

DUNDEE REIT

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee is a standing committee appointed by the board of trustees (the “**Board**”) pursuant to Section 8.3 of the Amended and Restated Declaration of Trust for Dundee Real Estate Investment Trust (the “**Trust**”) dated as of November 5, 2003 (the “**Declaration**”). The Committee is established to assist the Board in fulfilling its oversight responsibilities to Unitholders, potential Unitholders, the investment community, and others relating to:

- the integrity of the Trust’s financial statements and financial reporting process, including the audit process and the Trust’s internal accounting controls and procedures
- compliance with related legal and regulatory requirements;
- the qualifications and independence of the external auditors;
- work of the Trust’s external auditors engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Trust;
- the performance of the Trust's management and external auditors in these areas; and

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, and management of the Trust, and to determine that all parties are aware of their responsibilities.

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 Trust’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 and its Chair are members of the Board, appointed to the 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.

Management is responsible for the preparation, presentation and integrity of the Trust’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. The Chief Financial Officer is 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 Trust’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.

DEFINITIONS: Unless otherwise defined herein, all capitalized terms shall have the meanings set out in the Declaration

COMPOSITION OF THE COMMITTEE AND MEETINGS

1. The Committee shall consist of at least 3 members, a majority of whom shall be (i) Independent Trustees and (ii) shall be resident Canadians. The Chair of the Committee shall be selected from the group who are resident Canadians appointed to serve on the Committee
2. Each member of the Committee shall be an “independent” trustee (as such term is defined from time to time under the requirements or guidelines for audit committee service under applicable securities laws and the rules of any stock exchange on which the Trust’s securities are listed for trading) and none of the members shall have participated in the preparation of the financial statements of the Trust at any time over the past three years.
3. All members of the Committee must have 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.
4. The members of the Committee shall be elected by the Board annually or until their successors shall be duly appointed. Unless the Board designates a Chair, the members of the Committee may designate a Chair by majority vote of the Committee.
5. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a Trustee. The Board may fill vacancies on the Committee by election from among the Trustees of the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of the powers so long as a quorum remains.
6. Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall determine by resolution.
7. The Committee shall meet at least four times annually, or more frequently as circumstances require.
8. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall discuss such information and other matters relating to the financial position of the Trust with senior employees, officers and the external auditors of the Trust, and others, as they consider appropriate.
9. The Committee shall, at its discretion, meet periodically with the Chief Financial Officer, and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. The Committee shall also meet periodically without management present.
10. The Committee may require the external auditors and management to perform such supplemental reviews or audits as the Committee may deem desirable. The Committee is authorized to retain independent counsel, accountants, consultants and any other professional (“**Advisors**”) it deems necessary to carry out its duties, and the committee shall have the authority to determine the compensation of and to cause the Trust to pay any such Advisors.

11. The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee and its activities.
12. The Committee meetings shall be conducted as follows: (i) questions arising at any meeting shall be decided by a majority of the votes cast; (ii) decisions may be taken by written consent signed by all members of the Committee; and (iii) meetings may be called by the external auditors of the Trust or any member of the Committee upon not less than 48 hours' notice. The external auditors of the Trust are entitled to receive notice of every meeting of the Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the external auditors.

RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

1. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the Unitholders of the Trust and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Trust to be proposed in the Trust management information circular for Unitholder approval and the compensation to be paid by the Trust to the external auditors
2. The Committee shall approve in advance the terms of engagement of the external auditors with respect to the conduct of the annual audit.
3. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
 - require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Trust and its Subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand;
4. The Committee get assurances from the management that the external auditor and its affiliates have not provided any non-audit services to the Trust or any of its Subsidiaries that they are prohibited from performing. All non-audit services to be provided to the Trust or any of its Subsidiaries by the external auditors or any of its affiliates shall be subject to pre-approval by the Committee. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services, approve policies and procedures for the pre-approval of services to be rendered by the external auditors provided that (i) the policies and procedures shall include reasonable detail with respect to the services covered, (ii) the Committee is informed of each non-audit service and (iii) the procedures do not include delegation of the Committee's responsibilities to management.
5. The Committee shall establish and monitor clear policies for the hiring by the Trust of partners, employees and former partners and employees of the present and former external auditors.
6. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices

of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require. Such reports shall include:

- a description that would normally include safeguards:
 - created by the profession as a whole, such as education and experience requirements and the external review of quality control systems by provincial institutes;
 - within the auditors own firm, such as policies and procedures intended to promote quality control; to enable the identification of interests or relationships; and the appropriate communication of independence issues and internal accountability procedures such as rotation of personnel, concurring partner reviews and internal inspection/monitoring programs; and
 - within the Trust such as the Trust employment of staff of sufficient calibre and in sufficient numbers to ensure that the auditor would not be requested to perform managerial functions;
 - a report describing (i) all critical accounting policies and practices to be used in the preparation of the financial statements, (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors and (iii) other material written communication between the external auditors and management, such as any management letter or schedule of unadjusted differences.
7. The Committee shall review the requirement for an internal audit function annually and determine the appropriate internal audit function for the Trust and oversee its processes and the terms of compensation for any individuals engaged in such function.
 8. The Committee shall review with the external auditors and management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and general audit approach and scope of proposed audits of the financial statements of the Trust and its Subsidiaries, the overall audit plans, the responsibilities of management and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.
 9. The Committee shall discuss with the external auditors any difficulties or disputes that arose with management during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies.
 10. The Committee shall review with management the results of external audits.
 11. The Committee shall, as it deems necessary, oversee, review and discuss with management, and the external auditors:
 - the quality, appropriateness and acceptability of the Trust's accounting principles and practices used in its financial reporting, changes in the Trust's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;

- all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any “second opinions” sought by management from other third party professional accountants with respect to the accounting treatment of a particular item;
 - disagreements between management and the external auditors regarding the application of any accounting principles or practices;
 - any material change to the Trust’s accounting principles and practices as recommended by management or the external auditors or which may result from proposed changes to applicable generally accepted accounting principles;
 - the effect of new or proposed regulatory and accounting standards on the Trust’s financial statements and other financial disclosures;
 - any reserves, accruals, provisions, estimates or Trust programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Trust;
 - the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Trust and their impact on the reported financial results of the Trust;
 - any legal matter, claim or contingency that could have a material impact on the financial statements, the Trust’s compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Trust’s financial statements;
 - the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Trust’s operations;
 - the use of any “pro forma” or “adjusted” information not in accordance with generally accepted accounting principles; and
 - management’s determination of tangible or intangible asset impairment, if any, as required by applicable accounting standards.
 - appropriateness and disclosure of all related party transactions
12. The Committee will review and resolve disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practices.
13. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with management and the external auditors the adequacy and effectiveness of the Trust’s internal controls over financial reporting, including significant deficiencies or material weaknesses identified by management of the Trust.
14. The Committee shall ensure that the Trust establish appropriate policies and procedures for the receipt, retention and treatment of complaints received by the Trust regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees

of concerns regarding questionable accounting or auditing matters and review periodically with management these procedures and any significant complaints received.

15. The Committee shall:
 - review with the external auditors and management and recommend to the Board for approval the audited financial statements and each set of interim financial statements and the notes and Management's Discussion and Analysis accompanying such annual and interim financial statements, the Trust's annual report and any financial information of the Trust contained in any prospectus or management information circular or other disclosure document or regulatory filing of the Trust; and
 - review with the external auditors and management any other disclosure documents or regulatory filings of the Trust containing or accompanying financial information of the Trust.
 - Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.
16. Prior to their distribution, the Committee shall discuss earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which earning guidance is given.
17. The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditors.
18. Appointment of the Chief Financial Officer, shall require the prior review of the Committee.
19. The Committee shall receive and review periodic reports on compliance with requirements regarding statutory deductions and remittances, GST and tax payments.
20. The Committee shall meet periodically with management to review and discuss the Trust's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.
21. The Committee shall receive and review the financial statements and other financial information of material Subsidiaries of the Trust and any auditor recommendations concerning such Subsidiaries.
22. The Committee shall meet periodically with management to review issues arising out of compliance activities and assess contingent legal and regulatory risks.
23. The Committee shall meet 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.
24. As required by applicable laws or regulations or stock exchange requirements, the Committee shall review and approve the information required to be reported to unitholders and others in its Annual Information Form, and for such purposes, each member of the Committee shall provide

information respecting that member's education and experience that relate to his or her responsibilities as a Committee member.

25. The Committee should request and review a report from the Executive Vice-President and General Counsel at least twice each year as to compliance with the Trust's prohibitions against any related party transactions between trustees, directors or employees and their families and the Trust or any of its affiliates.
26. The Committee shall review on an annual basis, insurance programs and policies relating to the Trust and its investments.
27. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

THE CHARTER

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual information form and management information circular of the Trust.