

Audit Committee Charter and Checklist

I. PURPOSE

The primary purpose of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities relating to: (a) the integrity of the financial reports and other financial information provided by Trustreet Properties, Inc. (the “Company”) to the public; (b) the Company’s processes for monitoring compliance with regulatory requirements; (c) the systems of internal controls which management has established; (d) the performance of the Company’s internal audit function; (e) the independence, qualifications and performance of the Company’s independent auditor; (f) the Company’s auditing, accounting and financial reporting processes generally; and (g) the duties set forth below and such other responsibilities as may be delegated to the Committee by the Board from time to time. The Committee is responsible for appointment, compensation and oversight of the Company’s independent auditors and internal auditors who shall report directly to the Committee and are ultimately accountable to the Board and the Committee. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels.

II. COMPOSITION

The Committee shall be composed of three or more directors as determined by the Board, each of whom shall be “independent,” as such term is defined or construed from time to time in the Securities Exchange Act of 1934 and the rules and regulations promulgated there under (the “Exchange Act”) and other laws and regulations applicable to the Company and the Committee. In addition, all members of the Committee must possess the requisite financial knowledge and accounting or related financial management experience to fulfill their duties, and the Committee shall include in its membership at least one member that qualifies as an “audit committee financial expert” as that term is defined or construed from time to time in the Exchange Act and other laws and regulations applicable to the Company and the Committee. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

Prior to approving a director's appointment to the Committee, the Board shall have determined, upon the advice of the Company's Nominating Committee: (a) that such director satisfies the foregoing independence requirements; (b) in the exercise of its business judgment, that such director has the requisite financial and accounting knowledge to serve on the Committee; and (c) whether such director qualifies as an "audit committee financial expert."

No member of the Committee shall simultaneously serve on the audit committee of more than two public companies (excluding service on the Audit Committee of the Company) unless the Board has made a determination that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

The Nominating Committee, after consultation with the Chief Executive Officer(s) of the Company, shall recommend to the full Board for its approval: (a) which directors should serve on the Committee; (b) who shall serve as chairman of the Committee; (c) whether additional directors should be appointed to the Committee; and (d) whether any directors should be removed from the Committee. If a chairman is not elected by the Board, the members of the Committee may designate a chairman by majority vote of the full Committee.

III. COMPENSATION

The chairman of the Committee and each member of the Committee shall be entitled to compensation for being the chairman or member of the Committee, as applicable, and for meeting attendance as such fees are established from time to time by the Board. Each member of the Committee shall be entitled to be reimbursed for reasonable out-of-pocket expenses incurred by such member in attending meetings of the Committee and in performing his/her duties as a member of the Committee. No member of the Committee shall receive from the Company any compensation other than his or her fees for serving as a director and a member of the Committee or any other committee of the Board.

IV. MEETINGS

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management and the independent accountants in separate sessions to discuss any matters that the Committee or either of these groups believe should be discussed privately.

Meetings of the Committee shall be called by the Secretary of the Company upon the request of the chairman of the Committee, a co-Chief Executive Officer, the Chief Financial Officer or a majority of the members of the Committee. Except for the regular quarterly meetings of the Committee, notice of any meeting of the Committee shall be given in the manner provided for in the Bylaws of the Company for meetings of the Board and its committees.

The provisions set forth in the Company's Bylaws for meetings of the Board and its committees shall govern the quorum and voting requirements for all meetings of the Committee.

The Committee shall be required to keep a record of its actions and proceedings and shall report to the Board at the next meeting of the Board following the Committee meeting with such report to include recommendations for Board actions when appropriate.

As necessary or desirable, the chairman of the Committee may request that members of management, independent consultants, and representatives of the independent auditors be present at meetings of the Committee.

V. RESPONSIBILITIES AND DUTIES

The Committee's specific powers and responsibilities in carrying out its oversight role are delineated in the Audit Committee Powers and Responsibilities Checklist. The checklist will be updated annually to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices. As the compendium of Committee powers and responsibilities, the most recently updated checklist will be considered to be an addendum to this charter.

VI. POWERS AND RESPONSIBILITIES CHECKLIST

		WHEN PERFORMED MEETINGS				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	A/N*
A. Independent Auditors						
1.	In the sole discretion of the Committee, appoint, retain or terminate the Company's independent auditor, pre-approve all fees and terms of the audit engagement, and resolve any disagreements between management and the independent auditor					X
2.	Approve in advance all tax and non-audit services which may legally be provided to the Company by its independent auditor, including the fees and terms for such services in accordance with Section 10A(i) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations promulgated by the Securities and Exchange Commission (the "SEC") there under The chairman of the Committee shall have the right to pre-approve all such tax and non-audit services on behalf of the Committee and shall promptly advise the remaining members of the Committee of such approval at the next regularly scheduled meeting.	X	X	X	X	X
3.	Meet with the independent auditor to review the scope of the annual audit and the audit procedures to be utilized.				X	
4.	At the conclusion of the audit, review such audit, including any comments or recommendations of the independent auditor. The review will cover any audit problems or difficulties encountered by the independent auditors and management's response to those items. Items to be reviewed would include: any restrictions on the scope of the independent auditor's activities or on access to requested information; any significant disagreements between the independent auditor and management; any accounting adjustments that were noted or proposed by the independent auditor, but were passed (as immaterial or otherwise); any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditor to the Company, and management's responses to such letters; and relevant current accounting rules and developments.	X				
5.	Review with the independent auditor and the					

		WHEN PERFORMED MEETINGS				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	A/N*
	Company's financial management the adequacy and effectiveness of the Company's internal accounting and financial controls, and management's report on any significant deficiencies in internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and report on any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls	X	X	X	X	X
6.	Review the independent auditor's ability to attest to and report on management's assertion on its assessment of the effectiveness of the Company's internal control structure and its financial reporting procedures in its Annual Report on Form 10-K	X				
7.	Obtain and review, at least annually, a report by the independent auditor describing the auditor's internal quality-control procedures, and any material issues raised by the most recent internal quality-control review or peer review of the auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor and any steps taken to deal with any such issues				X	
8.	Review with the Company's financial management and the independent auditor at least annually the Company's critical accounting policies and practices and significant accounting judgments and estimates to be used				X	X
9.	Confirm quarterly that the Company's independent auditor has no conflict of interest with the Company under Section 10A(l) of the Exchange Act and the rules and regulations of the SEC promulgated there under	X	X	X	X	
10.	Review the annual written statement from the independent auditor delineating all relationships between the independent auditor and the Company, and discussing any relationships which may impact the continued objectivity and independence of the independent auditors				X	

		WHEN PERFORMED MEETINGS				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	A/N*
11.	Evaluating the independent auditor and the lead audit partner on an annual basis, taking into account the opinions of the Company's management and internal auditors or others performing similar functions	X				
12.	Consider whether, in order to assure continuing auditor independence, there should be regular rotation of the lead audit partner or the independent auditor	X				
13.	Report the Committee's conclusions to all of the members of the Board of Directors (the "Board") with respect to the independent auditor's qualifications, performance and independence	X			X	X

		WHEN PERFORMED				
		MEETINGS				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	A/N*
B. Annual and Quarterly Financial Results and Statements and Public Announcements of Financial Information						
1.	<p>Review the annual and quarterly financial results and statements, including the disclosure in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with management and the independent auditors prior to any filing with the SEC. The review will include the following items:</p> <p><input type="checkbox"/> ___ any material accounting issues identified by management or the independent auditor and their impact on the financial statements</p> <p><input type="checkbox"/> ___ any audit problems or difficulties encountered by the independent auditor and management’s response to those items</p> <p><input type="checkbox"/> ___ the independent auditor’s evaluation of the quality of the disclosure and the content of the financial statements</p> <p><input type="checkbox"/> ___ any changes in accounting principles and significant judgments and estimates</p> <p><input type="checkbox"/> ___ the effect of any regulatory and accounting initiatives, such as off-balance sheet activities, on the financial statements</p> <p><input type="checkbox"/> ___ any related party transactions</p> <p><input type="checkbox"/> ___ any pending litigation and other contingent liabilities</p> <p><input type="checkbox"/> ___ all off-balance sheet arrangements that either have, or are reasonably likely to have a current or future effect on financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenue or expenses</p> <p><input type="checkbox"/> ___ the report of the independent auditor required by Section 10A(k) of the Exchange Act and the rules and regulations of the SEC promulgated there under, including the critical accounting policies and practices used, all alternative methods of financial accounting within United States generally accepted accounting principles (“GAAP”) that have been discussed with management, the treatment preferred by the independent auditor, and other material written communications with management</p> <p><input type="checkbox"/> ___ other matters required to be communicated by the independent auditor to the Committee under generally accepted auditing standards</p>	X	X	X	X	

		WHEN PERFORMED MEETINGS				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	A/N*
2.	Review, prior to announcement or distribution to analysts or rating agencies, Company earnings releases and earnings guidance for the purpose of ensuring that such press releases and guidance properly disclose financial information presented in accordance with GAAP and, to the extent pro forma information or non-GAAP financial measures are included, adequately disclose how such pro forma information or non-GAAP financial measure differs from the comparable GAAP information and that such pro forma information or non-GAAP financial measure is not given undue prominence, and to ensure that such press releases and guidance do not otherwise provide misleading presentations of the Company's results of operations or financial condition	X	X	X	X	
C. Other Reports and Certifications						
1.	Report to the entire Board, annually, or more often as deemed necessary, on the activities and findings of the Committee, including any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's processes of monitoring compliance with regulatory requirements, and the Committee's recommendation on inclusion of the Company's audited financial statements into the Company's Annual Report on Form 10-K	X				X
2.	Prepare the annual report of the Committee's oversight responsibilities for inclusion in the Company's annual proxy statement	X				
3.	Review the Company's proxy statement disclosure concerning the independence of the members and the charter of the Committee	X				
4.	Include a copy of the Committee charter and most recent checklist as an appendix to the proxy statement at least once every three years					X
D. Internal Audit Function						
1.	Oversee the internal audit function, including the retention, evaluation and termination of the internal auditor and the approval of all fees and terms of engagement					X
2.	Meet with the internal auditor to develop the annual internal audit plan	X				
3.	Meet, at least annually, with the internal auditor to review the results of the work performed, the adequacy and effectiveness of the controls tested, and any recommendations					

		WHEN PERFORMED MEETINGS				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	A/N*
	or problems encountered and management's response to those items				X	
4.	Report the Committee's conclusions to the full Board with respect to the performance of the independent audit function				X	
E. Other Powers and Responsibilities						
1.	Review with management, the independent auditor and the internal auditors significant risks or exposures, discussing guidelines and policies to govern this process and assessing steps management has taken to minimize such risks to the Company				X	X
2.	Review the Company's regulatory compliance as a real estate investment trust ("REIT")	X	X	X	X	
3.	Review and/or reassess the Committee charter and checklist periodically, at least annually, and amend the charter and checklist as conditions dictate	X				X
4.	Obtain advice and assistance from outside legal, accounting or other advisors, as appropriate. The Committee has full power and authority to retain, at the Company's expense, such outside legal, accounting and other advisors as the Committee deems necessary or appropriate					X
5.	Meet separately, periodically, with each of management, with those responsible for internal audit function and with the independent auditors, to identify issues warranting Committee attention					X
6.	Establish, and review on a periodic basis, procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting and auditing matters and investigate any matter relating thereto, with full access to all of the Company's books, records, facilities and personnel					X
7.	Review and approve any transactions involving a potential conflict of interest directly or indirectly between the Company or affiliates of the Company, on the one hand, and the Company's officers, directors and employees, on the other hand					X
8.	Review, on an annual basis, the results of the audits of directors' and officers' expense accounts and management perquisites, including their use of the Company's assets		X			
9.	Meet quarterly with the Company's chief					

		WHEN PERFORMED MEETINGS				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	A/N*
	financial officer (the “CFO”) to ascertain the ability of the CFO and the co-Chief Executive Officers to sign the certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, including the reports of the effectiveness of disclosure controls and procedures and any changes in internal controls	X	X	X	X	
10.	Set, and review on a periodic basis, clear hiring policies for employees or former employees of the independent auditors					X
11.	Conduct an evaluation of the Committee’s performance on an annual basis	X				

Initially adopted: March 2, 2005
Last revised: March 11, 2005