDI*
- *file an insider profile*

*And then on a continuous basis:*

- *file insider reports within 10 days of any change in your ownership*
- *amend your profile if there is a change in the information disclosed*

#### **SEDI Registration**

Before you can file your insider reports on SEDI, you must register with CDS Inc. You can take these steps yourself or use an agent to register and file your insider profile and insider reports for you. Insiders who are not likely to need to file insider trade reports in the immediate future are encouraged to register only a few days in advance of their first anticipated insider report filing.

*In order to register, you (or your agent) need to:*

- *go to the SEDI web site ([www.sedi.ca](http://www.sedi.ca)) and click on 'Register as a SEDI User'*
- *follow the screen instructions and complete Form 55-102F5 - Register as a SEDI user*
- *print the completed form that is dated and time stamped, and sign it in the space provided*
- *fax or send it to the SEDI operator, CDS, at the address provided on Form 55-102F5 (fax: 1-866-729-8011)*

*CDS will then process your registration and activate your SEDI user account. In order for any of your filings to be valid, you must complete this registration process and have your account activated by CDS as a SEDI user.*

#### **Password and User ID**

You will be issued a password and a SEDI user ID after you complete, certify and submit your SEDI user registration on the system. The password is tied to the SEDI user ID and allows you, as that user, to log on to SEDI.

### **Insider Profiles**

Before filing any insider reports you (or your agent) must complete and file an insider profile identifying yourself as an insider and your relationship to one or more SEDI Issuers. The insider profile will consist principally of the same information that is currently required on the paper insider report. If: (i) there is a change to your name; (ii) there is a change in your relationship to a SEDI Issuer; or (iii) you cease to be an insider of any SEDI Issuers, amendments to such profile must be filed within 10 days. Any other change will not be required to be filed until your next SEDI filing. Once the profile is created the insider reports must be filed through SEDI.

### **Access Code**

In order to provide insiders with the ability to control the information filed by others on their behalf, SEDI will issue each insider an access code upon the filing of the insider profile. Any filing of information through SEDI on behalf of any insider or issuer will require the use of the access code in order to complete a valid filing. Insiders will have the ability to obtain a new access code at any time in order to retain ultimate control over filings made on their behalf.

### **Public Access**

Except for certain confidential personal and other information, the public will be able to access: (i) insider profiles; (ii) summary reports of insider information consisting of insider profiles and insider reports; and (iii) information relating to SEDI issuers consisting of issuer profiles and supplements and issuer event reports through the SEDI website.

### **Implementation**

Insider reports must be filed on SEDI commencing June 9, 2003 and thereafter within 10 calendar days of any change. Prior to June 9, 2003, insiders are still required to comply with their insider reporting obligations. Insiders of SEDI Issuers can file their insider reports in paper before June 9, 2003 using Form 55-102F6. Insiders who do so will not have to file these reports on SEDI when SEDI becomes operational.

### **Additional Information**

The Canadian Securities Administrators Staff Notice 55-310 - *Questions and Answers on the System for Electronic Disclosure by Insiders (SEDI)* can be reviewed at [http://www.osc.gov.on.ca/en/Regulation/Rulemaking/Notices/csanotices/csa\\_list.html](http://www.osc.gov.on.ca/en/Regulation/Rulemaking/Notices/csanotices/csa_list.html). For a complete listing of requirements, please consult National Instrument 55-102 System for Electronic Disclosure by Insiders ("NI 55-102"). A copy of NI 55-102, as well as other useful information regarding the use and operation of SEDI, can be reviewed at <http://www.osc.gov.on.ca/en/HotTopics/sedi.html#expanded>. Additional information will be posted on the SEDI website at [www.sedi.ca](http://www.sedi.ca) beginning May 5, 2003.

**APPENDIX B**  
**ACKNOWLEDGEMENT**

**TO: ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST**

(Attention: Tom Wenner, Chief Financial Officer and Secretary)

**RE: INSIDER TRADING (“BLACKOUT”) POLICY DATED DECEMBER 2005**

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The undersigned hereby acknowledges receipt from you of a copy of the above-referenced policy and confirms that the undersigned has read and is familiar with and agrees to be bound thereby.

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
Name: