



AUDIT COMMITTEE CHARTER

1. Purpose

The Audit Committee (the “Committee”) is a committee of Slate Office REIT (the “REIT”) appointed by the board of trustees of the REIT (the “Board”) on an annual basis (or until their successors are duly appointed) to assist in fulfilling its oversight responsibilities. The Committee’s primary duties and responsibilities are to:

- (a) Identify and monitor the management of risks affecting financial reporting;
- (b) Monitor the integrity of the process including financial statements and disclosures of financial information;
- (c) Review the adequacy of the internal control systems over financial reporting;
- (d) Provide oversight of the external auditor;
- (e) Ensure compliance with regulatory requirements regarding financial reporting; and
- (f) Review any matters of suspected fraud or irregularities or a failure of internal controls systems of a material nature.

2. Membership

The Committee should be comprised of a minimum of three trustees and a maximum of five trustees.

- (a) The Committee must be constituted as required under National Instrument 52-110 — Audit Committees, as it may be amended or replaced from time to time (“NI 52-110”).
- (b) All members of the Committee must be independent (as defined by NI 52-110) except for temporary periods where a sufficient number of independent Trustees is not available to form the committee and then only until such time as a new independent Trustee is appointed. All members must be free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.
- (c) No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the REIT or any of its related parties or subsidiaries.
- (d) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as 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 REIT’s financial statements).
- (e) Any member of the 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 Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

- (f) A majority of the members of the Committee shall be Residents (as such term is defined in the declaration of trust of the REIT).

3. Limitation on Committee's Duties

- (a) In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.
- (b) Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the REIT ("Management") as to the non-audit services provided to the REIT by the external auditor, (iv) financial statements of the REIT represented to them by a member of Management or in a written report of the external auditors to present fairly the financial position of the REIT in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. Meetings

- (a) At all meetings of the Committee every matter shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
- (b) A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.
- (c) Meetings of the Committee should be scheduled to take place at least four times per year. The Committee should meet within 45 days following the end of the first three financial quarters of the REIT and shall meet within 90 days following the end of the fiscal year of the REIT. Minutes of all meetings of the Committee shall be taken.
- (d) The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.
- (e) 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 at such other times as the external auditors and the Committee consider appropriate.
- (f) The Committee or its Chair should meet at least once per year with Management to discuss any matters that the Committee desires to discuss privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the REIT's interim financial statements.

5. Responsibilities

I. Accounting Policies

- (a) Review significant accounting policies and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports.
- (b) Review major changes to accounting policies and practices.
- (c) Review with management and the external auditor implementation of changes or improvements in financial accounting or reporting practices.
- (d) Review management's process for ensuring that information contained in public disclosures is consistent with industry best practices.

II. Internal Controls and Risk Management

- (a) Review interim and annual CEO and CFO certifications filed with securities regulatory authorities.
- (b) Review reports from management and the external auditors with regard to the reliability and effective operation of the accounting system and related internal controls.
- (c) Review risk management policies and procedures (i.e. hedging, insurance etc.).
- (d) Review management's assessment of risk of fraud and error.
- (e) Review management's policies for the protection of assets.
- (f) Review management's policies for the delegation of authority.
- (g) Review code of business conduct, the process for communicating the code of conduct to employees and monitor compliance therewith.
- (h) Review the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters; and confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (i) Review expense statements of the CEO and CFO as well as any Trustee. Review the Enterprise Risk Management (ERM) process by the Board.
- (j) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with Management and the external auditors and assess whether recommendations made by the external auditors have been implemented by Management.

III. Financial Reporting Process and Financial Statements

- (a) Inquire as to the integrity of the financial reporting processes both internal and external and any major weaknesses in the system of internal control.
- (b) Review quarterly and annual financial statements with management including significant accounting and reporting matters, including complex or unusual transactions, valuation of assets and liabilities, revenue recognition, and areas involving a high degree of judgment.
- (c) Review and discuss with management and the external auditors quarterly and annual financial statements, Management's Discussion & Analysis, Annual Information Form and quarterly press releases and approve and recommend their approval by the Board.
- (d) Review and approve any other press releases that contain financial information and such other financial information of the REIT provided to the public or any governmental body as the Committee requires.
- (e) Review recent professional and regulatory pronouncements and understand their impact on the financial statements.
- (f) Review with management and the external auditor any significant issues or concerns identified during the course of the audit, including both resolved and unresolved issues, critical accounting or audit judgments, misstatements whether adjusted or those that remain unadjusted and obtain explanations from management and the external auditor.
- (g) Review issues related to liquidity, capital resources and contingencies that could affect liquidity.
- (h) Review all hedging activities.
- (i) Review any off balance sheet transactions and transactions with related parties.

- (j) Review with the external auditor all matters required to be communicated to audit committees.
- (k) Review the impact of prospective changes in accounting policies prior to their adoption.
- (l) Satisfy itself that adequate procedures have been put in place by Management for the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements and the related Management's Discussion & Analysis.
- (m) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the REIT and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.
- (n) Receive periodically Management reports assessing the adequacy and effectiveness of the REIT's disclosure controls and procedures.
- (o) Periodically consider the need for an internal audit function, if not present.
- (p) Review all material balance sheet issues, material contingent obligations and material related party transactions.
- (q) Review with Management and the external auditor the REIT's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with Management, the ramification of their use and the external auditor's preferred treatment and any other material communications with Management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

IV. Audit Process

- (a) Be directly responsible for the selection, appointment, compensation, retention, termination, and oversight of the work of the external auditor. Monitor audit engagement partner rotation requirements.
- (b) Consider and assess the independence of the external auditor.
- (c) Advise the external auditor that it is required to report to the Committee, and not to Management.
- (d) 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, if applicable, 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, if applicable, reviews.
- (e) Oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- (f) Where there are significant unsettled issues between Management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- (g) Review annually with the external auditor their plan for their audit and upon completion of the audit, their reports on financial statements, financial reporting framework and internal controls.
- (h) Review with external auditors their assessment of the internal controls of the REIT, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses.
- (i) Meet separately with the external auditor to discuss any matters the Committee or auditors believe should be discussed privately. Ensure the auditors have access to the Chair of the Committee when required

- (j) Conduct an external auditor evaluation on a periodic basis.
- (k) Approve audit fees paid to external auditor annually.
- (l) Review and discuss on an annual basis with the external auditor all significant relationships they have with the REIT, Management or employees that might interfere with the independence of the external auditor.
- (m) Pre-approve all non-audit services to be provided.
- (n) Recommend appointment of external auditor to Board annually.
- (o) Consider the need for independent audits of operations or investments.
- (p) Consider the need for an internal audit process
- (q) Review and approve hiring policies regarding employees and former employees of the present and former auditors
- (r) Review the system in place to seek to ensure that the financial statements, Management's Discussion & Analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

V. Tax, Legal and Regulatory Compliance

- (a) Review tax compliance to ensure tax regulations are sufficiently considered by management and that tax risks are managed.
- (b) Review report of CFO that all taxes collected have been remitted to authorities.
- (c) Obtain regular updates from management and legal counsel regarding compliance matters that may have a material impact on the financial statements.
- (d) Assess compliance with laws and regulations.
- (e) Review the findings of any examinations by regulatory authorities.

VI. Additional Responsibilities

- (a) Review and reassess the adequacy of the Committee's charter on an annual basis
- (b) Review the public disclosure regarding the Committee required from time to time by NI 52-110.
- (c) Engage independent counsel and other advisors as it determines necessary to carry out its duties at the expense without further approval of the Board. The Committee has the authority to set and pay compensation for any advisors it engages. The Committee also has the authority to communicate directly with the external auditors.
- (d) Review in advance, and approve, the hiring and appointment of the REIT's senior financial executives.
- (e) Evaluate the Committee's performance, both individual members and collectively, on an annual basis.
- (f) Maintain minutes of meetings.
- (g) Perform any other activities as the Committee or the Board deems necessary or appropriate.

VII. Complaint Procedures

- (a) Anyone may submit a complaint regarding conduct by the REIT or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing or other matters. The Chair of the Committee will have the power and authority to oversee treatment of such complaints.

- (b) Complaints are to be directed to the attention of the Chair of the Committee.
- (c) The Committee should endeavour to keep the identity of the complainant confidential.
- (d) The Chair of the Committee will have the power and authority to lead the review and investigation of a complaint. The Committee should retain a record of all complaints received. Corrective action may be taken when and as warranted.