

H&R REAL ESTATE INVESTMENT TRUST

TRUSTEES' MANDATE

1. Purpose

The Declaration of Trust for H&R Real Estate Investment Trust (the “Trust” or “REIT”) stipulates that the trustees (the “Trustees”) of the REIT have full, absolute and exclusive power, control and authority over the assets of the REIT and over the affairs of the REIT. The objectives of the REIT are approved by the Trustees and may be amended or replaced by the Trustees from time to time. In setting the objectives of the REIT, the Trustees are subject to the investment guidelines and operating policies set out in the Declaration of Trust. The currently-approved objectives of the REIT are to (i) provide unitholders with stable and growing cash distributions generated by revenue it derives from investments in income-producing real estate properties; and (ii) maximize Trust unit value through the ongoing active management of the REIT’s assets, the acquisition of additional properties and the development and construction of projects which are pre-leased to creditworthy tenants. In performing their functions, the Trustees should consider the legitimate interests that stakeholders, including unitholders, employees, customers and communities, may have in the REIT. For purposes of this Mandate, the “Trust” refers to H&R Real Estate Investment Trust together with its subsidiaries and controlled entities.

2. Procedure and Organization

The operations of the REIT are subject to the control of the Trustees. Pursuant to the Declaration of Trust, the Trustees have the power to appoint, employ or contract with any person for any matter relating to the REIT or its assets or affairs. Furthermore, the Trustees may delegate any of their powers to committees of Trustees and allow any property manager to manage the real properties of the REIT. In furtherance thereof, the Trustees have delegated the management of day-to-day operations of the REIT to internal management and have, since the REIT’s initial public offering, contracted with property manager(s) to provide property management and other support services to the REIT. The Trustees, however, retain all other responsibilities and duties to themselves including appointing officers of the REIT, constituting committees of the Trustees and those other responsibilities and duties that the Trustees cannot delegate as expressly set out in the Declaration of Trust.

3. Responsibilities and Duties

As noted above, the Trustees are responsible for the stewardship of the REIT. In fulfilling their responsibilities and duties, the Trustees shall exercise their power and carry out their functions honestly, in good faith and in the best interests of the REIT and its unitholders and in connection therewith they must exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trustees’ principal responsibilities and duties fall into a number of categories which are outlined below.

A. Declaration of Trust

The Trustees shall be responsible for exercising their powers or taking whatever actions as may be necessary or desirable in order to carry out the provisions of the Declaration of Trust and ensuring that the exercise of such powers or taking of such actions is not inconsistent with the provisions of the Declaration of Trust and in particular, the Trustees have the responsibility to:

- (a) invest the assets of the REIT in accordance with the investment guidelines prescribed in the Declaration of Trust;
- (b) conduct the operations and affairs of the REIT in compliance with the operating policies prescribed in the Declaration of Trust;
- (c) make distributions from the REIT to its unitholders;
- (d) monitor compliance with the non-resident ownership constraint prescribed in the Declaration of Trust; and
- (e) appoint an audit committee and a compensation and governance committee, all as more particularly described in the Declaration of Trust.

B. Strategy Determination

The Trustees shall be responsible for setting the objectives of the REIT. In furtherance thereof, the Trustees shall discuss with management, assist management in the development of, and approve and monitor, the overall strategy of the REIT to achieve the objectives of the REIT.

C. Managing Risk

The Trustees shall be responsible for identifying and assessing the principal risks to the operations of the REIT and establishing and monitoring appropriate systems to manage such risks with a view to achieving a proper balance between risks incurred and potential return to unitholders and to the long-term viability of the REIT. In this regard, the Trustees shall require management to report periodically to the Trustees on the principal risks faced by the REIT and the steps implemented by management to manage these risks.

D. Appointment, Training and Monitoring Senior Management

Pursuant to the Declaration of Trust, the Trustees have the power to appoint, evaluate, remunerate and, if necessary, replace senior executives of the REIT. In performing this function, the Trustees have the specific responsibility to:

- (a) appoint the Chief Executive Officer (“CEO”), monitor and assess CEO performance in light of the objectives of the REIT, and provide advice and counsel in the execution of the CEO’s duties;

- (b) approve the appointment of all of the REIT's officers;
- (c) approve incentive-compensation plans and equity-based plans, following review of such plans by the Compensation and Governance Committee; and
- (d) ensure that adequate provision has been made to train and develop management and for the orderly succession of management, including the CEO.

In addition, the independent Trustees have the specific responsibility to:

- (a) determine CEO compensation, following review of such compensation by the Compensation and Governance Committee;
- (b) approve changes in compensation of all other members of executive management, following review of such compensation by the Compensation and Governance Committee;
- (c) grant options to purchase Trust units under any unit option plan approved by the Trustees, unless otherwise delegated to the Compensation and Governance Committee; and
- (d) approve any related party transactions involving Trustees or officers of the REIT. For greater certainty, any Trustee with an interest in the related party transaction shall abstain from any vote to approve any such related party transaction.

E. Ensuring Integrity

The Trustees have the responsibility to satisfy themselves as to the integrity of the CEO and other members of management and to ensure that the CEO and other members of management are creating a culture of integrity throughout the REIT.

F. Policies, Procedures and Compliance

The Trustees shall be responsible for:

- (a) ensuring that the REIT operates at all times in accordance with the Declaration of Trust, within applicable laws and regulations and to the highest ethical and moral standards;
- (b) adopting such policies, practices and procedures as may be required or necessary in order for the REIT to operate in compliance with Section 1(F)(a) above; and

- (c) examining the policies, practices and procedures being observed within the REIT and altering such polices, practices and procedures when circumstances warrant.

G. Reporting and Communication

The Trustees shall be responsible for the monitoring of the REIT's public disclosure policies and securityholder communications and specifically for:

- (d) ensuring the REIT has in place policies to enable the REIT to communicate effectively with its unitholders, other stakeholders and the public generally;
- (e) reviewing and approving all material disclosure documents of the REIT prior to dissemination or distribution in a timely manner;
- (f) ensuring the timely reporting of any developments that have a significant and material impact on the value of the REIT; and
- (g) ensuring that reports and financial statements are regularly sent to the unitholders.

H. Monitoring and Acting

The Trustees shall be responsible for:

- (a) monitoring the REIT's progress towards its objectives and revising and altering its direction through management in response to changing circumstances;
- (b) taking action when performance falls short of its objectives or when other special circumstances warrant;
- (c) ensuring that the REIT has implemented adequate internal control and management information systems, recognizing that the Audit Committee shall review and oversee the internal controls and accounting systems of the REIT;
- (d) implementing a process of assessing the effectiveness of the Trustees, their committees and the contribution of individual Trustees, the responsibility for such assessment may be delegated to the Compensation and Governance Committee which may carry out such assessment on an annual basis and, in connection therewith, may review the individual Trustee's attendance at meetings of Trustees and committees of Trustees;
- (e) determining the appropriate number and composition of Trustees to facilitate more effective decision-making, subject to any necessary approval by the independent Trustees;

- (f) approving new nominees as Trustees, subject to any necessary approval by the independent Trustees; and
- (g) reviewing the adequacy and form of compensation of Trustees in light of responsibilities and risks involved in being an effective Trustee and taking into consideration the size and complexity of the REIT's operations and peer trustees/directors compensation arrangements in other real estate investment trustees and other entities similar to the REIT and of comparable size to the REIT, unless otherwise undertaken by the Compensation and Governance Committee.

4. Meetings

The Trustees shall meet on at least a quarterly basis and shall hold additional meetings as required or appropriate to deal with other issues. Financial and other relevant information shall be made available to the Trustees in advance of Trustees' meetings in order to assure effectiveness of action at such meetings. Attendance at meetings shall be recorded.

Management may be asked to participate in any meeting of the Trustees but in such event the Trustees may require management to be excused from certain portions of the meeting to ensure that the Trustees function independently of management.

5. Expectations of Trustees

The expectations of each Trustee are as follows:

A. Commitment and Attendance

All Trustees should make every effort to attend all meetings of the Trustees and meetings of committees of which they are members. Members may attend by telephone to mitigate conflicts.

B. Participation in Meeting

Each Trustee should be sufficiently familiar with the business of the REIT, including its financial statements and capital structure and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Trustees and of each committee on which he or she serves. Upon request, management makes appropriate personnel available to answer any question that a Trustee may have about any aspect of the REIT's business. Trustees should also review the materials provided by management and Trust advisors in advance of meetings of the Trustees and its committees and should arrive prepared to discuss the issues presented.

C. Code of Business Conduct and Ethics

The REIT has adopted a Code of Business Conduct and Ethics, certain portions of which deal with the business conduct of Trustees, particularly with respect to transactions in the securities of the REIT, potential conflicts of interest, the taking of the REIT's opportunities for personal benefit and competing with the REIT. Trustees should be familiar with the provisions of the Code of Business Conduct and Ethics in these areas and should consult with the REIT's counsel in the event of any issues or concerns.

D. Directorships

The REIT values the experience Trustees bring from boards on which they serve, but recognizes that those boards may also present demands on a Trustee's time and availability, and may also present conflicts or legal issues. Trustees should advise the Chair of the Compensation and Governance Committee before accepting any new membership on boards of directors or any other significant commitment involving an affiliation with other related businesses or governmental units.

E. Contact with Management

All Trustees are invited to contact the CEO at any time to discuss any aspect of the REIT's business. Trustees also have complete access to other members of management. The Trustees expect that there will be frequent opportunities for Trustees to meet with the CEO and other members of management in Trustees and committee meetings and in other formal or informal settings.

F. Confidentiality

The proceedings and deliberations of the Trustees and its committees are confidential. Each Trustee shall maintain the confidentiality of information received in connection with his or her services.

G. Independent Trustee Sessions

Independent Trustees shall meet separately, without management, in connection with each regular meeting of the board of Trustees.

H. Evaluating Trustees Performance

Each of the Trustees shall conduct a self-evaluation to assess his or her level of effectiveness as Trustee and/or a committee member.

6. Trustees' Expectations of Management

The Trustees expect each member of management to perform his or her duties, as may be reasonably assigned by the Trustees from time to time, faithfully, diligently, to the best of

his or her ability and in the best interests of the REIT. Each member of management is expected to devote his or her business time and efforts to the performance of such duties. Management is expected to comply with, and to ensure that the REIT complies with, any and all applicable laws, rules and regulations.

7. Evaluation

The Trustees shall assess their own effectiveness as well as the effectiveness of each committee of the Trustees and each individual Trustee. In this regard, the Trustees are expected to provide feedback on the performance of the Trustees as a whole, of each committee of the Trustees and of individual Trustees.

8. Feedback from Unitholders

The Trustees shall communicate with and receive feedback from unitholders in accordance with the policies and procedures set out in the REIT's Disclosure Policy.

9. Resources

The Trustees shall have the authority to retain independent legal, accounting and other consultants to advise them at the expense of the REIT. The Trustees may request any officer or employee of the REIT or its outside counsel or the external/internal auditors to attend a meeting of the Trustees or to meet with any members of, or consultants to, the Trustees.

An individual Trustee shall be permitted to engage an outside legal or other adviser at the expense of the REIT where for example he or she is placed in a conflict position through activities of the REIT, but any such engagement shall be subject to the prior approval of the independent Trustees.

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