

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
(the “REIT”)

GOVERNANCE AND COMPENSATION COMMITTEE
TERMS OF REFERENCE

1. PURPOSE

The overall purpose of the Governance and Compensation Committee (the “Committee”) of the REIT is to develop and monitor the REIT’s approach to matters of governance and to the compensation of officers 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 “Trustees”), a majority of whom shall be, in the determination of the Trustees, “independent” as that term is defined by Multilateral Instrument 52-110.
- 2.2 The Trustees, at their organizational meeting held in conjunction with each annual meeting of unit holders, shall appoint the members of the Committee for the ensuing year. The Trustees 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.
- 2.3 Unless the Trustees shall have appointed a chair of the Committee, the members of the Committee shall select a chair from amongst their number. The chair shall be “independent” and shall not have a second, or casting, vote.
- 2.4 The Committee shall have access to such officers and employees of the REIT, the REIT’s external auditors 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.
- 2.5 The Committee shall meet at such times and at such locations as the chair of the Committee shall determine. Any member of the committee may request a meeting of the Committee.
- 2.6 Any trustee of the REIT may request the chair of the Committee to call a meeting of the Committee and may attend at such meeting or 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.
- 2.7 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.

3. **THE DUTIES OF THE COMMITTEE AS SET OUT IN THE TERMS OF REFERENCE FOR THE COMPENSATION AND GOVERNANCE COMMITTEE AND RECOMMENDED ACTIONS** are as follows:

- (a) to develop and monitor the REIT's overall approach to corporate governance issues and, subject to approval by the Trustees, to implement and administer a system of corporate governance which reflects superior standards of corporate governance practices and to continue to develop the REIT's approach to corporate governance issues;
- (b) to undertake an annual review of corporate governance issues and practices as they affect the REIT and make a comprehensive set of recommendations to the Trustees during each calendar year;
- (c) to advise the Trustees or any committees of the Trustees of corporate governance issues which the Committee determines ought to be considered by the Trustees or any such committee;
- (d) to review with the Trustees on a regular basis but not less than annually, the mandate of the Trustees, the terms of reference of each of the committees of the Trustees and the methods and processes by which the Trustees fulfil its duties and responsibilities, including without limitation:
 - (1) the number and content of meetings;
 - (2) the annual schedule of issues to be presented to the Trustees at its meetings or those of its committees;
 - (3) material which is to be provided to the Trustees generally and with respect to meetings of the Trustees or its committees;
 - (4) resources available to the Trustees; and
 - (5) the communication process between the Trustees and management;
- (e) to recommend to the Trustees a system which enables a committee or an individual Trustee to engage, subject to Board approval, separate independent counsel and advisors at the expense of the REIT in appropriate circumstances and, upon the approval by the Trustees of such a process, to be responsible for the management and administration thereof;
- (f) to develop a position description for the chairman of the Trustees (the "Chairman") and to assess the performance of the Chairman;
- (g) to develop and implement an orientation and educational program for new recruits to the Trustees in order to familiarize new Trustees with the business of the REIT, its management and professional advisers and its facilities;
- (h) to develop and implement a process for assessing the effectiveness of the Trustees, individual Trustees, Trustees' committees and the chairs thereof and to report and make recommendations to the Trustees thereon;

- (i) overview the effectiveness of the terms of reference of the Audit Committee and the Compensation and Governance Committee of the REIT as they relate to matters affecting governance;
 - (j) to report annually to the REIT's unitholders, through the REIT's annual management proxy circular or annual report to shareholders, on the REIT's approach to corporate governance;
 - (k) to adopt and implement a communications policy for the REIT as well as a black-out policy for trustees, executives and employees of the REIT;
 - (l) to recommend candidates to fill Trustees and committee vacancies; and
 - (m) to recommend the slate of Trustees to be nominated for election at the annual meeting of shareholders.
 - (n) to recommend to the Board for adoption a business code of ethics to ensure ethical behaviour and compliance with laws and regulations.
4. In addition, the Trustees may refer to the Committee such other matters and questions relating to corporate governance as the Trustees may from time to time see fit;
5. The duties of the Committee as they relate to compensation shall be to:
- (a) recommend to the Trustees human resources and compensation policies and guidelines;
 - (b) ensure that the REIT has in place programs to attract and develop management of the highest calibre and a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the Chief Executive Officer in this regard;
 - (c) develop a position description for the Chief Executive Officer and to ensure that policy guidelines and systems are in place to provide for a comprehensive annual review of the performance of the Chief Executive Officer;
 - (d) subject to any contractual arrangements, set the annual salary, bonus and other benefits, direct and indirect, of the Chairman and Chief Executive Officer and to approve compensation for all other designated officers after considering the recommendations of the Chief Executive Officer, all within any human resources and compensation policies and guidelines approved by the Trustees;
 - (e) review periodically the adequacy and form of the compensation of the trustees of the REIT with a view to ensuring that such compensation realistically reflects the responsibilities and risks of being a trustee;
 - (f) implement and administer human resources and compensation policies approved by the Trustees concerning the following:

- (i) executive compensation, employment and related contracts, unit option plans, deferred unit plans and other incentive plans; and
 - (ii) proposed personnel changes involving officers reporting to the Chief Executive Officer;
- (g) from time to time to review with the Chief Executive Officer, the REIT's broad policies on compensation for all employees and overall labour relations strategies; and
- (h) consider any other questions or matters of governance referred to it by the Trustees.

6. **OTHER CORPORATE GOVERNANCE MATTERS**

In addition, the Trustees may refer to the Committee such other matters and questions relating to corporate governance as the Trustees may from time to time see fit;

7. **ACCESS TO PERSONNEL & INFORMATION**

The Committee shall have access to such officers and employees of the REIT, the REIT's independent auditors and its legal counsel, to separate legal counsel and advisors and to such information respecting the REIT as it considers to be necessary or advisable in order to perform its duties and responsibilities;

8. **TRUSTEES MAY REQUEST MEETING**

Any Trustee of the REIT may request the chair of the Committee to call a meeting of the Committee and may attend at such meeting or 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;

9. The times of and places where the meetings of the Committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the Committee.