

# Audit Committee Mandate

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## Purpose

The Audit Committee is appointed by the Board of Trustees of Killam Apartment REIT to assist the Board in fulfilling its oversight of:

- a) the quality and integrity of Killam’s financial statements and related disclosures;
- b) the independence and performance of Killam’s external auditors;
- c) the effectiveness of Killam’s internal control systems over financial reporting;
- d) the principal risks that could impact Killam’s financial reporting;
- e) the effectiveness of internal controls regarding financial reporting; and
- f) compliance with legal requirements and securities regulations in respect of financial statements and financial reporting.

## Composition & Operation

- a) The Committee shall consist of three or more Trustees as determined by the Board on the recommendation from the Governance and ESG Committee, all of whom shall be “independent” as determined in accordance with National Instrument 52-110 – Audit Committees.
- b) All members of the Committee shall be financially literate, being defined as able to read and understand a set of financial statements which 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 Killam’s financial statements, and at least one member of the Committee shall have accounting or related financial management expertise.
- c) Committee members are encouraged to enhance their familiarity with finance and accounting by participating in seminars, conferences, roundtables and other educational programs conducted by Killam or outside organizations.
- d) The members of the Committee shall be appointed or re-appointed at the organizational meeting of the Board immediately following each annual meeting of the unitholders of Killam and shall continue as members of the Committee until their successors are appointed. The Board may fill any vacancy in the membership of the Committee at any time.
- e) The Board shall appoint a Committee Chair among the members of the Committee. If a Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.
- f) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting.

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- g) The Committee shall meet privately at least annually with Killam's management ("Management") and the external auditors to discuss any matters that the Committee or each of these groups believes should be discussed.
- h) The Committee and the external auditors will review Killam's interim financial statements.

### Responsibilities

In fulfilling its purpose, the Committee shall:

#### Section 1 Financial Reporting

- a) review Killam's financial statements, management's discussion and analysis and earnings press releases prior to filing or distribution, and make appropriate recommendation to the Board. Review shall include discussion with Management and external auditors of significant issues regarding accounting principles, practices and significant Management estimates and judgements;
- b) review Killam's additional regulatory filings, including any Annual Information Form, Information Circular, Annual Report, prospectuses and business acquisition report;

#### Section 2 External Auditors

- c) review the independence and performance of the auditors and annually recommend to the Board the appointment of the external auditors or approve the discharge of auditors when circumstances warrant;
- d) approve fees and other significant compensation to be paid to the external auditors;
- e) on an annual basis, review and discuss with the external auditors all significant relationships they have with Killam that could impair the auditors' independence;
- f) review the external auditors' audit plan and discuss and approve audit scope, staffing, reliance upon Management and general audit approach;
- g) prior to releasing the year-end results, discuss the results of the audit with the external auditors, including certain matters required to be communicated to audit committees in accordance with the standards established by the Chartered Professional Accountants of Canada;
- h) consider the external auditors' judgments about the quality and appropriateness of Killam's accounting principles as applied in Killam's financial reporting;

#### Section 3 Non-Audit Services

- i) be responsible for reviewing and pre-approving all non-audit services and fees to be provided by the external auditor;

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- j) be permitted to establish specific policies and procedures concerning the performance of non-audit services which are to be reviewed annually;

### Section 4 Internal Controls and Risk Management

- k) oversee the adequacy and effectiveness of Killam's internal accounting and financial controls, and the recommendations of Management and the external auditor for the improvement of accounting practices and internal controls;
- l) discuss significant financial risk exposures and the steps Management has taken to monitor, control, and report such exposures and review significant findings prepared by the external auditors together with internal audit and/or Management responses;
- m) review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and provide the Committee's view to the Board;
- n) review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual and interim filings with applicable securities regulatory authorities;

### Section 5 Other Audit Committee Responsibilities

- o) ensure that procedures are in place relating to the receipt, retention and treatment of complaints which may be received concerning accounting, internal controls or auditing matters (see the Whistleblower Policy) and ensure procedures are in place concerning the confidential, anonymous submissions of concerns by Killam's employees relating to these matters;
- p) on at least an annual basis, review with Killam's legal counsel any legal matters that could have a significant impact on Killam's financial statements, compliance with applicable laws and regulations and inquiries received from regulators or government agencies;
- q) review and assess the adequacy of this mandate at least annually and submit the mandate to the Board for approval;
- r) annually assess the effectiveness of the Committee against its mandate and report the results to the Board;
- s) review policies and practices concerning officers' expenses and perquisites;
- t) prepare and disclose a summary of this mandate to Killam's unitholders; and
- u) conduct an annual review of this mandate and the performance evaluation of the Committee and each of its members.

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## Authority

The Committee has the authority to:

- a) conduct any investigation appropriate to fulfilling its responsibilities,
- b) engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and other advisors, such engagement to be at Killam's expense. Killam shall be responsible for all other expenses of the Committee that are deemed necessary or appropriate by the Committee in order to carry out its duties; and
- c) communicate direct access to the external auditors as well as anyone in the organization.

## Administrative Matters

- a) A notice of time and place of every meeting of the Committee shall be given in writing to each member of the Committee and to the external auditor at least two business days prior to the time fixed for such meeting, unless waived by all members entitled to attend. Attendance of a member of the Committee at a meeting shall constitute 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 was not lawfully called.
- b) The external auditor shall be entitled to attend and be heard at each Committee meeting. The external auditors must attend every meeting of the Committee at which it is specially requested to attend. Upon the request of the external auditor or any member of the Committee, the Committee shall convene a meeting of the Audit Committee to consider any matters that should be brought to the attention of the Board of Trustees.
- c) A quorum of the Committee shall be a majority of its members present in person or by telephone, and decisions of the Committee shall be determined by a majority of the votes cast where a quorum is present or by a resolution in writing signed by all the members of the Committee. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting will be chosen to preside by the members of the Committee present at that meeting.
- d) Any member of the Committee may be removed or replaced at any time by resolution of the Board of Trustees. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the annual meeting of the unitholders next following the date of appointment as a member of the Committee or until a successor is duly appointed.
- e) The Committee may invite such officers, Trustees and employees of Killam or affiliates as it may see fit from time to time to attend at meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee. Notwithstanding the foregoing, the Chair of the

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Committee shall hold in camera sessions, without management present, at every meeting of the Committee. The external auditors are to appear before the Committee when requested to do so by the Committee.

- f) The members of the Committee shall, for the purpose of performing their duties, have the right to inspect all books and records of Killam and its affiliates, and to discuss such books and records that are in any way related to the financial position of Killam with its officers, employees and external auditor and its affiliates.
- g) Minutes of Committee meetings shall be recorded and maintained. The Committee shall appoint a member of the Committee, other officer of Killam, or legal counsel to act as secretary at each meeting for the purpose of recording the minutes of each meeting.
- h) The Chair of the Committee shall report to the Board on the activities of the Committee, and the minutes of Committee meetings will be promptly circulated to the Trustees who are not members of the Committee upon request. The Committee shall report to the Board on such matters and questions relating to the financial position of Killam, as the Board may from time to time refer to the Committee.