

# H&R REAL ESTATE INVESTMENT TRUST

## Code of Business Conduct and Ethics

### GENERAL

H&R Real Estate Investment Trust (the "**Trust**") prides itself on its commitment to a culture of honesty, integrity and accountability and strives to operate in accordance with the highest ethical standards and applicable laws and regulations. This Code of Business Conduct and Ethics (the "**Code**") outlines the ethical principles that should guide all employees of the Trust and the Trust's subsidiaries and controlled entities (collectively, "**H&R**") in their daily work. For the purpose of this Code, any reference to "**employees**" includes any trustee, director, officer or employee of H&R.

The Code is not meant to be a complete list of all legal and ethical obligations of the employees of H&R. H&R provides this Code to its employees to offer guidance in properly recognizing and resolving the legal and ethical issues that they may encounter while conducting H&R's business. Should an employee be confronted with a situation where further guidance is required or a situation where the employee knows or suspects that a violation of the Code has been or is likely to be committed, the matter should be discussed or reported, as the case may be, in accordance with the procedures set out under the heading "Duty to Report" below. No employee will be subject to retaliation by H&R for reporting, in good faith, a violation or likely violation of this Code.

It is the responsibility of each employee to become familiar with the principles set out in this Code and to integrate them into every aspect of H&R's business. All employees are required to comply with this Code.

In addition, as H&R Property Management Ltd. (the "**Property Manager**") provides, and has provided since the Trust's initial public offering, property management and other support services to the Trust pursuant to a contract with the Trust, all directors, officers and employees of the Property Manager who have involvement with the Trust are required to understand and, to the extent not inconsistent with their obligations owing to the Property Manager, comply with this Code.

### CONFLICTS OF INTEREST

Employees have a duty of loyalty to H&R and are therefore expected to always act in H&R's best interests. A conflict arises when the personal interests or activities of an employee influence or have the potential to influence the exercise of his or her judgment in the performance of his or her duties. Conflicts of interest and even the *appearance* of a conflict of interest may compromise H&R's reputation and must be avoided.

H&R respects its employees' right to privacy in their personal activities and financial affairs. It is the responsibility of each employee to ensure that his or her personal conduct complies with the following principles, which are not intended to address every potential conflict situation.

1. Employment or Affiliation with a Competitor, Supplier or Customer: Employees may not act as trustees, directors, officers, employees, consultants or agents of entities that are competitors, suppliers or customers of H&R. In addition, employees may not own, directly or indirectly, a beneficial interest in any of these entities unless an employee is making an investment in securities that are listed on a national or international securities

exchange and the total value of the investment is less than 2% of the value of the class of securities involved.

2. Independent Business Ventures: Employees may not engage in independent business ventures or agree to perform services for other businesses if the activity interferes with an employee's devotion of time and effort to the conduct of H&R's business or otherwise affects his or her ability to work effectively.
3. Personal Benefits, Gifts, Bribes and Kickbacks: Employees may not use their position as an employee of H&R to derive or secure any personal, financial or other benefit for themselves or their relatives. An employee may not solicit and/or accept any gift or favour from any competitor, supplier or customer except to the extent customary and reasonable in amount and not in consideration for any improper action by the recipient. Finally, the offering or accepting of bribes, payoffs or kickbacks made directly or indirectly to obtain an advantage in a commercial transaction are strictly prohibited.
4. Reporting Conflict: Employees are expected to report to H&R any personal interests which conflict or may conflict with the interests of H&R.

Although the principles above refer only to employees of H&R, employees must also exercise care to avoid actual or potential conflicts of interest that may arise because of the activities of their immediate family members and other members of their household.

The foregoing principles are in addition to the "conflict of interest" provisions set out in the Trust's Declaration of Trust, which continue in effect for all applicable parties. Any inconsistency between the foregoing principles and the provisions set out in the Declaration of Trust will be resolved in favour of the latter.

Furthermore, H&R recognizes the long-standing business relationship between the Trust and the Property Manager and the pre-existing and on-going involvement of certain employees of H&R with both H&R and the Property Manager. The foregoing principles are subject to, and should be interpreted after having giving effect to, the above-noted arrangement. In addition, the business relationship between the Property Manager and the Trust shall continue to be subject to the provisions of the Trust's Declaration of Trust, and any contract between such parties.

## **PROTECTION AND PROPER USE OF ASSETS**

All employees of H&R should endeavour to protect H&R's assets and ensure they are used for legitimate business purposes only. Theft, carelessness and waste have a direct impact on H&R's profitability. Any suspected incidents of fraud or theft should be immediately reported for investigation.

The assets of H&R include information, equipment, office supplies, hardware, software, intellectual property and time. Such assets may not be used for personal benefit, nor may they be sold, borrowed or given away without proper authorization. Occasional personal use of certain corporate resources (e.g. computer, fax, e-mail) is acceptable where the interests of H&R are not adversely affected. However, employees are expected to consult a member of management for approval if in doubt.

## **USE OF E-MAIL AND INTERNET SERVICES**

E-mail systems and Internet services are provided to help employees do work. Incidental and occasional personal use is permitted, but use for personal gain or any improper purpose is not. Employees may not

access, send or download any information that could be insulting or offensive to another person, such as sexually explicit messages, cartoons, jokes, unwelcome propositions, ethnic or racial slurs, or any other message that could be viewed as harassment. “Flooding” H&R's systems with junk mail and trivia hampers the ability of the systems to handle legitimate corporate business and is prohibited.

Employees' messages (including voice mail) and computer information are considered corporate property. Unless prohibited by law, H&R reserves the right to access and disclose this information as necessary for business purposes. Employees should use good judgment, and should not access, send messages or store any information that he or she would not want to be seen or heard by other individuals.

## **CORPORATE OPPORTUNITIES**

Employees owe a duty to H&R to advance its legitimate interests when an opportunity to do so arises. In this regard, employees may not appropriate for their own use, or that of another person or organization, the benefit of any business venture or opportunity which they learned about during the course of their employment, unless it is first offered to H&R and H&R decides not to pursue it.

## **CONFIDENTIALITY OF INFORMATION**

During the normal course of business, employees may have access to non-public information regarding H&R's customers, suppliers, operations, strategic plans, financial affairs, employees and trade secrets, among other things. This information is a key corporate asset and every employee has an obligation to protect it and keep it in the strictest confidence, except when disclosure is explicitly authorized pursuant to H&R's Disclosure Policy or when disclosure is legally required. The unauthorized use or disclosure of H&R's confidential information could destroy its value and give unfair advantage to others. Care should be taken in disposing of documents containing confidential information, for example, shredding documents, before discarding.

An employee's obligation to protect H&R's confidential information exists whether or not the information is explicitly labelled as being confidential and the obligation continues even after leaving the employ of H&R.

## **FAIR DEALING**

H&R competes vigorously in its business dealings but is committed to practices that are fair and honest. In this regard, employees are expected to respect the rights of, and deal fairly with, H&R's employees, customers, suppliers, unitholders, business partners, regulators and competitors. No employee may take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice.

## **COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

H&R is subject to a number of laws, rules and regulations with respect to the conduct of its business. Employees are expected to maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties. This Code does not purport to address all areas of law that employees might encounter in the day-to-day business of H&R. However, the following areas are worth specifically mentioning:

1. Human Rights Laws: H&R values the diversity of its employees, customers and suppliers and is committed to providing equal treatment in all aspects of the business. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical, visual

or otherwise. H&R will not tolerate any conduct that is discriminatory or harassing or otherwise compromises an individual's human rights.

2. Privacy Laws: H&R is committed to maintaining the accuracy, confidentiality, security and privacy of the personal information of its customers, suppliers and employees. Employees who have access to personal information are expected to support H&R's efforts to develop, implement and maintain procedures and policies designed to manage personal information.
3. Health and Safety Laws: H&R complies with all applicable health and safety laws and regulations as part of its commitment to providing its employees with a safe and healthy work environment. Employees have a responsibility to maintain this work environment. In this regard, employees are expected to work in a safe manner with due regard for their personal safety as well as that of their co-workers and to report accidents, injuries, hazardous equipment and unsafe practices. Employees are prohibited from engaging in the business of H&R while under the influence of alcohol or illegal drugs.
4. Environmental Laws: Cognizant of its responsibility to the environment, H&R strives to conform with all applicable environmental laws and regulations and to promote the respect of the environment in its activities. Employees are expected to support H&R's efforts to develop, implement and maintain procedures and programs designed to protect and preserve the environment.
5. Securities Laws: H&R is committed to protecting securityholder investments and expects all employees to comply with the applicable reporting obligations and trading restrictions imposed by H&R, a securities commission or stock exchange. Employees who are in possession of material information about H&R must not trade in securities of H&R until such information is generally and publicly available. Providing inside information to others who then trade on it is also strictly prohibited. Employees should make themselves familiar with H&R's Trading Policy and Disclosure Policy.
6. Competition Laws: Competition laws are enacted to limit practices that are seen to impair the function of a free and open marketplace. A complete description of these laws is beyond the scope of this Code, however, they include: price fixing, bid rigging, price discrimination, allocation of markets and boycotting of certain suppliers or customers. Employees having regular dealings with customers and suppliers should become familiar with the laws applying to these practices, as non-compliance can result in severe penalties being imposed on both H&R and the individuals involved.

## **DUTY TO REPORT**

Employees who are confronted with a situation where further guidance is required should discuss the matter with, and employees who know of or suspect that a violation of this Code or of any applicable laws or regulations has been or is likely to be committed have an obligation to immediately report this information to, as the case may be, as follows:

1. in the case of a situation that does not involve management of H&R, the Chief Financial Officer of the Trust;

2. in the case of a situation that involves management of H&R and does not involve any member of the audit committee (the "**Audit Committee**") of the trustees of the Trust, the chairperson or any member of the Audit Committee; and
3. in the case of a situation that involves management of H&R and any member of the Audit Committee, any trustee of the Trust.

No employee will be subject to retaliation by H&R for reporting, in good faith, a violation or likely violation of this Code. An employee may make a report anonymously, in which the employee should write a letter and include as specific details as possible, including back-up documentation where feasible, in order to permit adequate investigation of the concern or conduct reported. Vague, non-specific or unsupported allegations are inherently more difficult to pursue. All reported violations will be promptly investigated and treated confidentially to the extent possible. Employees are expected to cooperate fully in internal investigations of misconduct.

#### **ADMINISTRATION OF THE CODE**

The trustees of the Trust are responsible for monitoring compliance with the Code, for regularly assessing its adequacy, for interpreting the Code in any particular situation and for approving any changes to the Code as is required from time to time.

Any waiver of a provision of this Code for trustees, directors or officers may be made only by the trustees of the Trust and will be promptly disclosed to the public as required by law or regulation.

Approved by the Trustees, as amended on May 14, 2010.