

# INNVEST REIT

## CODE OF BUSINESS CONDUCT AND ETHICS

TO All employees, officers and trustees of InnVest REIT and employees of Westmont Hospitality Group working on behalf of InnVest REIT

FROM Kenny Gibson, President and Chief Executive Officer of InnVest REIT

DATE March 3, 2006

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### **1. Introduction**

InnVest REIT ("the REIT") expects all of its employees and those of Westmont Hospitality Group (the "Manager") performing services on behalf of InnVest to comply with the laws and regulations governing the REIT's conduct and further to maintain the highest standard of honesty and integrity in their business affairs.

Each of us, as employees, occupies a position of trust in our relations with fellow employees, customers, competitors, suppliers, government authorities, investors and the public. Whatever the area of activity, we should be honest and responsible in our relations with others.

If there are any doubts as to whether a course of action is proper, or about the application or interpretation of any legal requirement, discuss it with your immediate supervisor. If further guidance is required, you may also discuss it with the President and Chief Executive Officer or the Chief Financial Officer of the REIT.

As employees of the REIT or the Manager, each of us have a responsibility to report any circumstances or actions that violate, or appear to violate, the principles and intent of this Code. Such reports are confidential and employees will not be subject to reprisal for raising a concern or reporting in good faith actions that they feel may violate the law or this Code. Such reports should be made to the President and Chief Executive Officer or the Chief Financial Officer of the REIT.

No Code of Business Conduct can offer a complete guide to cover all possible situations that might be encountered. This document is intended, however, to provide you with an overview of those policies where compliance and understanding are of particular importance.

In providing you with a copy of this Code, the REIT asks that you carefully review it to ensure that your day-to-day work conduct, behaviour, and activities are consistent with the requirements of this Code. Once you have read this Code, we ask that you sign and return a form acknowledging your understanding of this Code, and agreement to adhere to it.

## **2. Compliance with Laws**

All employees must be aware of and comply with the letter and spirit of all laws, whether domestic or foreign, which govern the areas of business within their responsibilities and their own conduct as employees, officers or trustees of the REIT or the Manager.

Ignorance of the law is not a valid defence if such laws are contravened. Therefore, if you are in doubt as to any legal requirements, you should seek advice from your supervisor, business or department head or from the President and Chief Executive Officer or the Chief Financial Officer of the REIT.

## **3. Corporate Disclosure**

The REIT is committed to providing timely, accurate and balanced disclosure of material information, consistent with legal and regulatory requirements. It is imperative that all parties in the investment community have timely access to this information. For this reason, a Corporate Disclosure Policy dated August 29, 2002 and share trading blackout periods have been disseminated to trustees, officers and other employees or persons who may have access to confidential and material information of the REIT.

In the Disclosure Policy, the REIT designates a limited number of spokespersons responsible for communications with the media, investors, and analysts. The Chief Executive Officer and Chief Financial Officer of the REIT shall be the official spokespersons of the REIT, unless they have specifically asked others to speak on their behalf. Employees who are not authorized spokespersons are not to respond to inquiries from the media or investment community. Such employees should politely direct the inquiry to one of the authorized spokespersons.

## **4. Insider Trading**

Securities legislation in Canada provides for criminal and civil liability for persons who engage in illegal insider trading or illegally transmit or communicate undisclosed material information relating to InnVest. These sanctions are intended to ensure that no one who has knowledge or possession of undisclosed material information regarding the REIT takes advantage of such information through trading in securities of the REIT, prior to this information being released and made available within the public domain.

In addition, employees of the REIT or Westmont, who are without knowledge of material undisclosed information, such as a pending transaction, could find themselves in an embarrassing position should they trade in securities of InnVest coincidentally before the public announcement of that information. This too may put the REIT in an embarrassing position.

For the above reasons, the REIT has adopted a formal written Insider Trading Policy dated December 5, 2002, a copy of which has been provided to all insiders of the REIT. This policy is consistent with insider trading policies of other Canadian companies, with legal requirements and with the best practices suggested by securities regulatory authorities and stock exchanges.

Should any employee have questions or concerns regarding the application of this Policy, they should contact the the Chief Financial Officer of the REIT.

## **5. Proprietary & Confidential Information**

Proprietary information refers to information and/or processes uniquely developed or acquired by the REIT or the Manager for the REIT's private use. This would include such items as best practices, trade secrets, technical, financial and business systems, methods and data. All such information represents a valuable commercial asset to the REIT, and as such, employees of the REIT and the Manager are required to ensure such information is used and provided only for the benefit of the REIT and that they take all appropriate steps to safeguard such information from theft, loss, or misuse.

Confidential information refers to information that is not already in the public domain, and that if it became public may have an adverse effect on the REIT, its business or its customers, or in the case of employee information, the employee.

Most employee information is considered to be of a confidential nature and the REIT's and the Manager's procedures restrict access to such information to supervisors and department managers and human resource staff of the REIT or the Manager who require this information for necessary business purposes. Employees agree that all confidential and proprietary information remains the property of the REIT or the Manager, as applicable, and upon leaving the REIT for any reason, that this information is to be returned to the employee's supervisor.

An exception to the aforementioned statement regarding confidentiality will arise if the employee is legally required to disclose the information. Before complying with any such disclosure requirement, the employee should discuss and review the requirement with the President and Chief Executive Officer or Chief Financial Officer of the REIT, in order to give the REIT or the Manager an opportunity to protect its interests and the interests of its customers, suppliers and employees.

## **6. Conflict of Interest**

InnVest acknowledges and respects each employee's right to privacy in his or her personal affairs. However, the REIT expects all employees of the REIT and the Manager to be free of any outside interests and activities, which might impair the exercise of independent judgment in carrying out their duties as employees or otherwise makes it difficult to perform their work for the REIT objectively and effectively. All employees owe primary business loyalty to InnVest and the Manager and must avoid situations in which any private business interests would or could conflict with their duties or work hour commitments to the REIT or the Manager.

All employees must avoid engaging in any outside activity which interferes with their ability to carry out their duties as an employee of the REIT or the Manager unless approved by the Chief Executive Officer or the Board of Trustees. Employees must also refrain from engaging, either directly or indirectly, in any business activity, which is in competition to REIT. In the event an employee has an interest in a company or other entity (other than that of a holder of less than 5% of the voting interests in such company or entity) that provides supplies,

products, services, or other goods to the REIT or the Manager, the employee is required to notify and discuss this matter with their respective supervisor, prior to engaging that company in any capacity.

## **7. Gifts and Entertainment**

As employees, we must constantly be mindful and guided by two principles: never to use our position in the REIT or the Manager for personal gain and never to be obligated to persons with whom the REIT or the Manager does business. It is imperative that we conduct ourselves at all times in a manner that avoids even a suspicion of such behaviour.

Employees are required to select and deal with suppliers, customers and others doing or seeking to do business with the REIT in a completely impartial manner, and be perceived by others to be acting in a completely impartial manner.

Employees and their families must not seek any gifts, payments, services, loans or other benefits from suppliers. No gift, favour or entertainment should be accepted where the benefit is of such a nature that it might affect, or be perceived to affect, an employee's independent judgement.

Any business related meals or entertainment received or provided must be moderately scaled, not unreasonable in frequency and clearly intended to facilitate business goals. Should there be any doubt in providing or accepting such entertainment based on these guidelines, the employee should contact their supervisor or department head for further guidance before engaging in the activity.

## **8. Dealing with Public Officials, Suppliers and Customers**

In dealings with domestic or foreign public officials, suppliers, competitors and others, employees are expected to conduct themselves in a manner which does not discredit and does not appear to discredit the integrity of the REIT, the Manager or the individual with whom they are dealing.

This includes dealing fairly with these parties and not taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practices.

Employees must not be involved in paying or accepting any bribe, kickback or other unlawful payment or benefit to secure any concession, contract or other favourable treatment. Employees will report any such attempted actions to their supervisors who will be responsible for reporting it to either the President and Chief Executive Officer or Chief Financial Officer of the REIT.

## **9. Preservation and Use of Corporate Property**

Preserving and safeguarding REIT property is a primary responsibility of every employee. Equipment, materials and supplies that are purchased with funds that are the property of the REIT and must be used only in the interest of the REIT and not for personal gain.

Employees must also not use corporate information or the position they hold with the REIT or the Manager for personal gain.

Theft, carelessness and waste have a direct impact on the REIT's profitability. All reasonable steps must be taken to protect property of the REIT from theft, misuse or damage. All property purchased with funds of the REIT remains the property of InnVest, and is to be returned to the REIT upon termination of employment, unless specifically agreed to otherwise by their supervisor or department head.

#### **10. Corporate Opportunities**

Employees owe a duty to the REIT to advance its legitimate interests when the opportunity to do so arises. In addition to other matters addressed in this Code, employees may not take for themselves personally opportunities discovered through the use of corporate property, information or position.

#### **11. Accuracy of Information**

The REIT's books, records, and documents must reflect accurately, fairly and in a timely manner the transactions in which it engages. Every transaction requires proper authorization and is to be executed in accordance within the REIT's financial, accounting and systems guidelines and must adhere to generally accepted accounting principles.

Employees who are authorized to spend the REIT's funds, or to incur personal expenses on behalf of the REIT, have the responsibility to exercise their best judgment in assuring value to the REIT for every expenditure and to take all necessary steps to ensure that each expenditure is properly documented and accounted for.

Employees responsible for, or involved in the handling of cash, credit, product inventories, payables and receivables have a special duty to ensure the proper documentation, transaction reporting, and safeguarding of such assets. Employees found to be falsifying records, or misappropriating funds or assets will be subject to severe disciplinary action up to and including termination of their employment.

#### **12. Use of Information Systems**

The REIT's computer and information technology systems are valuable and proprietary assets to the REIT and accordingly their use must be in accordance with policies designed to protect the integrity, security, accuracy and reliability of such systems, software, and assorted data.

All employees using a personal computer for e-mail access are required to acknowledge and comply with the REIT's Computer Use Policy. Also, those employees who have been approved by their supervisor for access to the Internet for business purposes are required to comply with the REIT's Internet Policy. Copies of these policies are available on the REIT's Intranet site, or by contacting the Director of Information Technology of the Manager or

the Chief Financial Officer of the REIT. Please note that these policies may be revised from time to time because of the rapid pace of technological change, and as such employees agree to be bound by future changes.

All employees are responsible for protecting and maintaining the confidentiality of corporate information that is communicated and stored electronically, including the use of personal passwords. To ensure no violation of software licensing agreements, employees are not permitted to load REIT software on any computer other than their own or unless approval has been obtained from the Director of Information Systems or his or her designate. Employees also are not authorized to load personal software on their computer.

The storage, receiving, transmitting, posting or viewing of material that is obscene, hateful, harmful, malicious, threatening, hostile, abusive, vulgar, defamatory, profane, or racially, sexually or ethnically objectionable, in the REIT's opinion, via e-mail or through internet sites represents a serious breach of policies of the REIT and the Manager and offenders will be subject to disciplinary measures up to and including termination of employment.

Messages, data files, images, reports that are created, distributed, or stored on either electronic mail, servers, or automated voice mail are considered the property of the REIT. Senior management of the REIT reserves the right to access stored messages in specific instances where concerns exist regarding breach of security, inappropriate activity, or in response to legally bound directives. It is not the policy of the REIT to access messages where no such concern exists.

### **13. Human Rights Policy**

The REIT strives to ensure all our employees feel comfortable and satisfied that they are treated fairly and respectfully within their work environment. As such we promote an open door philosophy, and encourage employees to raise questions or concerns at any time to a manager if they feel the situation is warranted.

As part of our commitment to providing and maintaining a respectful and productive work environment, the REIT strictly prohibits any form of discrimination, or harassment.

Any form of discrimination on the basis of race, colour, ancestry, place of origin, ethnic origin, citizenship, sex, sexual orientation, age, marital status, handicap, or any other form of regulated unlawful consideration, will not be tolerated.

The REIT has a formal Harassment Policy to deal with the handling and subsequent investigation of any complaints where an employee feels that another employee's comments or actions are inappropriate, threatening, or unwelcome. The first step requires the employee to advise the person responsible that the conduct and behaviour is unwelcome. If raising the concern makes the employee uncomfortable, or if the behaviour persists, the employee is asked to contact their department head, location manager, or a member of the Human Resources Department of the REIT or the Manager for further assistance.

#### **14. Environmental Protection Policy**

The REIT considers environmental protection to be an essential and integral element in how we conduct and manage our business. Accordingly, we have developed an environmental management system which has been distributed to all General Managers, to assist them in the proactive management of environmental affairs.

The environmental management system provides operational guidelines in the area of environmental policy, legislative requirements, standard operating procedures, environmental training, documentation and document control, communication management, emergency preparedness and response, and audit procedures.

The objectives of our environmental management system are to ensure that the activities and operations of the REIT, as a minimum, comply with all environmental laws in the jurisdictions in which the REIT operates. It also define roles, responsibilities and authority to facilitate rapid communication and decision making on environmental matters, provides a mechanism to standardize ongoing support to operations personnel in checking and documenting performance and in meeting their obligations.

All General Managers are accountable for compliance with the Environmental Management System. Employees with any concerns should 'make them known to their location or department manager, who will then contact additional resources should the situation require it.

#### **15. Health and Safety Policy**

Through education, training, policy development, best practises, performance monitoring and internal audit, the REIT continuously promotes the importance of creating and maintaining a safe and healthy work environment for all employees. All employees, supervisors, and managers are expected to take accountability for their health and safety, as well as the health and safety of their co-workers, contractors, and visitors.

A Health and Safety Policy has been issued to managers to assist them in developing and maintaining a safe workplace environment. Employees are required to work safely at all times, and to comply with the Health and Safety Policy. Employees with any safety related issues are encouraged to promptly contact and make their concerns known to their direct supervisor, department or location manager.

#### **16. Employees Concerns and Violations of the Code**

(a) Employees are encouraged to address questions or concerns with management. The employee should direct questions or concerns regarding REIT standards of conduct to their manager or to the President and Chief Executive Officer or the Chief Financial Officer of the REIT.

(b) Retaliation against employees who raise genuine concerns to any REIT source will not be tolerated. Retaliation or retribution against any employee for proper use of reporting mechanisms is cause for appropriate discipline, up to and including dismissal.

(c) Violations of the REIT standards of conduct are cause for appropriate corrective action, including discipline and dismissal.

(d) Any significant violations of this Code are to be immediately reported to the President and Chief Executive Officer or the Chief Financial Officer of the REIT so that they can review the matter with the Board of Trustees, as appropriate.

(e) Waivers of any element of this Code may only be permitted in exceptional circumstances and only with the concurrence of the President and Chief Executive Officer or review and disclosure with the Board of Trustees. Waivers for executive officers or Trustees may only be made by the Board of Trustees (or committee of the board to which this authority is delegated).

## **17. Acknowledgement and Acceptance**

This Code of Conduct has been developed and provided to you in order to ensure that you are fully aware of those policies. The REIT considers your compliance with these policies to be essential.

This Code of Conduct may be amended and or reissued from time to time, at the discretion of the REIT.

