

## WHISTLEBLOWER POLICY

ALLIED HOTEL PROPERTIES INC. (the “Corporation”)

### **General**

The Corporation’s Code of Business Conduct and Ethics (the “Code”) requires directors, officers and employees to observe high standards of professional and ethical conduct. As employees and representatives of the Corporation, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

The Ontario Securities Commission published *Multilateral Instrument 52-110 Audit Committees*, which came into effect on March 30, 2004. These rules require public companies to establish procedures for:

- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

In the United States, the Sarbanes-Oxley Act under section 301 has substantially the same requirement.

In accordance with these rules, the Audit Committee has adopted this policy.

It is the responsibility of all directors, officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

### **No Retaliation**

No director, officer or employee who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Corporation rather than seeking resolution outside the Corporation.

## **Reporting Violations**

The Code addresses the Corporation open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. An employee's supervisor may be more knowledgeable about the issue and will appreciate being brought into the process. It is the supervisor's responsibility to help you to solve the problem.

However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with anyone in management whom you are comfortable in approaching. Supervisors and managers are required to report suspected violations of the Code to the Corporation's Compliance Officer (which role will be undertaken by the Corporation's Chief Financial Officer), who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud or securities law violations, or when you are not satisfied or uncomfortable with following the Corporation's open door policy, individuals should contact the Corporation's Compliance Officer directly.

## **Compliance Officer**

The Corporation's Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and shall advise the Chairman, President and the Audit Committee. He has direct access to the Audit Committee of the board of directors and is required to report to the Committee at least annually on his compliance activity. The Corporation's Compliance Officer is John Ellen. Mr. Ellen's telephone line is 604-669-5335 and email address is john\_ellen@alliedhotels.com. If you are not comfortable speaking with Mr. Ellen or he is unavailable and the matter is urgent, you may contact the Chairman of the Audit Committee, Francis Wong by telephone at 760-360-7886 or by email at fawong@hoteldevelop.com.

## **Accounting and Auditing Matters**

The Audit Committee of the board of directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the Audit Committee of any such complaint and work with the committee until the matter is resolved.

### **Acting in Good Faith**

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

### **Confidentiality**

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

### **Handling of Reported Violations**

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

The Corporation shall retain records of complaints for a period of no less than seven years as a separate part of the records of the Audit Committee.

### **Privacy Violations**

In addition to these rules regarding accounting, internal accounting controls and auditing matters, recent privacy legislation, the *Personal Information Protection and Electronic Documents Act* (Canada) (“*PIPEDA*”) and the *Personal Information Protection Act* (British Columbia) (“*PIPA*”), provide that any person who has reasonable grounds to believe that there has been a contravention of either of *PIPEDA* or *PIPA* may notify the relevant Privacy Commissioner.

An organization must not dismiss, suspend, discipline, harass or otherwise disadvantage an employee or deny an employee a benefit because the employee, acting in good faith and on the basis of reasonable belief has disclosed to the Privacy Commissioner that the organization has contravened or is about to contravene either of *PIPEDA* or *PIPA*. Members of the public may lodge anonymous complaints to avoid the possibility of retaliation.