

INTERRENT REAL ESTATE INVESTMENT TRUST
(the “**Trust**”)

CHARTER OF THE AUDIT COMMITTEE
(the “**Charter**”)

I. GENERAL

1. Mandate and Purpose

The Audit Committee (the “**Committee**”) is a committee of the Board of Trustees (“**Board**”/“**Board of Trustees**”) of the Trust. The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities by:

- reviewing the financial reports, other financial information and relevant documents provided by the Trust to any governmental body or the public;
- recommending the appointment of the Trust’s external auditor and reviewing and appraising the audit efforts of such external auditor;
- providing an open avenue of communication among the external auditor, financial and senior management of the Trust and the Board of Trustees;
- reviewing the qualifications, independence and performance of the external auditor;
- serving as an independent and objective party to monitor the Trust’s financial reporting processes including internal controls and disclosure controls thereon;
- encouraging continuous improvement of, and fostering adherence to, the Trust’s policies, procedures and practices over financial reporting processes;
- ensuring the Trust’s compliance with legal and regulatory requirements, as they relate to the Trust’s financial statements; and
- performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

For purposes of performing their oversight related duties, members of the Committee shall have full access to all Trust information and shall be permitted to discuss such information and any other matters relating to the financial position of the Trust with senior employees, officers and external auditors of the Trust.

2. Authority

The Committee has authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the external auditors.

II. PROCEDURAL MATTERS

1. Composition

The Committee shall be composed of a minimum of three members.

2. Member Qualifications

- (a) Every Committee member must be a trustee of the Trust;
- (b) Every Committee member must be “independent” as that term is defined in Schedule “A”; and
- (c) Every Committee member must be “financially literate” as that term is defined in Schedule “A”.

3. Member Appointment and Removal

Members of the Committee will be appointed by the Board annually based on the recommendations of the nominations and governance committee (the “**Governance Committee**”) of the Trust. The members of the Committee will hold office until their successors are appointed or until they are removed by the Board or cease to be trustees of the Trust.

The Board may, by resolution, remove a member of the Committee at any time in their sole discretion. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. A vacancy will be filled by the Board if the membership of the Committee falls below three members.

4. Structure and Operations

(a) Chair

Each year, the Board will appoint one member of the Committee to act as the chairperson of the Committee (the “**Chair**”). The Chair must have accounting or related financial expertise. The Chair may be removed at any time at the discretion of the Board. If the Chair is absent from any meeting, the Committee will select one of its other members to preside at that meeting.

(b) Meetings

The Chair will be responsible for developing and setting the agenda of the Committee meetings, and in consultation with management determining the schedule and frequency

of such Committee meetings, provided that any member of the Committee or the external auditor may call a meeting of the Committee. The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related Management Discussion & Analysis (“**MD&A**”), and shall meet prior to filing the annual audited financial statements to review and discuss the audited financial results for the year and related MD&A.

As part of its job to foster open communication, the Committee should meet at least annually with management and the external auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

(c) **Notice**

Notice of the time and place of every meeting will be given in writing, verbally or by telephonic or other electronic communication to each member of the Committee, the chairman of the Board, the chief executive officer (the “**CEO**”) of the Trust and the chief financial officer (the “**CFO**”) of the Trust, at least 48 hours prior to the time fixed for such meeting. The notice period may be waived by a quorum of the Committee.

(d) **Attendees**

The Committee may invite such officers and employees of the Trust and advisors as it sees fit from time to time to attend meetings of the Committee to assist in the discussion and deliberation of matters being considered by the Committee, and to provide information as necessary.

(e) **Quorum**

The quorum for the transaction of business at any meeting of the Committee shall consist of a majority of the number of members of the Committee then holding office, or such greater number as the Committee shall by resolution determine. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person, or by means of a telephonic, electronic or other communications facility that permits all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

(f) **Secretary**

The Committee will appoint a Secretary to the Committee who need not be a trustee or officer of the Trust.

(g) **Records**

Minutes of meetings of the Committee will be recorded and maintained by the Secretary to the Committee and will be subsequently presented to the Committee for review and approval.

(h) Liaison

The CFO will act as management liaison with the Committee.

III. RESPONSIBILITIES AND DUTIES**1. General**

In general, the Committee has responsibility to:

- create an agenda for the ensuing year;
- review all legislative and regulatory requirements applicable to the Committee as well as any best practice guidelines recommended by regulators, and recommend to the Governance Committee any changes to be made to this Charter; and
- assist management in providing the information required by Form 52-110F1 in the Trust's annual information form or such other disclosure document required by National Instrument 52-110 and other legal requirements.

2. Documents/Reports Review

The Committee has responsibility to:

- review the Trust's interim and annual financial statements, all interim and annual MD&As and all financial-related information and press releases prior to their publication and/or filing with any governmental body, or the public, or the unitholders including any certification, report, opinion or review rendered by the external auditor; and
- satisfy itself that adequate procedures are in place for the review of the Trust's public disclosure of financial information extracted or derived from the Trust's financial statements, other than the public disclosure referred to in paragraph 6, and periodically assess the adequacy of such procedures.

3. External Auditor

The Committee has responsibility to:

- recommend to the Board of Trustees the selection of the external auditor, consider the independence and effectiveness of such external auditor, and approve their fees and other compensation to be paid;
- monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discuss and resolve any material differences of opinion between management and the external auditor;

- review, discuss and obtain a formal written statement of external auditor, on an annual basis, setting forth all significant relationships they have with the Trust to determine their independence;
- oversee and review, on an annual basis, the performance of the external auditor who shall be ultimately accountable to the Board and Committee as representatives of unitholders of the Trust, and approve any proposed discharge of the external auditor when circumstances warrant. Consider with management and the external auditor the rationale for employing accounting/auditing firms other than the principal external auditor;
- review and discuss with the external auditor, any disclosed relationships or services that may impact the objectivity and independence of the external auditor;
- periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the Trust's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;
- ensure that the external auditor reports directly to the Committee and arrange for the external auditor to be available to the Committee and the Board of Trustees as needed; and
- review and approve the Trust's hiring policies regarding partners, employees and former partners and employees of the Trust's present and former external auditor.

4. Pre-Approval of Non-Audit Services

The Committee has responsibility to:

- review and pre-approve all audit and audit related services and the fees and other compensation related thereto, and any non-audit services to be provided to the Trust or its subsidiaries by the external auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Trust constitutes no more than 5% of the total fees paid by the Trust to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Trust at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee by the Trust and approved prior to the completion of the audit by the Committee or by one or more members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more members of the Committee.

5. Financial Reporting Processes

The Committee has responsibility to:

- review and recommend approval to the Board of:
 - (i) the annual financial statements; and
 - (ii) financial information contained in prospectuses or other offering documents.
- in consultation with the external auditor, review with management the integrity of the Trust's financial reporting processes, both internal and external;
- consider the external auditor's judgments about the quality and appropriateness, not just the acceptability, of the Trust's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices;
- consider and approve, if appropriate, changes to the Trust's accounting principles and practices as suggested by management with the concurrence of the external auditor and ensure that the management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure; and
- discuss with management any significant variances between comparative reporting periods.

6. Process Improvement

The Committee has responsibility to:

- establish regular and separate systems of reporting to the Committee by each of management and the external auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments;
- review the scope and plans of the external auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable;
- following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and reviews;

- review and resolve any significant disagreements among management and the external auditor in connection with the preparation of the financial statements;
- ensure that there is an agreed course of action for the resolution of such matters where there are significant unsettled issues, or areas of concern;
- review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee;
- review activities, organizational structure, and qualifications of the CFO and the staff in the financial reporting area and see to it that matters related to succession planning within the Trust are raised for consideration by the Board; and
- satisfy itself, on behalf of the Board of Trustees, with respect to the success of the Trust's internal control systems in:
 - (i) identifying, monitoring and mitigating business risks; and
 - (ii) ensuring compliance with legal, ethical and regulatory requirements.

7. Controls and Control Deviations

The Committee has the responsibility to:

- review the plan and scope of the annual audit with respect to planned reliance and testing of controls;
- review major points contained in the auditor's management letter resulting from control evaluation and testing;
- receive reports from management when significant control deviations occur;
- establish a Trust-wide culture that conveys basic values of ethical integrity as well as legal compliance and strong financial reporting and control;
- review plans of the external auditors to ensure the evaluation and testing of control is comprehensive, cost effective and appropriate to risks, business activities and changing circumstances;
- receive from management and the external auditors, regular reports on all major control deviations, or indications/detection of fraud, and how such control breakdowns have been corrected;
- participate in the review and appointment of key people involved in financial reporting (i.e. the CFO etc.);

- review CEO and CFO certification matters including matters relating to disclosure controls and procedures;
- review annually a formal report prepared by management on the effectiveness of the Trust's internal control systems;
- review fraud prevention policies and programs and for monitoring their implementation; and
- examine whether extension of its oversight of internal control systems into any non-financial areas (e.g., operations) is appropriate.

8. Ethical and Legal Compliance

The Committee has the responsibility to:

- establish procedures for the receipt, retention and treatment of complaints received by the Trust regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. In this regard, the Committee will review and update its Whistle Blower Policy on an annual basis;
- review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code; review through appropriate actions taken to ensure compliance with the Code of Ethical Conduct and to review the results of confirmations and violations of such Code;
- review management's monitoring of the Trust's system in place to ensure that the Trust's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements; and
- review, with the Trust's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Trust's financial statements.

9. Risk Management

The Committee has the responsibility to:

- serve as the Trust's "Risk Management Committee" by examining the Trust's principal business risks and financial risks and ensuring that such risks are controlled and appropriately described in the Trust's annual information forms, MD&As and other operating documents;
- review the Trust's "appetite" for risk as set forth by the management and the Board;
- review management's plans, processes and programs to manage and control such risks; and

- review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage.

10. General

- Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
- Perform any other activities consistent with this Charter, the Declaration of Trust and governing law, as the Committee or the Board of Trustees deem necessary or appropriate.

11. Reporting to the Board

- Report to the Board in a timely manner on all significant matters it has considered and addressed and with respect to such other matters that are within its responsibilities. This report may take the form of circulating copies of the minutes of each meeting held.

Updated: February 19, 2013

Schedule “A”**Independence Requirement of National Instrument 52-110 – Audit Committee (“NI 52-110”)**

A member of the Audit Committee shall be considered “independent”, in accordance with NI 52-110 - Audit Committees, subject to the additional requirements or exceptions provided in NI 52-110, if that member has no direct or indirect relationship with the Trust, which could reasonably interfere with the exercise of the member’s independent judgment. The following persons are considered to have a material relationship with the Trust and, as such cannot be a member of the Committee:

- (a) an individual who is, or has been within the last three years an employee or executive officer of the Trust;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Trust;
- (c) an individual who:
 - (i) is a partner of a firm that is the Trust’s internal or external auditor;
 - (ii) is an employee of that firm; or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Trust’s audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares home with the individual:
 - (i) is a partner of a firm that is the Trust’s internal or external auditor;
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Trust’s audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Trust’s current executive officers serve or served at the same time on the entity’s compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer or the Trust received more than \$75,000 in direct compensation from the Trust during any 12 month period within the last three years, other than a remuneration for acting in his or her capacity as a member of the Board of Trustees or any committee of the Board, or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service to the Trust if the compensation is not contingent in any way on continued service.

In addition to the independence criteria discussed above, any individual who:

- (a) has a relationship with the Trust pursuant to which the individual may accept directly or indirectly, any consulting, advisory or other compensatory fee from the Trust or any subsidiary entity of the Trust, other than as remuneration for acting in his or her capacity as a member of the Board or any board committee or as a part-time chair or vice-chair of the Board or any board or committee, or
 - (b) is an affiliated entity of the Trust or any of its subsidiary entities,
- is deemed to have a material relationship with the Trust, and therefore, is deemed not to be independent.

The indirect acceptance by an individual of any consulting, advisory or other fee includes acceptance of a fee by:

- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
- (b) an entity in which such individual is a partner, member or an officer such as a managing trustee occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Trust or any subsidiary entity of the Trust.

Financial Literacy Under NI 52-110

“Financially literate”, in accordance with NI 52-110, means that the trustee has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements.

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