

AUDIT COMMITTEE MANDATE

A. AUDIT COMMITTEE PURPOSE

1. The Audit Committee (the "Committee") is a committee of the Board of Trustees (the "Board") of Primaris Retail Real Estate Investment Trust (the "REIT") whose primary function is to manage and maintain the effectiveness of the financial aspects of the REIT.
2. The Committee shall report the results of its activities and associated recommendations to the Board and to Management ("Management") with respect to the financial statements of the REIT (which are the responsibility of Management).

B. COMMITTEE COMPOSITION AND PROCEDURES

1. The Committee shall be comprised of not less than three Trustees, all of whom must be Independent Trustees.
2. All members of the Committee shall 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 financial statements of the REIT.
3. Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board.
4. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three Trustees.
5. The Board shall appoint a Chair for the Committee.
6. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.
7. The Secretary of the REIT shall serve as a secretary of the Committee.
8. The Chair of the Committee or the Chair of the Board or any member of the Committee may call a meeting of the Committee. The Committee shall meet at such times during each year as it deems appropriate. The Committee will ordinarily meet *in camera* at the end of each of its formal meetings.
9. A majority of the members of the Committee shall constitute a quorum.
10. Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication or e-mail) to each member of the Committee and the Chief Executive Officer of the REIT at least 48 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

11. The Auditors of the REIT are entitled to receive notice of every meeting of the Committee and, at the expense of the REIT, to attend and be heard there at 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 Auditors of the REIT. The Auditors of the REIT may call a meeting of the Committee on not less than 48 hours prior notice.
12. The Committee shall review its performance and this Mandate annually or otherwise as it deems appropriate and propose recommended changes to the Board.

C. RESPONSIBILITIES OF THE COMMITTEE

1. The Committee shall:
 - (a) Review all quarterly unaudited and annual audited financial statements and accompanying reports to the unitholders, MD&A, related annual and interim earnings press releases, earnings guidance disclosure or any other disclosure based on the REIT's financial statements prior to the public release of those statements;
 - (b) Make recommendations to the Board for approval with respect to quarterly unaudited and annual audited financial statements, and, in each case in connection with such recommendations, review:
 - (i) the appropriateness of the REIT's significant accounting principles and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.
 - (ii) the existence and substance of significant accruals, estimates, or accounting judgements.
 - (iii) unusual or extraordinary items, transactions with related parties, and adequacy of disclosures.
 - (iv) asset and liability carrying values.
 - (v) income tax assets and liabilities.
 - (vi) significant financial variances between periods and the reasons thereof.
 - (vii) the notes to the financial statements.
 - (c) Satisfy itself that adequate procedures are in place for the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements, other than the public disclosure referred to in (a) and periodically assess the adequacy of those procedures.
 - (d) Review on a periodic basis:
 - (i) assurances of compliance with covenants in trust deeds or loan agreements.
 - (ii) material business risks, uncertainties, commitments, and contingent liabilities.
 - (e) Review all financial disclosure including financial statements or other documents incorporated by reference included in any prospectus or other offering document, or similar document which is filed with securities regulators in Canada or outside of Canada unless reviewed by the Board.

- (f) Review annual and quarterly MD&A disclosure from the perspective of its effectiveness in explaining the financial condition of the REIT including the material risks affecting the business of which investors should be aware.
- (g) Review quarterly treasury updates and approve key treasury matters including financing plans.
- (h) Review the certification processes and procedures followed by the REIT's senior officers in relation to financial statement certification.
- (i) Review and discuss with the Chief Executive Officer and Chief Financial Officer their readiness to certify the quarterly and annual financial statements and related disclosure material as required under Canadian securities legislation.
- (j) Review the REIT's Annual Information Form and make a recommendation for approval thereof to the Board.
- (k) Oversee any audit, review or attest services for the REIT.
- (l) Review and approve the REIT's hiring policies regarding partners, employees and former partners and employees of the current and any former auditors of the REIT.
- (m) Oversee the external audit process, with direct responsibility for this oversight, including:
 - (i) the selection and appointment of an auditing firm to conduct the annual audit of the REIT's annual financial statements and review of the REIT's quarterly financial statements (and related notes and management's discussion and analysis in each case) on the basis that the auditing firm is ultimately accountable to the Board and the Committee as representatives of the unitholders of the REIT.
 - (ii) assessing the independence of appointed auditing firm.
 - (iii) reviewing of the external audit plan comprising a fee estimate, objectives, scope, materiality, timing, locations to be visited, areas of audit risk, and co-ordination with the internal audit.
 - (iv) reviewing of audit reports and reviews and findings, including corresponding Management responses.
 - (v) recommending to the Board the compensation of the external auditor.
 - (vi) pre-approving any audit and non-audit services provided by the auditing firm to the REIT or its subsidiary entities, the fees charged by the firm for such services and the impact on the independence of the auditor. For such purposes, the Committee shall establish a pre-approval policy.
 - (vii) private discussions regarding the quality of the REIT's significant accounting principles and practices, the financial personnel, the level of co-operation received, unresolved material differences of opinion or disputes, and the effectiveness of the work of the internal audit.
 - (viii) resolve disagreements between Management and the external auditor regarding financial reporting.
 - (ix) reporting by the external auditor to the REIT through the Audit Committee.

- (x) evaluating the performance of the external auditor.
 - (n) Oversee the internal audit process, including policies, systems and controls, including processes followed for obtaining appropriate internal control assurances from the REIT's property managers and other managers with respect to financial information provided by them. The Committee may communicate directly with the internal auditors.
 - (o) Review the effectiveness of control and control systems utilized by the REIT in compiling financial information in connection with financial reporting.
 - (p) Review incidents of fraud, illegal acts and conflicts of interest and general compliance with any code of conduct adopted by the REIT for its employees, officers and directors.
 - (q) Review documents filed with securities commissions, including the REIT's annual information form and annual report.
 - (r) Review the procedures and report from Management on the quality and accuracy of computerized accounting systems, the adequacy of the protection against damage and disruption, and security of confidential information through information systems reporting.
 - (s) Review outstanding litigation.
 - (t) Establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the REIT regarding accounting, internal accounting controls, or auditing matters.
 - (ii) the confidential, anonymous submission by employees of the REIT of concerns regarding questionable accounting or auditing matters.
2. The Committee may, at the request of the Board, investigate such other matters as the Board considers appropriate in the circumstances.

D. RESOURCES, MEETINGS AND REPORTS

1. The Committee shall have adequate resources to discharge its responsibilities. The Committee may, for and on behalf of the REIT and at the REIT's sole expense, engage such independent counsel and other advisors as it considers in its sole discretion necessary to assist it in fulfilling its duties and responsibilities. The Committee has the authority to set and pay the compensation for any advisors.
2. The Committee shall meet not less than four times per year.
3. The meetings of the Committee shall ordinarily include the Chief Executive Officer (provided that the Committee may meet in private at any time it chooses), the auditors and the Chair of the Board shall be an *ex officio* member of the Committee if not otherwise appointed as a member of the Committee. The Committee may request the attendance of other officers at its meetings from time to time.
4. The Board shall be kept informed of the Committee's activities by a report presented at the Board meeting following each Committee meeting.
5. The Committee shall keep minutes of its meetings in which shall be recorded all actions taken by the Committee which minutes shall be made available to the Board.
6. The members of the Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the REIT and its subsidiaries.

E. CHAIR OF THE COMMITTEE

1. The Chair of the Audit Committee:

- (a) provides leadership to the Committee with respect to its functions as described in this Mandate and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- (b) chairs meetings of the Committee, unless not present;
- (c) ensures that the Committee meets on a regular basis and at least four times per year;
- (d) reviews in advance the agenda and supporting material for Committee meetings as prepared by the CFO or other members of Management appointed by the CFO;
- (e) in consultation with the Chair of the Board and the Committee members, establishes a calendar for holding meetings of and sets the agendas for the meetings of the Committee;
- (f) acts as liaison and maintains communication with the Chair of the Board and the Board to optimize and co-ordinate input from Trustees, and to optimize effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Board or the Declaration of Trust of the REIT may require or as the Committee considers advisable;
- (g) ensures that the Committee receives adequate and regular updates from the Management on all issues relating to audits, financial statements, MD&A, annual and interim earnings, press releases, procedures for disclosure of financial information and disclosure controls;
- (h) meets separately as required with the external auditors to ensure that the Committee has the information required to perform its role of oversight in line with its mandate;
- (i) pre-approves non-audit services not prohibited by law to be performed by external auditors in conformity with the terms of any authorization delegated to him by the Committee;
- (j) reports annually to the Committee on the role of the Chair and the effectiveness of the Chair role in contributing to the objectives and responsibilities of the Committee as a whole; and
- (k) reports annually to the Board on the role of the Committee and the effectiveness of the Committee role in contributing to the objectives and responsibilities of the Board as a whole.