

Audit Committee Charter

Purpose

The Audit Committee (the «Committee») is a committee of the board of trustees (the «Board») of BTB Real Estate Investment Trust («BTB») to which the Board has delegated responsibilities.

The overall purpose of the Committee is to ensure that BTB management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of BTB, and to review BTB's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and financial reporting, and to oversee the independence, qualifications, appointment and performance of BTB's external auditors.

Composition, procedures and organization

1. The Committee shall be constituted in accordance with Regulation 52-110 respecting Audit Committees, as amended or replaced from time to time («Regulation 52-110»).
2. The Committee shall consist of not fewer than three members of the Board, each of whom (except to the extent permitted by Regulation 52-110) shall be independent (within the meaning of Regulation 52-110). In addition, each member shall have the ability to read and understand a set of financial statements with a certain degree of complexity («financially literate»).
3. The Board, at its organizational meeting held in conjunction with or following each annual meeting of the 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.
4. Unless the Board shall have appointed a Chairperson of the Committee, the members of the Committee shall appoint a Chairperson and a Secretary for each meeting of the Committee.
5. The Chief Executive Officer, the Chief Financial Officer, the internal auditors, if any, and the external auditors shall have a direct line of communication to the Committee through its Chairperson and may bypass management if deemed necessary. The Committee, through its Chairperson, may contact directly any employee in BTB as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
6. The Committee shall have access to such officers and employees of BTB and to BTB's external auditors, and to such information respecting BTB, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
7. The members of the Committee and the Chairperson shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

Meetings

Committee meetings are held as follows:

1. every question shall be decided by a majority of the votes cast. In case of equality of votes, the Chairperson shall be entitled to a second vote;
2. the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chairperson of the Committee;
3. the external auditors or any member of the Committee may request a meeting of the Committee;
4. management representatives may be invited to attend all meetings except private sessions with the external auditors;
5. the minutes of all meetings of the Committee shall be taken;
6. the Committee shall meet with the external auditors at least once per year (in connection with the preparation of the year-end financial statements) and such other times as the external auditors and the Committee consider appropriate.

The quorum for meetings of the Committee shall be a majority of its members, present in person or by telephone or other telecommunication device, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.

Mandate and Responsibilities

The general duties and responsibilities of the Committee are as follows:

1. to assist the Board in the discharge of its responsibilities relating to BTB's accounting principles, reporting practices and internal controls and its approval of BTB's annual and interim consolidated financial statements and related financial disclosure;
2. to establish and maintain a direct line of communication with BTB's internal auditors, if any, and external auditors and assess their performance;
3. to ensure that the management of BTB has designed, implemented and is maintaining an effective system of internal financial controls; and
4. to report regularly to the Board on the fulfillment of its duties and responsibilities.

The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

1. to recommend to the Board a firm of external auditors to be engaged by BTB, and to verify the independence of such external auditors;
2. have the authority to communicate directly with the external auditors and ensure that the external auditors are available to the Committee and the Board as required;
3. to review, approve and recommend to the Board the fees, scope and timing of the audit and other related services rendered by the external auditors;

4. to review the audit plan of the external auditors prior to the commencement of the audit;
5. to review with the external auditors, upon completion of their audit:
 - (i) contents of their reports;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of BTB's financial and auditing personnel;
 - (iv) cooperation received from BTB personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of BTB;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
6. to discuss with the external auditors the quality and not just the acceptability of BTB's accounting principles;
7. monitor the relationship between management and the external auditors, including review of management letters or other reports from the external auditors, and discuss and resolve any material differences of opinion between them;
8. to implement structures and procedures to ensure that BTB meets the external auditors on a regular basis in the absence of management; and
9. to approve all non-audit services to be provided to BTB or its subsidiaries by external auditors.

The duties and responsibilities of the Committee as they relate to BTB's internal auditors, if any, are to:

1. periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
2. review and approve the internal audit plan; and
3. review significant internal audit findings and recommendations, and management's response thereto.

The duties and responsibilities of the Committee as they relate to the internal control procedures of BTB are to:

1. review the appropriateness and effectiveness of BTB's policies and business practices which impact on the financial integrity of BTB, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
2. review compliance under BTB's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
3. review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of BTB; and
4. periodically review BTB's internal control, financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented;

5. The Committee is also required to establish procedures:

(i) concerning the receipt, the retention and the treatment of complaints received by BTB with respect to accounting, internal accounting controls, or auditing matters;

(ii) concerning the confidential, anonymous submission by employees of BTB of concerns regarding questionable accounting or auditing matters.

The Committee is also charged with the responsibility to:

1. review BTB's interim financial statements, including any certifications, reports, opinions or reviews provided by the external auditors and related MD&A and press releases, and recommend them to the Board for approval;
2. review BTB's annual financial statements, including any certifications, reports, opinions or reviews provided by the external auditors, the Annual Information Form and related MD&A and press releases, and recommend them to the Board for approval;
3. review and recommend to the Board for approval other press releases containing financial and other information of BTB provided to the public or to a government agency, as requested by the Committee, as well as the financial sections of prospectuses;
4. examine and approve the hiring policies of BTB with respect to partners and personnel whether past or present of the external auditors of BTB, whether the auditor is a current or a previous one;
5. review regulatory filings and decisions as they relate to BTB's consolidated financial statements;
6. review the appropriateness of the policies and procedures used in the preparation of BTB's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
7. review and report on the integrity of BTB's consolidated financial statements;
8. review the minutes of any audit committee meeting of subsidiary companies or trusts;
9. review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of BTB and the manner in which such matters have been disclosed in the consolidated financial statements;
10. review BTB's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and

The Committee shall review and assess the adequacy of this Charter on an annual basis and recommend to the Board any changes it deems appropriate. The Committee shall also consider changes to this Charter that may be necessary as a result of changes to legal and regulatory requirements.