



PRO REAL ESTATE INVESTMENT TRUST

AUDIT COMMITTEE CHARTER

Approved as of March 11, 2013 and as revised as of March 25, 2020 and March 22, 2023

1. PURPOSE

- 1.1 The audit committee (the “**Committee**”) is a standing committee appointed by the board of trustees (the “**Board**”) of PRO Real Estate Investment Trust (the “**REIT**”). The Committee is established to fulfill applicable public issuer obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting including responsibility to:
 - (a) oversee the integrity of the REIT’s financial statements and financial reporting process, including the audit process and the REIT’s accounting controls and procedures and compliance with related legal and regulatory requirements;
 - (b) oversee the qualifications and independence of the external auditors;
 - (c) oversee the work of the REIT's financial management and external auditors in these areas; and
 - (d) provide an open avenue of communication between the external auditors, the Board and management.
- 1.2 The Committee is also responsible for assisting the Board in fulfilling its responsibilities relating to pension matters.
- 1.3 The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (i) to plan or conduct audits, (ii) to determine that the REIT’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee members and its chair are members of the Board of the REIT, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the REIT, and are specifically not accountable or responsible for the day to day operation or performance of such activities.
- 1.4 Management is responsible for the preparation, presentation and integrity of the REIT’s financial statements. Management is also responsible for maintaining

appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. Management is also responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls. The external auditors are responsible for planning and carrying out an audit of the REIT's annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

- 1.5 In the event that any provision of this charter conflicts with or contravenes any provision of the REIT's amended and restated declaration of trust dated as of December 21, 2018 (as such declaration of trust may be further amended or amended and restated from time to time) (the "**Declaration of Trust**"), such provision of the Declaration of Trust will govern and nothing herein shall be construed as giving the Trustees of the REIT who are members of the Committee any powers or authority in addition to, or greater than, the power and authority established by the Declaration of Trust.

2. COMPOSITION, PROCEDURES AND ORGANIZATION

- 2.1 The Committee shall consist of at least three members of the Board, all of whom shall be, in the determination of the Board, "independent" as that term is defined by *National Instrument 52-110 respecting Audit Committees* ("**NI 52-110**"), as amended from time to time.
- 2.2 All members of the Committee shall be, in the determination of the Board, "financially literate" as that term is defined by NI 52-110.
- 2.3 The Board, at its organizational meeting held in conjunction with each annual meeting of unitholders, shall appoint the members of the Committee for the ensuing year. The Board 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 of the REIT shall cease to be a member of the Committee.
- 2.4 The members of the Committee shall designate a chair (who shall be a resident Canadian) by majority vote of the full Committee membership.
- 2.5 The Committee shall have access to such officers and employees of the REIT and to the REIT's external auditors and its legal counsel, and to such information respecting the REIT as it considers necessary or advisable in order to perform its duties.
- 2.6 Meetings of the Committee shall be conducted as follows:

- (a) the Committee shall meet on a regular basis, at such times and at such locations as the chair of the Committee shall determine;
 - (b) any member of the Committee may call a meeting of the Committee;
 - (c) any Trustee of the REIT may request the chair of the Committee to call a meeting of the Committee and may attend such meeting to 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; and
 - (d) the external auditors and management employees shall, when required by the Committee, attend any meeting of the Committee.
- 2.7 The external auditors shall be entitled to communicate directly with the chair of the Committee and may meet separately with the Committee. The Committee, through its chair, may contact directly any employee in the REIT as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.
- 2.8 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 and to set their compensation.

3. DUTIES

- 3.1 The duties of the Committee shall be to:
- (a) assist the Board in the discharge of its duties relating to the REIT's accounting policies and practices, reporting practices and internal controls;
 - (b) establish and maintain a direct line of communication with the REIT's external auditors and assess their performance;
 - (c) oversee the work of the external auditors;
 - (d) review and discuss with management and the external auditors the adequacy and effectiveness the REIT's internal controls;
 - (e) assess the quality, appropriateness, objectivity and acceptability of the REIT's financial reports and accounting principles and practices used in its financial reporting;
 - (f) report regularly to the Board on the fulfillment of the Committee's duties;
 - (g) assist the Board in the discharge of its duties relating to the REIT's compliance with legal and regulatory requirements; and
 - (h) assist the Board in the discharge of its duties relating to risk assessment and risk management.

- 3.2 The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the REIT, including the resolution of disagreements between management and the external auditors regarding financial reporting, and in carrying out such oversight the Committee's duties shall include:
- (a) recommending to the Board a firm of external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the REIT;
 - (b) reviewing, where there is to be a change of external auditors, all issues related to the change, and the planned steps for an orderly transition;
 - (c) reviewing all reportable events, including disagreements, unresolved issues and consultations, or any successor legislation, on a routine basis, whether or not there is to be a change of external auditor;
 - (d) reviewing the engagement letters of the external auditors, both for audit and non-audit services;
 - (e) reviewing the independence of the external auditors;
 - (f) reviewing and approving the terms of engagement of the external auditors, including the compensation payable, scope and timing of the audit and other related services, pre-approving any non-audit services provided by the external auditors, and to this effect, establishing policies and procedures as appropriate for the engagement of the external auditors to provide non-audit services the whole in compliance with NI 52-110, and assessing the performance of the external auditors; and
 - (g) reviewing and pre-approving the nature of and fees for any non-audit services performed for the REIT by the external auditors and consider whether the nature and extent of such services could detract from the firm's independence in carrying out the audit function.
- 3.3 The duties of the Committee as they relate to audits and financial reporting shall be to:
- (a) review the audit plan with the external auditor and management;
 - (b) review with the external auditor and management any proposed changes in accounting policies, the presentation of the impact of significant risks and uncertainties, and key estimates and judgments of management that may in any such case be material to financial reporting;
 - (c) review the contents of the audit report;

- (d) question the external auditor and management regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
- (e) review the scope and quality of the audit work performed;
- (f) review the adequacy of the REIT's financial and auditing personnel;
- (g) review the co-operation received by the external auditor from the REIT's personnel during the audit, any problems encountered by the external auditors and any restrictions on the external auditor's work;
- (h) review the evaluation of internal controls by the internal auditor (or persons performing the internal audit function) and any reports on internal controls received from the external auditors, together with management's response to the recommendations, including subsequent follow-up of any identified weaknesses;
- (i) review the appointments of the chief financial officer, internal auditor (or persons performing the internal audit function) and any key financial executives involved in the financial reporting process;
- (j) review and recommend to the Board for approval the REIT's annual audited financial statements and those of its subsidiaries in conjunction with the report of the external auditors thereon, and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
- (k) review and approve the REIT's interim unaudited financial statements, and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
- (l) oversee procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and employees' confidential anonymous submission of concerns regarding accounting and auditing matters; and
- (m) review the terms of reference for an internal auditor or internal audit function.

3.4 The duties of the Committee as they relate to accounting and disclosure policies and practices shall be to:

- (a) review changes to accounting principles of the Canadian Institute of Chartered Accountants which would have a significant impact on the REIT's financial reporting as reported to the Committee by management and the external auditors;

- (b) review the quality, acceptability and appropriateness of the accounting policies used in the preparation of the REIT's financial statements and consider recommendations for any material change to such policies;
- (c) review the status of material contingent liabilities as reported to the Committee by management;
- (d) review the status of income tax returns and potentially significant tax problems as reported to the Committee by management;
- (e) review and approve before their release all publicly disclosed audited or unaudited financial information and any public disclosure documents to be filed with securities regulators containing audited or unaudited financial information, including all earnings, press releases, MD&A, prospectuses, annual reports to unitholders, annual information forms and management's discussion and analysis; and
- (f) oversee and review all financial information and earnings guidance provided to analysts and rating agencies.

3.5 The other duties of the Committee shall include:

- (a) reviewing any inquiries, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;
- (b) reviewing and approving policies respecting the hiring of partners, employees and former partners and employees of the REIT's present and former external auditors;
- (c) reviewing annual operating and capital budgets;
- (d) reviewing the funding and administration of the REIT's compensation and pension plans;
- (e) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
- (f) inquiring of management and the external auditors as to any activities that may be or may appear to be illegal or unethical;
- (g) any other questions or matters referred to it by the Board; and
- (h) receiving and reviewing:
 - (A) periodic reports on compliance with requirements regarding statutory deductions and remittances;

- (B) material policies and practices of the REIT respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the REIT; and
 - (C) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.
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- (i) meeting periodically with management to review and discuss the REIT's major risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities;
 - (j) reviewing, discussing with management and assessing the REIT's cybersecurity risk exposures, including, but not limited to: (i) the potential impact of those exposures on the REIT's business, operations and reputation; (ii) the steps management has taken to monitor and mitigate such exposures; (iii) security breach incidence reports and incident response protocols, including crisis management and disaster recovery plans; (iv) REIT disclosures regarding cybersecurity risks; and (v) the REIT's cybersecurity strategy;
 - (k) receiving and reviewing the financial statements and other financial information of material subsidiaries of the REIT and any auditor recommendations concerning such subsidiaries; and
 - (l) meeting with management to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.