

**CHARTER OF THE AUDIT COMMITTEE
OF INLAND AMERICAN REAL ESTATE TRUST, INC.
Effective as of December 20, 2004**

Purpose

The purpose of the Audit Committee (the “Committee”) of the board of directors (the “Board”) of Inland American Real Estate Trust, Inc. (the “Company”), through regular or special meetings with management, the internal auditors and the Company’s independent auditors, shall be to assist the Board with the oversight of: (a) the integrity of the financial statements of the Company; (b) the Company’s compliance with legal and regulatory requirements; (c) the qualifications and independence of the Company’s independent auditors; and (d) the performance of the Company’s internal audit function and independent auditors. In doing so, the Committee will contribute to maintaining open communication among the directors, the independent auditors, the internal auditors, and the senior financial management of the Company.

The Committee shall also prepare a report to stockholders as required by the rules and regulations of the Securities and Exchange Commission to be included in the Company’s annual proxy statement.

Membership

The Committee shall be composed of at least three directors appointed by the Board. The members of the Committee must satisfy the independence, experience and expertise requirements in the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder (the “Exchange Act”) as well as any other applicable laws, rules and regulations governing independence, as determined from time to time by the Board. At least one member of the Committee must be a “financial expert” as defined in the Exchange Act.

No director may serve as a member of the Committee if he or she serves on the audit committee of more than two other public companies, unless the Board determines that simultaneous service would not impair the ability of the individual to serve on the Committee. Any such determination must be disclosed in the Company’s annual proxy statement.

Meetings

The Committee shall meet as often as it determines is necessary or appropriate, but not less than quarterly. The Committee shall meet periodically with management, the internal auditors and the independent auditors in separate executive sessions. The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Directors who are not members of the Committee may attend and participate in any Committee meeting unless excluded by the Committee.

Authority and Responsibilities

The Committee shall have the sole authority to appoint or replace the independent auditors. The Committee shall be directly responsible for retaining, evaluating and overseeing the work of the independent auditors (including resolving disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit or review services for the Company. The independent auditors shall report directly to the Committee.

The Committee must approve all services to be rendered by the independent auditors, including the fees and terms thereof, prior to the services being rendered or performed, subject in each such case to the *de minimus* exceptions for non-audit services described in the Exchange Act which are approved by the Committee prior to completing the audit. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to approve audit and permitted non-audit services, provided that the decision of the subcommittee to approve any service shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors to advise the Committee as it deems necessary to carry out its duties. The Company shall provide appropriate funding, as determined by the Committee, to pay for the professional services of any advisors employed by the Committee and to pay the independent auditors for rendering or issuing an audit report or performing other audit, review services for the Company, and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall make regular reports to the Board. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board. The Committee shall annually review the Committee's own performance.

The Committee shall have the following duties and responsibilities:

ARTICLE I Financial Statement and Disclosure Matters

Section 1.1 Review and discuss with management and the independent auditors the annual audited financial statements, including disclosures made in management's discussion and analysis, and make a recommendation to the Board regarding including the audited financial statements in the Company's Form 10-K.

Section 1.2 Review and discuss with management and the independent auditors the quarterly financial statements prior to the filing of the Company's quarterly report on Form 10-Q, including the results of the independent auditors' review of the quarterly financial statements.

Section 1.3 Discuss generally with management, the type and presentation of information to be included in the Company's earnings press releases, including the use of "pro forma" or "adjusted" non GAAP information.

Section 1.4 Discuss with management and the independent auditors significant financial reporting issues and judgments made in connection with preparing the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

Section 1.5 Review disclosures, if any, made to the Committee by the Company's chief executive officer or chief financial officer during the certification process for the Form 10-K and Form 10-Q about significant deficiencies in the design and operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Section 1.6 Review and discuss quarterly reports from the independent auditors on:

- (a) all of the Company's critical accounting policies and practices to be used;
- (b) alternative treatments of financial information within generally accepted accounting principles;
- (c) other material written communications between the independent auditors and management; and
- (d) difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, any significant disagreements with management and communications between the audit team and the audit firm's national office with respect to auditing or accounting issues presented by the engagement.

Section 1.7 Review and discuss with the independent auditors the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees) relating to the conduct of the audit and the quality of the accounting principles adopted by the Company.

Section 1.8 Periodically review and discuss with the independent auditors:

- (a) developments and issues with respect to reserves;
- (b) regulatory and accounting initiatives; and

(c) accounting policies used to prepare the Company's financial statements.

Section 1.9 Discuss with management and the independent auditors, the effect of regulatory and accounting initiatives as well as any unconsolidated investments of the Company.

Section 1.10 Discuss with management, the Company's major financial risk exposures and the steps management has taken to monitor and control the exposures, including the Company's risk assessment and management policies.

ARTICLE II

Oversight of the Company's Relationship with the Independent Auditors

Section 2.1 Review and discuss with the independent auditors the scope of the proposed audit for the current year, the audit procedures to be utilized and, at the conclusion thereof, review the audit, including any comments or recommendations of the independent auditors (and any reports of the independent auditors with respect to interim periods), and the actual fees and expenses to be paid to the independent auditors for both audit and non-audit services.

Section 2.2 Ensure that the independent auditors submit to the Committee, on a periodic basis, written statements regarding their independence and delineating all relationships between the independent auditors and the Company, including the written disclosures required by *Independence Standards Board Standard No. 1* (Independence Discussions with Audit Committees), and discuss the relationships or services that may impact the objectivity and independence of the independent auditors with the independent auditors and, if so determined by the Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the independent auditors.

Section 2.3 Obtain and review a report from the independent auditors at least annually regarding:

- (a) the independent auditors' internal quality-control procedures;
- (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, 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 firm;
- (c) steps taken to address any such issues; and
- (d) all relationships between the independent auditors and the Company.

Evaluate the qualifications, performance and independence of the independent auditors, including considering whether the auditors' quality controls are adequate and whether the non-audit services provided by the internal auditors is compatible with maintaining the auditors' independence, taking into account the opinion of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditors to the Board.

Section 2.4 Review and evaluate the lead partner of the independent auditor team.

Section 2.5 Ensure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit at least as frequently as required by law.

Section 2.6 Recommend to the Board policies consistent with applicable law and listing requirements regarding the hiring by the Company of any persons employed or formerly employed by the independent auditors who participated in any capacity in the audit of the Company.

Section 2.7 Confirm that the independent auditors do not provide personal financial services or tax advice to the Company's executive officers.

ARTICLE III

Oversight of the Company's Internal Audit Function

Section 3.1 Review the appointment and replacement of the senior internal auditing executive.

Section 3.2 Ensure that the senior internal auditing executive has a direct reporting line to and free access for communications with the Chairperson of the Audit Committee.

Section 3.3 Review and discuss with management, the independent auditors and the head of the internal audit department the adequacy of the Company's internal audit function (including the internal audit department's responsibilities, independence, budget and staffing), the proposed audit plans, and coordination of internal audit's work with that of the independent auditors. The internal audit department's responsibilities shall include providing management and the Committee with ongoing assessments of the Company's risk management processes and system of internal control.

Section 3.4 Review from time to time the results of internal audits and special issues brought to the Committee's attention by the internal auditors and management's responses thereto.

Section 3.5 Discuss annually with the senior management of the Company, the performance and compensation of the senior internal auditing executive.

ARTICLE IV
Compliance Oversight Responsibilities

Section 4.1 Review the Company's conflict of interest and related party transaction policies as well as policies and procedures with respect to executive officers' expense accounts and perquisites, including the use of corporate assets.

Section 4.2 Assign responsibility for disseminating and monitoring compliance with the Company's Code of Ethics.

Section 4.3 Establish procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Section 4.4 Meet periodically (at least quarterly) with the chief financial officer, the senior internal auditing executive and the independent auditors in separate executive sessions.

Section 4.5 Invite, and hear from time to time, a report from the Company's general counsel or outside counsel on legal issues and actions involving the Company and any material reports or inquiries received from regulators or governmental agencies that may have a material impact on the Company's financial statements, compliance policies and practices.

Section 4.6 Investigate any matter within the scope of the Committee's duties.

Section 4.7 Ensure that minutes of the Committee are kept and retained as records of the Company.