

SUN RESIDENTIAL REAL ESTATE INVESTMENT TRUST

CHARTER OF THE AUDIT COMMITTEE

1. Purpose of this Charter

The Audit Committee is a standing committee of the board of trustees of Sun Residential Real Estate Investment Trust (“Sun”). The Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for Sun. This Charter shall govern the operations of the Committee.

The Committee’s primary duties and responsibilities are to:

- (a) conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- (b) assess the integrity of internal controls and financial reporting procedures of Sun and ensure implementation of such controls and procedures;
- (c) review the interim and annual financial statements and management’s discussion and analysis of Sun’s financial position and operating results and report thereon to the Board for approval of same;
- (d) select and monitor the independence and performance of Sun’s external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- (e) provide oversight of all disclosure relating to, and information derived from, financial statements and management’s discussion and analysis.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of Sun, or outside counsel for Sun, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of Sun and has the authority to retain, at the expense of Sun, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part 4 of this Charter.

2. Authority of the Audit Committee

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the Committee; and
- (c) communicate directly with the external auditors of Sun.

3. Composition and Meetings

- (a) The Committee shall be composed of three trustees as shall be designated by the Board from time to time. The members of the Committee shall designate from amongst themselves by majority vote of the full Committee a member who shall serve as Chair. The position description and responsibilities of the Chair are set out in Schedule “A” attached hereto.

- (b) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission (OSC), any exchange upon which the securities of Sun are listed and all applicable securities regulatory authorities. Each of the members of the Committee shall be “independent” and “financially literate”. An “independent” trustee is a trustee who has no direct or indirect material relationship with Sun. A “material relationship” is a relationship which, in the view of the Board, could be reasonably expected to interfere with the exercise of the trustee’s independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 — *Audit Committees*. A “financially literate” trustee is a trustee who has 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 accounting issues that can be reasonably expected to be raised in Sun’s financial statements.
- (c) Each member of the Committee shall serve at the pleasure of the Board. The Committee shall report to the Board.
- (d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two members of the Committee present, either in person or by telephone, shall constitute a quorum.
- (e) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other means of communication, by giving at least 48 hours’ notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- (f) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for the purposes hereof, to be present in person at the meeting.
- (g) The Committee shall keep minutes of its meetings. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- (h) Any trustee of Sun may attend meetings of the Committee, and the Committee may invite such officers and employees of Sun and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
- (i) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

4. Responsibilities

- (a) Financial Accounting and Reporting Process and Internal Controls
 - i. The Committee shall review the annual audited and interim financial statements and related management’s discussion and analysis before Sun publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so.
 - ii. The Committee shall review and assess the adequacy and effectiveness of Sun's systems of internal control and management information systems through discussion with management and the external auditor to ensure that Sun maintains appropriate systems.

- iii. The Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws or otherwise pursuant to the policies of Sun (including before Sun publicly discloses this information).
- iv. The Committee shall meet no less than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of Sun in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of Sun in charge of financial matters, deem appropriate.
- v. The Committee shall inquire of management and the external auditors about significant financial and internal control risks or exposures and assess the steps management has taken to minimize such risks.
- vi. The Committee shall review the post-audit or management letter, if any, containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- vii. The Committee shall be responsible for monitoring compliance with Sun's Code of Conduct and Business Ethics;
- viii. The Committee shall periodically review and make recommendations regarding the Code of Business Conduct and Ethics adopted by the Board;
- ix. The Committee is responsible for creating a confidential and anonymous process whereby persons can report any concerns regarding matters which the complainant views to be illegal, unethical or contrary to Sun's policies; and
- x. The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

(b) External Auditors

- i. The Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for Sun, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
- ii. The Committee shall ensure that procedures are in place to assess the audit activities of the external auditors and the internal audit functions.
- iii. The pre-approval of the Committee shall be required prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.
- iv. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors and attempt to resolve disagreements between management and the external auditors regarding financial reporting.
- v. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within International Financial Reporting Standards that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between Sun and the external auditors.

- vi. The Committee shall review fees paid by Sun to the external auditors and similar professionals.
- vii. The Committee shall review and approve Sun's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of Sun.
- viii. The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

(c) **Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

5. Performance Evaluation

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board.

6. Access to Information

The Committee shall be granted unrestricted access to all information regarding Sun that is necessary or desirable to fulfill its duties and all trustees, officers and employees of Sun will be directed to cooperate as requested by members of the Committee.

7. Approval

Approved by the Board on December 1, 2019.

SCHEDULE “A”

SUN RESIDENTIAL REAL ESTATE INVESTMENT TRUST

POSITION DESCRIPTION FOR THE CHAIR OF THE AUDIT COMMITTEE

1. PURPOSE

The Chair of the Committee shall be an independent trustee who is selected by the Board or designated by a majority vote of the Committee to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the unitholders of Sun.

2. WHO MAY BE CHAIR

The Chair will be selected from amongst the members of the Committee. For greater certainty, the Chair shall be “independent” and “financially literate” as defined in National Instrument 52-110 – *Audit Committees*.

The Chair will be selected annually at the first meeting of the Board following the annual general meeting of unitholders or designated by a majority vote of the Committee.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chair:

- a) chair all meetings of the Committee in a manner that promotes meaningful discussion;
- b) oversee adherence to the Committee’s Charter and that the adequacy of the Committee’s Charter is reviewed annually;
- c) provide leadership to the Committee to enhance the Committee’s effectiveness, including:
 - i) act as liaison and maintain communication with the Board to coordinate input from trustees and to optimize the effectiveness of the Committee. This includes ensuring that Committee materials are available to any trustee upon request and reporting to the Board on all decisions 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 Committee considers advisable;
 - ii) oversee the Committee’s lines of communication with the independent auditors, financial and senior management and the Board for financial and control matters with the goal of achieving open lines of communication and the Committee working as a cohesive team;
 - iii) take steps necessary to ensure that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
 - iv) take all necessary actions to maintain an independent and objective Committee to monitor Sun’s financial reporting process and internal control systems, as well as to monitor the relationship between Sun and the independent auditors to ensure independence;
 - v) oversee the establishment of Committee procedures to assess the audit activities of the independent auditors and the internal audit functions; and
 - vi) oversee the establishment of Committee procedures to review Sun’s public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of Sun;

- d) oversee the establishment of Committee procedures for dealing with complaints received by Sun regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns;
- e) manage the Committee, including:
 - i) adopt procedures so that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - ii) prepare the agenda of the Committee meetings and ensure pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - iii) oversee the Committee's participation in Sun's accounting and financial reporting process and the audits of its financial statements;
 - iv) annually review with the Committee its own performance, report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;
 - v) together with the Board, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
- f) perform such other duties as may be delegated from time to time to the Chair of the Committee by the Board.