



STARLIGHT U.S. MULTI-FAMILY (NO. 1) CORE PLUS FUND

AUDIT COMMITTEE CHARTER

As of February 28, 2020

1. PURPOSE

- 1.1 Starlight U.S. Multi-Family (No. 1) Core Plus GP, Inc. as the general partner of the Fund (the "**General Partner**") shall appoint an audit committee (the "**Committee**") to assist the board of directors (the "**Board**") of the General Partner in fulfilling its responsibilities. The overall purpose of the Committee of the Fund is to monitor the Fund's system of internal financial controls, to evaluate and report on the integrity of the financial statements of the Fund, to enhance the independence of the Fund's external auditors and to oversee the financial reporting process of the Fund.

2. PRIMARY DUTIES AND RESPONSIBILITIES

- 2.1 The Committee's primary duties and responsibilities are to:
- (a) serve as an objective party to monitor the Fund's financial reporting and internal control system and review the Fund's financial statements;
 - (b) review the performance of the Fund's external auditors; and
 - (c) provide an open avenue of communication among the Fund's external auditors, the Board and senior management of Starlight Investments US AM Group LP, in its capacity as manager of the Fund (the "**Manager**").

3. COMPOSITION, PROCEDURES AND ORGANIZATION

- 3.1 The Committee shall be comprised of at least three directors of the Fund as determined by the Board, two of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.
- 3.2 At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Audit Committee Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Fund's financial statements.
- 3.3 The General Partner shall appoint the members of the Committee. The General Partner may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee. Any member of the Committee ceasing to be a director of the General Partner shall cease to be a member of the Committee.

- 3.4 Unless a chair is elected by the Board, the members of the Committee shall elect a chair from among their number (the “**Chair**”). The Chair shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings and reporting to the Board.
- 3.5 The Committee, through its Chair, shall have access to such officers and employees of the Fund and the Manager and to the Fund’s external auditors and its legal counsel, and to such information respecting the Fund as it considers to be necessary or advisable in order to perform its duties.
- 3.6 Notice of every meeting shall be given to the external auditors, who shall, at the expense of the Fund, be entitled to attend and to be heard thereat.
- 3.7 Meetings of the Committee shall be conducted as follows:
- (a) the Committee shall meet four times annually, or more frequently as circumstances dictate, at such times and at such locations as the Chair shall determine;
 - (b) the external auditors or any member of the Committee may call a meeting of the Committee;
 - (c) any director of the General Partner may request the Chair to call a meeting of the Committee and may attend such meeting to inform the Committee of a specific matter of concern to such trustee, and may participate in such meeting to the extent permitted by the Chair; and
 - (d) the external auditors and the Manager shall, when required by the Committee, attend any meeting of the Committee.
- 3.8 The external auditors shall be entitled to communicate directly with the Chair and may meet separately with the Committee. The Committee, through the Chair, may contact directly any employee in the Manager as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.
- 3.9 Compensation to members of the Committee shall be limited to directors’ fees, either in the form of cash or equity, and members shall not accept consulting, advisory or other compensatory fees from the Fund.
- 3.10 The Committee is granted the authority to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of the Fund. The Committee has the power to engage and determine funding for outside and independent counsel or other experts or advisors as the Committee deems necessary for these purposes and as otherwise necessary or appropriate to carry out its duties and to set Committee members compensation. The Committee is further granted the authority to communicate directly with internal and external auditors.

4. DUTIES

- 4.1 The overall duties of the Committee shall be to:

- (a) assist the Board in the discharge of their duties relating to the Fund's accounting policies and practices, reporting practices and internal controls and the Fund's compliance with legal and regulatory requirements;
- (b) establish and maintain a direct line of communication with the Fund's external auditors and assess their performance and oversee the co-ordination of the activities of the external auditors; and
- (c) be aware of the risks of the business and ensure the Manager has adequate processes in place to assess, monitor, manage and mitigate these risks as they arise.

4.2 The Committee shall be directly responsible for overseeing the work of the external auditor, who shall report directly to the Committee, engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Fund, including the resolution of disagreements between the Manager and the external auditors and the overall scope and plans for the audit, and in carrying out such oversight, the Committee's duties shall include:

- (a) recommending to the Board the selection and compensation and, where applicable, the replacement of the external auditor nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Fund;
- (b) reviewing, where there is to be a change of external auditors, all issues related to the change, including the information to be included in the notice of change of auditor called for under NI 51-102 or any successor legislation, and the planned steps for an orderly transition;
- (c) reviewing all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102 or any successor legislation, on a routine basis, whether or not there is to be a change of external auditor;
- (d) reviewing and pre-approving all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Fund's external auditors to the Fund or any subsidiary entities;
- (e) reviewing the engagement letters of the external auditors, both for audit and non-audit services;
- (f) consulting with the external auditor, without the presence of the Manager about the quality of the Fund's accounting principles, internal controls and the completeness and accuracy of the Fund's financial statements;
- (g) reviewing annually the performance of the external auditors, who shall be ultimately accountable to the Board and the Committee as representatives of the unitholders of the Fund, including the fee, scope and timing of the audit and other related services and any non-audit services provided by the external auditors; and
- (h) reviewing and approving the nature of and fees for any non-audit services performed for the Fund by the external auditors and consider whether the nature and extent of such services could detract from the firm's independence in carrying out the audit function.

- 4.3 The duties of the Committee as they relate to document and reports reviews shall be to:
- (a) review the Fund's financial statements, management's discussion and analysis of financial results ("**MD&A**") and any financial press releases before the Fund publicly discloses this information; and
 - (b) review and periodically assess the adequacy of procedures in place for the review of the Fund's public disclosure of financial information extracted or derived from the Fund's financial statements, other than the Fund's financial statements, MD&A and financial press releases.
- 4.4 The duties of the Committee as they relate to audits and financial reporting shall be to:
- (a) in consultation with the external auditor, review with the Manager the integrity of the Fund's financial reporting process, both internal and external, and approve, if appropriate, changes to the Fund's auditing and accounting practices;
 - (b) review the audit plan with the external auditor and the Manager;
 - (c) review with the external auditor and the Manager any proposed changes in accounting policies, the presentation of the impact of significant risks and uncertainties, and key estimates and judgments of the Manager that may in any such case be material to financial reporting;
 - (d) review the contents of the audit report;
 - (e) question the external auditor and the Manager regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (f) review the scope and quality of the audit work performed;
 - (g) review the adequacy of the General Partner's financial and auditing personnel;
 - (h) review the co-operation received by the external auditor from the Manager's and the General Partner's personnel during the audit, any problems encountered by the external auditors and any restrictions on the external auditor's work;
 - (i) review the internal resources used;
 - (j) review the evaluation of internal controls by the internal auditor (or persons performing the internal audit function) and the external auditors, together with the Manager's response to the recommendations, including subsequent follow-up of any identified weaknesses;
 - (k) review the appointments of the chief financial officer, internal auditor (or persons performing the internal audit function) of the General Partner and any key financial executives involved in the financial reporting process;
 - (l) review and approve the Fund's annual audited financial statements and those of any subsidiaries in conjunction with the report of the external auditors thereon, and obtain an explanation from the Manager of all significant variances between comparative reporting periods before release to the public;

- (m) establish procedures for (A) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and (B) the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters; and
 - (n) review the terms of reference for an internal auditor or internal audit function.
- 4.5 The duties of the Committee as they relate to accounting and disclosure policies and practices shall be to:
- (a) review changes to accounting principles of the Canadian Institute of Chartered Accountants which would have a significant impact on the Fund's financial reporting as reported to the Committee by the Manager and the external auditors;
 - (b) review the appropriateness of the accounting policies used in the preparation of the Fund's financial statements and consider recommendations for any material change to such policies;
 - (c) review the status of material contingent liabilities as reported to the Committee by the Manager or the external auditors;
 - (d) review the status of income tax returns and potentially significant tax problems as reported to the Committee by the Manager;
 - (e) review any errors or omissions in the current or prior year's financial statements;
 - (f) review, and approve before their release, all public disclosure documents containing audited or unaudited financial information including all earnings, press releases, MD&A, prospectuses, annual reports to unitholders and annual information forms, as applicable; and
 - (g) oversee and review all financial information and earnings guidance provided to analysts and rating agencies.
- 4.6 The other duties of the Committee shall include:
- (a) reviewing any related-party transactions not in the ordinary course of business;
 - (b) reviewing any inquiries, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;
 - (c) formulating clear hiring policies for partners, employees or former partners and employees of the Fund's external auditors;
 - (d) reviewing annual operating and capital budgets;
 - (e) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
 - (f) inquiring of Manager and the external auditors as to any activities that may be or may appear to be illegal or unethical;

- (g) ensuring procedures are in place for the receipt, retention and treatment of complaints and employee concerns received regarding accounting or auditing matters and the confidential, anonymous submission by employees of the Fund of concerns regarding such; and
- (h) reviewing any other questions or matters referred to it by the Board.