



Audit Committee Charter

Approved by the Board of Trustees on September 17, 2015

AUTOMOTIVE PROPERTIES REAL ESTATE INVESTMENT TRUST

AUDIT COMMITTEE CHARTER

The purpose of this Charter is to describe the principal duties and responsibilities of the Audit Committee of the Board of Trustees (the “**Board**”) of Automotive Properties Real Estate Investment Trust (the “**Trust**”).

1. RESPONSIBILITY

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to:

- the integrity of the Trust’s financial statements;
- the Trust’s compliance with legal and regulatory requirements as they relate to its financial statements;
- the qualifications, independence and performance of the Trust’s external auditor (the “**Auditor**”);
- the enterprise risk management process;
- internal control over financial reporting and disclosure controls and procedures;
- assessing conflicts of interest between the Trust, its Chief Financial Officer and 893353 Alberta Inc. and its affiliates (“**Dilawri**”); and
- performing the additional duties set out in this Charter or otherwise delegated to the Audit Committee by the Board.

2. MEMBERS

The Board shall appoint a minimum of three trustees to be members of the Audit Committee, a majority of whom shall be residents of Canada within the meaning of the *Income Tax Act* (Canada). The members of the Audit Committee shall be selected by the Board on recommendation of the Governance, Compensation and Nominating Committee of the Trust, and shall be selected based upon the following:

- each member shall be an independent trustee; and
- each member shall be financially literate.

For the purpose of this Charter, the terms “independent” and “financially literate” shall have the respective meanings attributed thereto in Multilateral Instrument 52-110 — *Audit Committees*, as the same may be amended or replaced from time to time.

3. CHAIR

Each year, the Board shall appoint one member to be Chair of the Audit Committee. If, in any year, the Board does not appoint a Chair, the incumbent Chair shall continue in office until a successor is appointed. The Board has adopted and approved a position description for the Chair which sets out his or her role and responsibilities. The Audit Committee and Board shall at least annually review the position description of the Chair of the Audit Committee and, if appropriate, approve changes thereto. The Chair shall not have a casting vote.

4. TENURE

Each member shall hold office until his or her term as a member of the Audit Committee expires or is terminated.

5. QUORUM, REMOVAL AND VACANCIES

A majority of the Audit Committee's members shall constitute a quorum. Any member may be removed and replaced at any time by the Board and any member may resign at any time. The Board shall fill vacancies in the Audit Committee by appointment from among the members of the Board. If a vacancy exists on the Audit Committee, the remaining members may exercise all powers so long as a quorum remains in office. The Audit Committee shall be responsible for its organization, including meeting procedures.

6. DUTIES

The Audit Committee shall have the duties set out below as well as any other duties that are specifically delegated to the Audit Committee by the Board.

(a) Appointment and Review of Auditor

The Auditor is ultimately accountable to the Audit Committee as representative of the Board. The Audit Committee has direct responsibility for overseeing the work of the Auditor. Accordingly, the Audit Committee shall evaluate and be responsible for the Trust's relationship with the Auditor. Specifically, the Audit Committee shall:

- select, evaluate and recommend to the Board the Auditor to be nominated for appointment or reappointment by the unitholders;
- ensure the Auditor reports directly to the Audit Committee;
- review the Auditor's engagement letters;
- at least annually, obtain and review a report by the Auditor describing:
 - the Auditor's internal quality-control procedures; and
 - any material issues raised by the most recent internal quality-control review, peer review, review by any independent oversight body such as the Canadian Public Accountability Board or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the Auditor, and the steps taken to deal with any issues raised in these reviews.

(b) Confirmation of Independence of Auditor

At least annually, and before the Auditor issues its report on the annual financial statements, the Audit Committee shall:

- ensure that the Auditor submits a formal written statement describing all relationships between the Auditor and the Trust;
- discuss with the Auditor any disclosed relationships or services that may affect the objectivity and independence of the Auditor; and

- obtain written confirmation from the Auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs.

(c) Rotation of Engagement Partner/Lead Partners

The Audit Committee shall, after taking into account the opinions of senior management, evaluate the performance of the Auditor and the engagement partner/lead partners and shall rotate the engagement partner/lead partners when required, necessary or desirable.

(d) Pre-Approval of Non-Audit Services

The Audit Committee shall pre-approve the retaining of the Auditor for any non-audit service, provided that no approval shall be provided for any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Canadian Institute of Chartered Accountants. Before retaining the Auditor for any non-audit service, the Audit Committee shall consider the compatibility of the service with the Auditor's independence. The Audit Committee may pre-approve retaining the Auditor for the engagement of any non-audit services by establishing policies and procedures to be followed prior to the appointment of the Auditor for the provision of such non-audit services. In addition, the Audit Committee may delegate to the Chair the authority to pre-approve retaining the Auditor for any non-audit service to the extent permitted by applicable law, provided, however, pre-approval by the Chair shall be presented to the Audit Committee at the first meeting following any such pre-approval.

(e) Communications with Auditor

The Audit Committee shall meet privately with the Auditor as frequently as the Audit Committee feels is appropriate for the Audit Committee to fulfill its responsibilities (which shall not be less frequently than four times per year) and to discuss any concerns of the Audit Committee or the Auditor, such as:

- matters that will be referred to in the Auditor's management letter;
- whether or not the Auditor is satisfied with the quality and effectiveness of the Trust's financial reporting procedures and systems;
- the extent to which the Auditor is satisfied with the nature and scope of its examination and management's cooperation and responsiveness to matters arising from such examination.

(f) Review of Audit Plan

The Audit Committee shall review a summary of the Auditor's audit plan in advance of each audit.

(g) Approval of Audit Fees

The Audit Committee has the responsibility for approving the Auditor's fees. In approving the Auditor's fees, the Audit Committee should consider, among other things, the number and nature of reports issued by the Auditors, the quality of the internal controls, the impact of the size, complexity and financial condition of the Trust on the audit work plan, and the extent of internal audit and other support provided by the Trust to the Auditor.

(h) Review of Annual Audited Financial Statements

The Audit Committee shall review the annual audited financial statements, together with the Auditor's report thereon and the related management's discussion and analysis ("MD&A"), before recommending them for approval by the Board, to assess whether or not they present fairly in all material respects in

accordance with International Financial Reporting Standards (“IFRS”), the financial condition, results of operations and cash flows of the Trust.

In conducting their review, the Audit Committee will:

- discuss the annual audited financial statements and MD&A with senior management and the Auditor;
- consider the quality of, and not just the acceptability of, the accounting principles applied, the reasonableness of management’s judgments and estimates that have a significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;
- discuss with the Auditor its report which addresses:
 - all critical accounting policies and practices to be used;
 - all alternative treatments of financial information within IFRS that have been discussed with management, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the Auditors; and
 - other material written communication between the Auditor and management, such as any management letter or schedule of unadjusted differences;
- discuss any analyses prepared by management and the Auditor that set out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS;
- discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Trust’s financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;
- consider any changes in accounting practices or policies and their impact on financial statements of the Trust;
- discuss with management, the Auditor and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of the Trust, and the manner in which these matters have been disclosed in the financial statements;
- discuss with management and the Auditor correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Trust’s financial statements or accounting policies;
- discuss with the Auditor any special audit steps taken in light of any material weaknesses in internal control;
- discuss with the Auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, accounting adjustments proposed by the Auditor that were not applied (because they were immaterial or otherwise), and significant disagreements with management;
- consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements;

- satisfy itself that appropriate accounting policies and practices have been selected and applied consistently; and
- satisfy itself that management has established appropriate procedures to comply with applicable legislation for the remittance of taxes and employee remuneration.

(i) Review of Interim Financial Statements

The Audit Committee shall also engage the Auditor to review the interim financial statements prior to the Audit Committee's review of such financial statements. The Audit Committee will discuss the interim financial statements and related MD&A with management and the Auditor and, if satisfied that the interim financial statements present fairly in all material respects in accordance with IFRS, the financial condition, results of operations and cash flows of the Trust, recommend the interim financial statements and the related MD&A to the Board for approval.

(j) Other Financial Information

The Audit Committee shall review other financial-related disclosure, as well as the nature of any financial information and earnings guidance provided to analysts and rating agencies (if any) in accordance with the Trust's disclosure policy. In addition, the Audit Committee shall satisfy itself that adequate procedures are in place for the review of the public disclosure of information extracted or derived from the Trust's financial statements and must assess the adequacy of those procedures at least annually.

(k) Review of Prospectuses and Other Regulatory Filings

The Audit Committee shall review all other financial statements of the Trust that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities. The Audit Committee shall review the Trust's annual information form prior to its filing.

(l) Oversight of Conflicts of Interest and Review of Related Party Transactions

The Audit Committee shall receive reports on all related party transactions as part of the quarterly financial reporting process and oversee the duties of the Chief Financial Officer of the Trust to ensure the appropriate supervision and management of any potential conflicts of interest between the Chief Financial Officer, the Trust and Dilawri. Together with the Chief Financial Officer, develop a position description for the Chief Financial Officer setting out the Chief Financial Officer's authority and responsibility.

(m) Review of Internal Audit Services

The Audit Committee shall review the mandate of internal audit services, the budget, planned activities and organizational structure of internal audit services to ensure that it is independent of management and has sufficient resources to carry out its mandate.

The members shall meet privately with the senior officer in charge of internal audit as frequently as the Audit Committee feels is appropriate for the Audit Committee to fulfill its responsibilities, which shall not be less frequently than quarterly, to discuss any areas of concern to the Audit Committee or to the senior officer in charge of internal audit to confirm that:

- significant resolved and any unresolved issues between auditors and management have been brought to its attention;
- the principal risks of the Trust's business have been identified by management and appropriate policies and systems have been implemented to manage these risks; and

- the integrity of the internal control and management information systems are satisfactory.

(n) Relations with Management

The members shall meet privately with management as frequently as the Audit Committee feels is appropriate to fulfill its responsibilities, which shall not be less frequently than four times per year, to discuss any concerns of the Audit Committee or management.

(o) Oversight of Internal Control over Financial Reporting and Disclosure Controls and Procedures

The Audit Committee shall, with the assistance of management, review the design and operating effectiveness of (i) the internal control over financial reporting adopted by the Trust, and (ii) the disclosure controls and procedures that have been adopted by the Trust to ensure the timely disclosure of all material information about the Trust and its subsidiaries as required by applicable law or security exchange rules.

The Audit Committee shall receive regular reports from management with respect to the system of disclosure controls and procedures and internal control over financial reporting.

The Audit Committee shall also review no less than annually the Trust's Disclosure Policy.

(p) Legal Compliance

The Audit Committee shall review with legal counsel any legal matters that may have a significant effect on the Trust's financial statements. The Audit Committee shall review with legal counsel material inquiries received from regulators and governmental agencies. The Audit Committee shall review any material matters arising from any known or suspected violation of the Trust's Code of Conduct with respect to financial and accounting matters and any material concerns regarding questionable accounting or auditing matters raised under the Trust's Whistleblower Policy or otherwise.

(q) Enterprise Risk Management

The Audit Committee shall satisfy itself as to the effective risk management of the individual risks for which such oversight has been delegated to the Audit Committee by the Board, through the receipt of periodic reports from internal audit services and management. The Chair shall periodically report to the Board on any major issues arising with respect to the risk management for such risks.

(r) Taxation Matters

The Audit Committee shall review the status of taxation matters of the Trust.

(s) Hiring Policies

The Audit Committee shall review and approve the hiring policies with respect to partners and professional employees of present and former external auditors of the Trust.

7. COMPLAINTS PROCEDURE

The Audit Committee shall monitor the effectiveness of the procedures for the receipt, retention and follow-up of complaints received by the Trust regarding accounting, internal controls, disclosure controls or auditing matters and for the confidential, anonymous submission of concerns by employees of the Trust regarding accounting, internal controls, or auditing matters. The Audit Committee shall review and not less than annually approve the Trust's Whistleblower Policy. The Audit Committee shall review with management periodic reports in this regard.

8. REPORTING

The Audit Committee shall report to the Board on:

- the Auditor's independence;
- any conflicts of interest involving the Chief Financial Officer;
- the performance of the Auditor and the Audit Committee's recommendations regarding the reappointment or termination of the Auditor;
- the design and operating effectiveness of the Trust's internal control over financial reporting and disclosure controls and procedures;
- the Audit Committee's review of the annual and interim financial statements of the Trust, including any issues with respect to the quality or integrity of the financial statements, along with the MD&A, and shall recommend whether or not the Board should approve the financial statements and the MD&A;
- the Audit Committee's review of the Trust's annual information form;
- the Trust's compliance with legal and regulatory matters to the extent they may affect the financial statements of the Trust;
- the management of those risks for which oversight has been delegated by the Board to the Audit Committee pursuant to the enterprise risk management program; and
- all other material matters dealt with by the Audit Committee.

9. REVIEW AND DISCLOSURE

This Charter shall be reviewed by the Audit Committee at least annually and, if it is proposed by the Audit Committee to be amended, it shall be submitted to the Governance, Compensation and Nominating Committee for consideration of such amendments and, if such amendments are approved by the Governance, Compensation and Nominating Committee, to the Board for approval by the Board, with such further amendments as the Governance, Compensation and Nominating Committee proposes.

This Charter shall be posted on the Trust's website.

10. FREQUENCY OF MEETINGS AND *IN CAMERA* SESSIONS

The Audit Committee shall meet at least four times annually. Following each meeting of the Audit Committee, the Committee members shall meet in a private session.

11. RETENTION OF EXPERTS

The Audit Committee may engage such special legal, accounting or other experts, without Board approval and at the expense of the Trust, as it considers necessary to perform its duties.

12. OVERSIGHT FUNCTION

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Trust's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of management (including the oversight functions) and the Auditor. The Audit Committee,

the Chair and any members identified as having accounting or related financial expertise are members of the Board, appointed to the Audit Committee to provide broad oversight of the financial, risk and control related activities of the Trust, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Audit Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit Committee and Board in the absence of such designation. Rather, the role of a member who is identified as having accounting or related financial expertise, like the role of all members, is to oversee the process, not to certify or guarantee the internal or external audit of the Trust's financial information or public disclosure.