

CHARTER OF THE NOMINATION COMMITTEE OF H&R REAL ESTATE INVESTMENT TRUST

General

1. PURPOSE OF THE COMMITTEE

1.1 Nomination

The Committee's purpose includes responsibility for:

- (a) identifying individuals qualified to become Board members, consistent with criteria established by the Board;
- (b) recommending to the Board the Trustees to be nominated for election at each annual meeting of unitholders;
- (c) recommending to the Board orientation and continuing education programs for Trustees; and
- (d) identifying individuals qualified to become an executive officer of the Trust.

1.2 General

The Committee's purpose includes responsibility for such other matters as are set out in this Charter or as may otherwise be assigned to the Committee by the Board.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Charter:

- (a) “**Applicable Laws**” means all applicable provisions of law, domestic or foreign, including, without limitation, the *Securities Act* (Ontario) as amended, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and the applicable rules and policies of any stock exchange on which the Trust is listed;
- (b) “**Board**” means the Board of Trustees of the Trust;
- (c) “**CEO**” means the Chief Executive Officer of H&R REIT;
- (d) “**Chair**” means the chair of the Committee;
- (e) “**Committee**” means the Nomination Committee of the Board;

- (f) “**Declaration of Trust**” means the declaration of trust governing the Trust, as amended from time to time;
- (g) “**Trust**” means H&R Real Estate Investment Trust; and
- (h) “**Trustees**” means the trustees of the Trust.

Any words or terms with initial capital letters that are not defined herein shall have the meanings ascribed thereto in the charter of the Trustees.

2.2 Interpretation

The provisions of this Charter are subject to the provisions of the Declaration of Trust and any applicable legislation.

CONSTITUTION AND FUNCTIONING OF THE COMMITTEE

3. ESTABLISHMENT AND COMPOSITION OF COMMITTEE

3.1 Establishment of the Nomination Committee

The Committee is hereby established with the constitution, function and responsibilities herein set forth.

3.2 Appointment and Removal of Members of the Committee

- (a) Board Appoints Members. The members of the Committee shall be appointed by the Board.
- (b) Annual Appointments. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the unitholders at which Trustees are elected, provided that if the appointment of members of the Committee is not so made, the Trustees who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.
- (c) Vacancies. The Board may appoint a member to fill a vacancy that occurs in the Committee between annual elections of Trustees.
- (d) Removal of Member. Any member of the Committee may be removed from the Committee by a resolution of the Board.

3.3 Number of Members

The Committee shall consist of three or more Trustees.

3.4 Qualification and Independence of Members

Each member of the Committee shall be independent as defined under Applicable Laws.

4. Committee Chair

4.1 Board to Appoint Chair

The Board shall appoint the Chair from the members of the Committee (or if it fails to do so, the members of the Committee shall appoint the Chair of the Committee from among its members).

4.2 Chair to be Appointed Annually

The designation of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of the unitholders at which Trustees are elected, provided that if the designation of Chair is not so made, the Trustee who is then serving as Chair shall continue as Chair until his or her successor is appointed.

5. COMMITTEE MEETINGS

5.1 Quorum

A quorum of the Committee shall be a majority of the members of the Committee. Any Trustee may participate in a meeting of the Committee by means of teleconference and a Trustee so participating shall be considered present in person at that meeting.

5.2 Secretary

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee.

5.3 Time and Place of Meetings

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee.

5.4 Right to Vote

Each member of the Committee shall have the right to vote on matters that come before the Committee.

5.5 Invitees

The Committee may invite Trustees, officers, employees, advisors or consultants of the Trust or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

5.6 Regular Reporting

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

6. AUTHORITY OF COMMITTEE

6.1 Retaining and Compensating Advisors

The Committee shall have the authority to retain and terminate:

- (a) any firm engaged to assist it in identifying Trustee or executive officer candidates;
- (b) any firm engaged to assist in the evaluation of Trustees or executive officer; and
- (c) outside counsel and any other advisors as the Committee may deem appropriate in its sole discretion.

The Committee shall have sole authority to approve related fees and retention terms of any such firm and other advisors.

6.2 Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

6.3 Recommendations to the Board

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

7. REMUNERATION OF COMMITTEE MEMBERS

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board, in consultation with the Compensation and Governance Committee, may determine from time to time.

**SPECIFIC DUTIES AND RESPONSIBILITIES
NOMINATION OF TRUSTEES**

8. NOMINATION OF NEW TRUSTEES

8.1 Evaluating Competencies and Skills

The Committee shall provide evaluations and recommendations to the Board with respect to the following matters:

- (a) the competencies and skills of the Board, as a whole, should possess;
- (b) the competencies and skills each existing Trustee possesses and that the Board as a whole therefore possesses; and
- (c) the personality and other qualities of each Trustee, as these may ultimately determine the boardroom dynamic.

8.2 Identifying and Recommending New Nominees

The Committee shall identify the individuals qualified to become new Trustees and recommend to the Board new nominees for election by unitholders or for appointment by the Board to fill any vacancy on the Board. In making its recommendations to the Board, the Committee shall consider and/or recommend:

- (a) any selection criteria approved by the Board from time to time, including a "skills matrix" outlining the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- (b) the target skills of the Board as a whole (and disclosure of the same);
- (c) the competencies and skills that the Board considers each existing Trustee to possess;
- (d) the competencies and skills each new nominee would bring to the boardroom;
- (e) the use of an "evergreen" list of potential directors, based on the criteria in the "skills matrix"; and
- (f) the annual assessment of the Board's skills.

8.3 Exception

If the Trust is legally required by contract or otherwise to provide third parties with the right to nominate Trustees, the Committee shall have no responsibility for the selection and recommendation of such Trustees.

8.4 Trustee Voting

The form of proxy shall allow votes to be withheld from individual trustees. As a "best practice", the Committee shall adopt a policy that any nominated Trustee receiving "withheld" votes in excess of 50% is required to submit his or her resignation, which may or may not be accepted by the Compensation and Governance Committee and/or Nomination Committee.

**SPECIFIC DUTIES AND RESPONSIBILITIES
COMMITTEE ADMINISTRATION**

9. REGULAR PERFORMANCE REVIEW

On a regular basis, the Committee shall implement the following process established by it and adopted by the Board for all committees of the Board for reviewing the performance and effectiveness of the Committee:

- (a) develop and recommend to the Board a process for reviewing the competencies, skills and effectiveness of the committees of the Board, such process to consider:
 - (i) input from Trustees, as appropriate;
 - (ii) attendance of Trustees at meetings of any committee;
 - (iii) the Board's written charter;
 - (iv) the charter of each committee of the Board;
 - (v) applicable position description(s) of each committee of the Board, and
 - (vi) the competencies and skills each individual Trustee is expected to bring to each committee of the Board; and
- (b) be responsible for overseeing the execution of the review process approved by the Board and management.

10. CHARTER REVIEW

The Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any changes it deems appropriate.

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