



H&R REAL ESTATE INVESTMENT TRUST

**NOTICE OF ANNUAL MEETING
OF UNITHOLDERS**

to be held June 29, 2021

and

MANAGEMENT INFORMATION CIRCULAR

May 7, 2021

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H&R REAL ESTATE INVESTMENT TRUST
SUITE 500, 3625 DUFFERIN STREET, TORONTO, ONTARIO M3K 1N4

NOTICE OF ANNUAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the “**Meeting**”) of unitholders and special voting unitholders (collectively, the “**Unitholders**”) of H&R Real Estate Investment Trust (the “**REIT**”) will be held as a virtual-only meeting via live audio webcast online at www.virtualshareholdermeeting.com/HRREIT2021 on June 29, 2021 at the hour of 10:30 a.m. (Toronto time) for the following purposes:

- (a) to receive the audited consolidated financial statements of the REIT for the financial year ended December 31, 2020 and the report of the auditors thereon (the “**Financial Statements**”);
- (b) to elect trustees of the REIT for the ensuing year;
- (c) to appoint auditors of the REIT for the ensuing year and authorize the trustees of the REIT to fix the remuneration of the auditors of the REIT;
- (d) to consider and, if deemed advisable, approve the non-binding, advisory resolution to accept the approach to executive compensation disclosed herein;
- (e) to consider, and if thought fit, to pass an ordinary resolution approving certain amendments to and the continuation of the REIT’s unitholder rights plan agreement between the trustees of the REIT and AST Trust Company (Canada) (the full text of such resolution is set forth in Schedule D to the attached Circular; and
- (f) to act upon such other matters as may properly come before such Meeting or any adjournment thereof.

The management information circular dated May 7, 2021, (the “**Circular**”) provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice. The trustees of the REIT have fixed May 7, 2021 as the record date for determining those Unitholders entitled to receive notice of and vote at the Meeting.

The board of trustees and management of the REIT have continued to actively monitor developments related to the novel coronavirus pandemic, including the directives from public health and government agencies. To mitigate risks to the health and safety of the REIT’s communities, Unitholders, employees and other stakeholders, the Meeting will be held in a virtual-only format by way of live audio webcast. Unitholders will need to visit www.virtualshareholdermeeting.com/HRREIT2021 to participate in the Meeting, and log-in using the 16-digit control number included either on your proxy form or voting instruction form, as applicable. The Meeting platform is fully supported across browsers and devices running the most updated version of applicable software plug-ins. You should ensure you have a strong, preferably high-speed, internet connection wherever you intend to participate in the Meeting. The Meeting will begin promptly at 10:30 a.m. (Toronto time) on June 29, 2021. Online check-in will begin 15 minutes prior, at 10:15 a.m. (Toronto time). You should allow ample time for online check-in procedures. For any technical difficulties experienced during the check-in process or during the Meeting, please call 1-800-586-1548 (Canada and U.S.) or 303-562-9288 (international) for assistance.

The webcast Meeting allows registered Unitholders and duly appointed proxyholders to attend the Meeting live, submit questions by typing them into the “Ask a Question” text box and submit their vote while the Meeting is being held if they have not done so in advance of the Meeting. Unitholders are reminded to retain their form of proxy and/or voting instruction form, as your 16-digit Control Number is listed therein and provides access to the Meeting, to vote and ask questions. Guests will be able to attend the Meeting through the live webcast only, by joining the webcast at www.virtualshareholdermeeting.com/HRREIT2021 as a guest. Guests will not be able to submit questions or vote.

In accordance with the REIT’s sustainability policy, in connection with the Meeting, the REIT will be using the Canadian Securities Administrators’ “notice-and-access” delivery model which allows the REIT to furnish the Circular, the accompanying proxy-related materials, the Financial Statements and associated management’s discussion and analysis

Circular, Unitholders will receive a notice with information on how they may access the Meeting Materials, including the Circular, electronically. On or about May 25, 2021, the REIT intends to mail Unitholders of record as of May 7, 2021 a notice with information about the notice-and-access process and voting instructions, as well as a proxy or voting instruction form containing instructions on how to access the Meeting Materials. **UNITHOLDERS ARE REMINDED TO REVIEW THE CIRCULAR PRIOR TO VOTING.** Unitholders with questions about notice-and-access can call AST Trust Company (Canada) toll free at 1-888-433-6443. The Meeting Materials can be viewed online at the following internet address: www.meetingdocuments.com/astca/hr. Please note that if you request a paper copy of the Circular, you will not receive a new form of proxy or voting instruction form, so you should retain these forms sent to you in order to access the webcast Meeting, vote and ask questions accordingly through the 16-digit control number assigned therein. Please note that only registered Unitholders and duly appointed proxyholders have the ability to vote at the Meeting.

Unitholders (as defined in the Circular) who are unable to attend the Meeting are encouraged to vote online at www.proxyvote.com or by telephone at 1-800-474-7493 (English) or 1-800-474-7501 (French), by entering their 16-digit control number printed on the front of their form of proxy or voting instruction form and following the instructions provided. You may also complete, sign, date and return the form of proxy or voting instruction form to Broadridge at Broadridge Investor Communications Corporation, Attention: Data Processing Centre, P.O. Box 3700, STN Industrial Park, Markham, ON L3R 9Z9. In order to be effective, proxies and voting instruction forms must be received no later than 10:30 a.m. (Toronto time) on June 25, 2021 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof.

DATED at Toronto, Ontario this 7th day of May, 2021.

BY ORDER OF THE TRUSTEES OF
H&R REAL ESTATE INVESTMENT TRUST



LARRY FROOM
Chief Financial Officer
H&R Real Estate Investment Trust

FORWARD-LOOKING STATEMENTS

Certain information in this management information circular (the “**Circular**”) contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) including, among others, statements relating to the objectives of H&R Real Estate Investment Trust (the “**REIT**”), strategies to achieve those objectives, the REIT’s beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans”, “project”, “budget” or “continue” or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect the REIT’s current beliefs and are based on information currently available to management.

Forward-looking statements are provided for the purpose of presenting information about management’s current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements are not guarantees of future performance and are based on the REIT’s estimates and assumptions that are subject to risks and uncertainties, including those discussed in the REIT’s materials filed with the Canadian securities regulatory authorities from time to time, which could cause the actual results and performance of the REIT to differ materially from the forward-looking statements contained in this Circular. Those risks and uncertainties include, among other things, risks related to: the business of the REIT (COVID-19; real property ownership; current economic environment; credit risk and tenant concentration; lease rollovers; interest rates and debt; construction; currency; liquidity; cyber-security; financing credit; environmental and climate change matters; co-ownership interest in properties; joint arrangements and investments; dependence on key personnel; failure to complete acquisitions; competition for real property investments; and potential conflicts of interest) and securities of the REIT (prices of the REIT’s securities; availability of cash for distributions; credit ratings; ability to access capital markets; tax; tax risk applicable to Unitholders (as defined herein); dilution; Unitholder liability; the right to redeem Units (as defined herein); investment eligibility of Units; debentures of the REIT; inability of the REIT to purchase debentures of the REIT on a change of control; and statutory remedies available to Unitholders).

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements include that the general economy is currently volatile and in an economic downturn as a result of the COVID-19 pandemic and fluctuations in oil and gas prices, the extent and duration of which is unknown; interest rates are volatile as a result of general economic conditions; and debt markets continue to provide access to capital at a reasonable cost, notwithstanding the ongoing economic downturn. The REIT cautions that this list of factors is not exhaustive. Although the forward-looking statements contained in this Circular are based upon what the REIT believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

Readers are also urged to examine the REIT’s materials filed with the Canadian securities regulatory authorities from time to time as they may contain discussions on risks and uncertainties which could cause the actual results and performance of the REIT to differ materially from the forward-looking statements contained in this Circular.

All forward-looking statements in this Circular are qualified by these cautionary statements. These forward-looking statements are made only as of May 7, 2021 and the REIT, except as required by applicable Canadian law, assumes no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances.

Non-GAAP Financial Measures

This Circular includes reference to the REIT’s funds from operations (“**FFO**”), which is non-Generally Accepted Accounting Principles (“**GAAP**”) information that should not be construed as an alternative to comprehensive income (loss) or cash provided by operations and may not be comparable to similar measures presented by other issuers as there is no standardized meaning of FFO under GAAP. Management believes FFO is a meaningful measure of operating performance. Unitholders are encouraged to refer to the REIT’s management discussion and analysis for the year ended December 31, 2020 for further discussion of the REIT’s FFO as presented herein.

**H&R REAL ESTATE INVESTMENT TRUST
MANAGEMENT INFORMATION CIRCULAR**

INTRODUCTION

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the REIT for use at the annual meeting (the “Meeting”) of the holders of units of the REIT (“Units”) and the holders of special voting units of the REIT (“Special Voting Units” and collectively, with the holders of Units, the “Unitholders” and each, a “Unitholder”) to be held on June 29, 2021 and any adjournment thereof for the purposes set forth in the accompanying notice of Meeting (the “Notice”). It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone, online or other personal contact by employees of the REIT. The costs of solicitation will be borne by the REIT. The REIT may also engage a proxy solicitation firm on market terms to solicit proxies in favour of the resolutions described herein. The information contained herein is given as at May 7, 2021, except where otherwise indicated.

GENERAL INFORMATION

The Meeting will be held in a virtual-only format by way of live audio webcast. Unitholders will need to visit www.virtualshareholdermeeting.com/HRREIT2021 to participate in the Meeting, and log-in using the 16-digit control number included either on your proxy form or voting instruction form, as applicable. **You must retain your control number located on the proxy form and/or voting instruction form in order to access the webcast Meeting, vote and ask questions.** The Meeting platform is fully supported across browsers and devices running the most updated version of applicable software plug-ins. Unitholders should ensure they have a strong, preferably high-speed, internet connection wherever they intend to participate in the Meeting. The Meeting will begin promptly at 10:30 a.m. (Toronto time) on June 29, 2021. Online check-in will begin starting 15 minutes prior, at 10:15 a.m. (Toronto time). Unitholders should allow ample time for online check-in procedures. For any technical difficulties experienced during the check-in process or during the Meeting, please call 1-800-586-1548 (Canada and U.S.) or 303-562-9288 (international) for assistance.

The webcast Meeting allows registered Unitholders and duly appointed proxyholders to attend the Meeting live, submit questions by typing them into the “Ask a Question” text box and submit their vote while the Meeting is being held if they have not done so in advance of* the Meeting. Non-registered Unitholders will have the ability to access the Meeting through the live webcast and ask questions. Guests will be able to attend the Meeting through the live webcast only, by joining the webcast at www.virtualshareholdermeeting.com/HRREIT2021 as a guest. Guests will not be able to submit questions or vote.

In accordance with the REIT’s sustainability policy, the REIT is utilizing the Canadian Securities Administrators’ notice-and-access delivery model for distribution of this Circular (along with the audited consolidated financial statements of the REIT for the financial year ended December 31, 2020 and the report of the auditors thereon, as well as the associated management’s discussion and analysis) to registered holders of Units or Special Voting Units, as applicable, as recorded in the unitholder register for Units or Special Voting Units, as applicable (“**Registered Unitholders**”), and beneficial holders of Units or Special Voting Units, as applicable, that hold their Units or Special Voting Units, as applicable, through an Intermediary (as defined herein) (“**Non-Registered Unitholders**”). Notice-and-access is a set of rules that allows issuers to post electronic versions of proxy-related materials (such as proxy circulars) on-line, via the SEDAR website at www.sedar.com and one other website, rather than mailing paper copies of such materials to Unitholders.

Notice-and-access directly benefits the REIT through a substantial reduction in both postage and printing costs and also promotes environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

It is anticipated that copies of proxy-related materials will be distributed to Registered Unitholders and Non-Registered Unitholders on or about May 25, 2021 pursuant to the notice-and-access regime. It is anticipated that a notice with information about the notice-and-access process and voting instructions as well as a proxy or voting instruction form (collectively, the “**meeting materials**”) will be distributed to Unitholders on or about May 25, 2021.

Registered Unitholders and Non-Registered Unitholders with questions about notice-and-access can call the REIT's transfer agent, AST Trust Company (Canada), toll free at 1-888-433-6443.

Registered Unitholders and Non-Registered Unitholders may obtain paper copies of this Circular by postal delivery at no cost to them. Requests may be made up to one year from the date the Circular was filed on www.sedar.com by contacting AST Trust Company (Canada) toll free at 1-888-433-6443 or via e-mail to fulfilment@astfinancial.com. In order to receive the Circular in sufficient time to allow for review and return of the proxy by no later than 10:30 a.m. (Toronto time) on June 25, 2021, a request for paper copies should be sent so that it is received by AST Trust Company (Canada) no later than the end of business on June 15, 2021.

PROXY MATTERS

Appointment and Revocation of Proxies

If you are a Registered Unitholder, a form of proxy is enclosed with the meeting materials and, if it is not your intention to attend and vote at the Meeting, you are asked to complete and return the form of proxy in the envelope provided. The proxy must be executed by the Registered Unitholder or the attorney of such Registered Unitholder, duly authorized in writing. Proxies may be voted online at www.proxyvote.com or by telephone at 1-800-474-7493 (English) or 1-800-474-7501 (French), by entering the 16-digit control number printed on the front of the proxy and following the instructions provided. Proxies may also be deposited with Broadridge Investor Communications Corporation (“**Broadridge**”) by mail to Broadridge Attention: Data Processing Centre, P.O. Box 3700, STN Industrial Park, Markham, ON L3R 9Z9. In order to be effective, proxies must be received no later than 10:30 a.m. (Toronto time) on June 25, 2021 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof.

The persons named in the enclosed form of proxy are trustees (“**Trustees**”) or officers of the REIT. **A Registered Unitholder may appoint a proxyholder (who is not required to be a Unitholder), other than any person designated in the form of proxy, to attend and act on such Registered Unitholder’s behalf at the Meeting, either by inserting such other desired proxyholder’s name in the blank space provided on a form of proxy and deleting the names printed thereon or by substituting another proper form of proxy.** Registered Unitholders are encouraged to appoint themselves or such other person (other than the named proxyholders) online at www.proxyvote.com as this will reduce the risk of any mail disruptions in the current environment and will allow the Registered Unitholder to easily share the appointee information they have created with the person they have appointed to represent them at the Meeting. If a Registered Unitholder does not designate the appointee information when completing their form of proxy or does not provide the exact appointee identification number and appointee name to the person who has been appointed to access and vote at the Meeting on such Registered Unitholder’s behalf, their appointee will not be able to access the Meeting and vote on such Registered Unitholder’s behalf.

Registered Unitholders **MUST** provide their appointee with the **EXACT NAME** and **EIGHT CHARACTER APPOINTEE IDENTIFICATION NUMBER** to access the Meeting. Appointees can only be validated at the Meeting using the **EXACT NAME** and **EIGHT CHARACTER APPOINTEE IDENTIFICATION NUMBER** that is entered by a Registered Unitholder. **IF A REGISTERED UNITHOLDER DOES NOT CREATE AN EIGHT CHARACTER APPOINTEE IDENTIFICATION NUMBER, THEIR APPOINTEE WILL NOT BE ABLE TO ACCESS THE MEETING.**

A Registered Unitholder who has given a proxy pursuant to this solicitation may revoke it as to any matter on which a vote has not already been cast by voting again on the internet or by phone or by any other means permitted by law. Registered Unitholders who are unable to revoke their proxy on the internet or by phone, may revoke their instructions by an instrument in writing executed by the Registered Unitholder or by the attorney of such Registered Unitholder authorized in writing or, if Units or Special Voting Units are held by a corporation, under the corporation’s corporate seal or by an officer or attorney of the corporation duly authorized. The written instrument must be submitted by email to the Manager – Corporate Development of the REIT at gdavis@hr-reit.com before the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used.

Non-Registered Unitholders

In many cases, Units or Special Voting Units beneficially owned by a Non-Registered Unitholder are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Unitholder deals with in respect of the Units or Special Voting Units, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered education savings plans, registered disability savings plans, tax free savings accounts and similar plans; or
- (b) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the REIT has distributed copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to Non-Registered Unitholders.

Intermediaries are required to forward meeting materials to Non-Registered Unitholders unless a Non-Registered Unitholder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Financial Solutions, Inc. (“**Broadridge**:”)) to forward the meeting materials to Non-Registered Unitholders. The REIT is a “Participating Issuer” under Broadridge’s Electronic Delivery Procedures. Non-Registered Unitholders who have enrolled in Broadridge’s Electronic Delivery Procedures (at www.investordelivery.com) will have received from Broadridge an email notification that the meeting materials are available electronically, which notification includes a hyperlink to the page on the Internet where the meeting materials can be viewed. Generally, Non-Registered Unitholders who have not waived the right to receive meeting materials will be given a voting instruction form which must be completed and signed by the Non-Registered Unitholder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at www.proxyvote.com, by entering the 16-digit control number printed on the front of the voting instruction form and following the instructions provided.

The purpose of these procedures is to permit Non-Registered Unitholders to direct the voting of the Units they beneficially own. Should a Non-Registered Unitholder who receives a voting instruction form wish to attend and vote at the Meeting (or have another person attend and vote on behalf of the Non-Registered Unitholder), the Non-Registered Unitholder should follow the corresponding instructions on the voting instruction form. **Non-Registered Unitholders should carefully follow the instructions of their Intermediaries and their service companies.**

A Non-Registered Unitholder who wants to revoke his or her voting instructions must contact his or her Intermediary in respect of such instructions and comply with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke such instructions if it receives insufficient notice of revocation.

The REIT will pay for an Intermediary to deliver proxy materials to objecting beneficial owners. The meeting materials sent to non-objecting beneficial owners (“**NOBOs**”) and objecting beneficial owners who have not waived the right to receive the meeting materials will be accompanied by a voting instruction form. By returning the voting instruction form in accordance with the instructions noted thereon, a NOBO is able to instruct the voting of the Units owned by it. Voting instruction forms should be completed and returned in accordance with the specific instructions noted thereon. The purpose of this procedure is to permit Non-Registered Unitholders to direct the voting of the Units which they beneficially own.

Voting of Units and Special Voting Units

Units and Special Voting Units represented by proxies will be voted or withheld from voting in accordance with the instructions of the Unitholder and, if the Unitholder specifies a choice with respect to any matter to be acted upon at the Meeting, such Units and Special Voting Units represented by properly executed proxies will be voted accordingly. Registered Unitholders may vote online at the Meeting by following the instructions provided when accessing the Meeting.

If no specification is made to withhold the said Units and/or Special Voting Units from voting, a proxyholder will vote the Units and/or Special Voting Units IN FAVOUR OF: (a) the election of the persons to be nominated by management as Trustees, and (b) the appointment of auditors and the authorization of the Trustees to fix the remuneration of the auditors. If a choice to the contrary is not specified by a Unitholder with respect to (a) the non-binding, advisory resolution on the REIT's approach to executive compensation, and (b) the resolution to approve the amendments to, and the continuation of, the unitholder rights plan agreement between the trustees of the REIT and AST Trust Company (Canada), such Units and/or Special Voting Units will be voted IN FAVOUR OF such matter, all as described in this Circular.

Broadridge will serve as independent scrutineer at the Meeting and will tabulate all votes at the Meeting.

Exercise of Discretion by Proxy

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the Notice and with respect to such other matters as may properly come before the Meeting or any adjournment thereof. At the date of this Circular, management of the REIT is not aware of any amendments or other matters to come before the Meeting other than the matters referred to in the Notice. With respect to amendments to matters identified in the Notice or other matters that may come before the Meeting, Units and Special Voting Units will be voted by the persons so designated in their discretion.

Voting at the Meeting and Quorum

On May 7, 2021, 286,892,258 Units and 9,500,000 Special Voting Units were issued and outstanding. Each Unit and each Special Voting Unit entitles its holder to one vote at the Meeting. Unitholders of record at the close of business on May 7, 2021, the record date established for determining Unitholders entitled to receive notice of and vote at the Meeting (the "**Record Date**"), will be entitled to vote at the Meeting, or any adjournment thereof.

Unless otherwise required by law or the declaration of trust of the REIT (the "**Declaration of Trust**"), every question coming before the Meeting or any adjournment thereof shall be decided by the majority of the votes duly cast on the question. The quorum at the Meeting or any adjournment thereof shall consist of at least two individuals present at the Meeting, each of whom is a holder of Units or Special Voting Units or a proxyholder representing such holder of Units or Special Voting Units, and who hold or represent by proxy not less than 25% of the combined total number of outstanding Units and Special Voting Units as at the Record Date for the Meeting.

Advance Notice Provisions

The Declaration of Trust contains provisions requiring advance notice be given to the REIT of Unitholder proposals relating to the nomination of Trustees (the "**Advance Notice Provisions**"). The Advance Notice Provisions require a nominating Unitholder to provide notice to the Trustees of proposed Trustee nominations not less than 30 days prior to the date of the applicable annual meeting. This advance notice period is intended to give the REIT and Unitholders sufficient time to consider any proposed nominees.

QUESTIONS AND ANSWERS

Q: What am I voting on?

A: Unitholders are voting on:

- the election of Trustees for the coming year;
- the appointment of auditors of the REIT and the authorization of the Trustees to fix the remuneration of the auditors;
- the non-binding, advisory resolution on the REIT's approach to executive compensation (the "**Say-on-Pay Resolution**"); and

- certain amendments to and the continuation of the REIT’s unitholder rights plan agreement between the Trustees and AST Trust Company (Canada) (the “**Rights Plan Amendments**”);

all as set out in further detail herein.

Q: Who is entitled to vote?

A: Unitholders as of the close of business on the Record Date (being May 7, 2021) are entitled to vote. Each Unit and each Special Voting Unit entitles the holder to one vote on those items of business as identified in the Notice. If you acquired your Units or Special Voting Units after the Record Date, please refer to the answer to the question “What if ownership of Units or Special Voting Units has been transferred after the Record Date?”.

Q: How do I vote?

A: There are two ways you can vote your Units and Special Voting Units if you are a Registered Unitholder. You may vote at the Meeting by following the instructions provided online at the Meeting, or you may complete the form of proxy appointing the named persons or some other person you choose, who need not be a Unitholder, to represent you as proxyholder and vote your Units or Special Voting Units at the Meeting. If your Units are held in the name of a nominee, please refer to the answer to the question “If my Units are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Units?” to determine how you may vote your Units. Proxies may be voted online at www.proxyvote.com or by telephone at 1-800-474-7493 (English) or 1-800-474-7501 (French), by entering the 16-digit control number printed on the front of the form of proxy and following the instructions provided. Proxies to be used at the Meeting may also be deposited with Broadridge by mail to Broadridge Investor Communications Corporation, Attention: Data Processing Centre, P.O. Box 3700, STN Industrial Park, Markham, ON L3R 9Z9. In order to be effective, proxies must be received no later than 10:30 a.m. (Toronto time) on June 25, 2021 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof.

Q: What if I plan to access the Meeting and vote online during the Meeting?

A: If you are a Registered Unitholder and plan to access the Meeting and wish to vote your Units or Special Voting Units online during the Meeting, do not complete or return the form of proxy. **You MUST retain your 16-digit control number located on your form of proxy.** You may vote online during the Meeting and your vote will be counted at the Meeting. If your Units are held in the name of a nominee and you wish to access the Meeting, please refer to the answer to the question “If my Units are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Units?” for voting instructions.

Q: Who is soliciting my proxy?

A: The form of proxy is being solicited by management and the associated costs will be borne by the REIT. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone or other personal contact by employees of the REIT. The REIT may also engage a proxy solicitation firm on market terms to solicit proxies in favour of the resolutions described herein.

Q: What if I sign the form of proxy enclosed with this Circular?

A: Signing the enclosed form of proxy gives authority to Mr. Thomas J. Hofstedter, the President and Chief Executive Officer (the “**CEO**” or “**Chief Executive Officer**”) of the REIT or failing him, Mr. Larry Froom, the Chief Financial Officer (the “**CFO**” or “**Chief Financial Officer**”) of the

REIT, or to another person you have appointed, to vote your Units or your Special Voting Units at the Meeting.

Q: Can I appoint someone other than these representatives to vote my Units or Special Voting Units?

A: Yes. Write the name of this person, who need not be a Unitholder, in the blank space provided in the form of proxy and strike out the names of the management nominees. You are encouraged to appoint yourself or such other person (other than the named proxyholders) as your proxyholder online at www.proxyvote.com as this will reduce the risk of any mail disruptions in the current environment and will allow you to easily share the appointee information you have created with the person you have appointed to represent you at the Meeting. If you do not designate the appointee information when completing your form of proxy or do not provide **the exact appointee identification number and appointee name** to the person (other than the named proxyholders) who has been appointed to access and vote at the Meeting on your behalf, your appointee will not be able to access the Meeting and vote on your behalf.

You **MUST** provide your appointee with the **EXACT NAME** and **EIGHT CHARACTER APPOINTEE IDENTIFICATION NUMBER** to access the Meeting. Appointees can only be validated at the Meeting using the **EXACT NAME** and **EIGHT CHARACTER APPOINTEE IDENTIFICATION NUMBER** that is entered by you. **IF YOU DO NOT CREATE AN EIGHT CHARACTER APPOINTEE IDENTIFICATION NUMBER, YOUR APPOINTEE WILL NOT BE ABLE TO ACCESS THE MEETING.**

Q: What do I do with my completed proxy?

A: For Registered Unitholders, you may vote your proxy online at www.proxyvote.com or by telephone at 1-800-474-7493 (English) or 1-800-474-7501 (French), by entering the 16-digit control number printed on the front of the form of proxy and following the instructions provided. Proxies to be used at the Meeting may also be deposited with Broadridge by mail to Broadridge Investor Communications Corporation, Attention: Data Processing Centre, P.O. Box 3700, STN Industrial Park, Markham, ON L3R 9Z9. In order to be effective, proxies must be received no later than 10:30 a.m. (Toronto time) on June 25, 2021 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof. This will ensure that your vote is recorded. For Non-Registered Unitholders who receive materials through their broker or other Intermediary, such Non-Registered Unitholder should complete and return the voting instruction form in accordance with the instructions provided by their broker or other Intermediary.

Q: If I change my mind, can I take back my proxy once I have given it?

A: Yes. If you change your mind and wish to revoke your proxy, you may revoke your proxy by voting again on the internet or by phone or by any other means permitted by law. If you are unable to revoke your proxy on the internet or by phone, you may prepare a written statement revoking your proxy. The statement must be signed by you or your attorney as authorized in writing or, if Units or Special Voting Units are held by a corporation, under the corporation's corporate seal or by an officer or attorney of the corporation duly authorized. The written instrument must be submitted by email to the Manager – Corporate Development of the REIT at gdavis@hr-reit.com before the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used.

Q: How will my Units and/or Special Voting Units be voted if I give my proxy?

A: Units and Special Voting Units represented by proxies will be voted or withheld from voting in accordance with the instructions of the holder thereof at the Meeting. If the holder specifies a choice with respect to any matter to be acted upon at the Meeting, such Units and/or Special Voting Units represented by properly executed proxies will be voted accordingly.

With respect to (a) the election of the persons to be nominated by management as Trustees, and (b) the appointment of auditors and the authorization of the Trustees to fix the remuneration of the auditors, Unitholders have the option of voting their Units and/or Special Voting Units either IN FAVOUR OF such election or appointment, or to WITHHOLD their Units and/or Special Voting Units from voting for such election or appointment. If no specification is made to WITHHOLD the said Units and/or Special Voting Units from voting, a proxyholder will vote such Units and/or Special Voting Units IN FAVOUR OF such election or appointment.

With respect to (a) the Say-on-Pay Resolution, and (b) the resolution to approve certain amendments to and the continuation of the unitholder rights plan agreement between the Trustees and AST Trust Company (Canada), Unitholders have the option of voting their Units and/or Special Voting Units either IN FAVOUR OF or AGAINST such resolution. If no specification is made to vote the said Units and/or Special Voting Units AGAINST such resolution, a proxyholder will vote such Units and/or Special Voting Units IN FAVOUR OF this resolution.

Q: What if amendments are made to these matters or if other matters are brought before the Meeting?

A: The form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the Notice and with respect to such other matters as may properly come before the Meeting or any adjournment thereof. At the date of this Circular, management of the REIT is not aware of any amendments or other matters to come before the Meeting other than the matters referred to in the Notice. With respect to amendments to matters identified in the Notice or other matters that may come before the Meeting, Units and Special Voting Units will be voted by the persons so designated in their discretion.

Q: How many Units and Special Voting Units are entitled to vote?

A: As of the Record Date, May 7, 2021, there were 286,892,258 Units outstanding and 9,500,000 Special Voting Units outstanding. Each holder of Units and/or Special Voting Units has one vote at the Meeting for each Unit and/or Special Voting Unit held at the close of business on the Record Date.

Q: What if ownership of Units or Special Voting Units has been transferred after the Record Date?

A: The Declaration of Trust provides that only a holder of Units or Special Voting Units of record at the close of business on the Record Date is entitled to vote at the Meeting, even where such Unitholder has since that date disposed of his or her Units or Special Voting Units, and no Unitholder becoming such after the Record Date will be entitled to receive notice of and vote at the Meeting or any adjournment thereof.

Q: How will the votes be counted?

A: Broadridge will serve as independent scrutineer at the Meeting and will tabulate all votes at the Meeting.

Q: If my Units are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Units?

A: Generally, Non-Registered Unitholders who have not waived the right to receive meeting materials will be given a voting instruction form which must be completed and signed by the Non-Registered Unitholder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the

Internet at www.proxyvote.com, by entering the 16-digit control number printed on the front of the voting instruction form and following the instructions provided.

The purpose of these procedures is to permit Non-Registered Unitholders to direct the voting of the Units or Special Voting Units they beneficially own. Should a Non-Registered Unitholder who receives a voting instruction form wish to access and vote at the Meeting (or have another person attend and vote on behalf of the Non-Registered Unitholder), the Non-Registered Unitholder should follow the corresponding instructions on the voting instruction form. In either case, Non-Registered Unitholders should carefully follow the instructions of their Intermediaries and their service companies. Please refer to “Proxy Matters – Non-Registered Unitholders” above in this Circular.

Q: What is an advisory say-on-pay-vote?

A: The advisory vote on say-on-pay is being provided to allow Unitholders to show their approval or disapproval of the REIT’s executive compensation policies which are described in detail in this Circular. An advisory vote is non-binding on the REIT and it remains the duty of the board of trustees (the “**Board**”) and the Compensation, Governance and Nominating Committee (“**CG&N Committee**”) of the REIT to develop and implement appropriate executive compensation policies for the REIT. If the Say-on-Pay Resolution is not approved by a majority of votes cast at the Meeting, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions in determining whether there is a need to significantly increase their engagement with Unitholders on compensation and related matters. The Board will disclose the results of the vote on the Say-on-Pay Resolution as part of its report on voting results for the Meeting, and will take such further steps as more particularly described in this Circular.

Q: Why do the Trustees want to amend and continue the REIT’s unitholder rights plan?

A: The REIT has had a unitholder rights plan in place since the time of its initial public offering in 1996. At the annual meeting of the REIT on June 18, 2018, Unitholders approved an amended and restated unitholder rights plan agreement made as of June 18, 2018 (the “**Initial 2018 Rights Plan**”) between the Trustees and CST Trust Company (the predecessor to AST Trust Company (Canada)) as rights agent, which was subsequently amended on August 31, 2018 (the “**Final 2018 Rights Plan**”) in connection with a reorganization of the REIT, as discussed in the management information circular of the REIT dated May 4, 2018. The Final 2018 Rights Plan will terminate if the continued existence of the Final 2018 Rights Plan is not approved by Unitholders and Special Voting Unitholders at the Meeting. The Trustees believe that the proposed unitholder rights plan will encourage persons seeking to acquire control of the REIT to do so by means of a Permitted Bid (as defined in the proposed unitholder rights plan) and will discourage unfair or coercive bid tactics and strategies that do not treat all Unitholders equally and fairly. The Trustees believe that the proposed unitholder rights plan remains (with the changes described herein) an appropriate mechanism to ensure that the Trustees will be able to discharge their responsibilities to assist Unitholders in responding to a take-over bid.

PRINCIPAL HOLDERS OF UNITS AND SPECIAL VOTING UNITS

To the knowledge of the Trustees and officers of the REIT, no person or company beneficially owns, or controls or directs, directly or indirectly, Units carrying 10% or more of the votes attached to the outstanding Units. CRAL Class B Limited, an affiliate of Canadian Realty Advisors Limited (formerly H&R Property Management Ltd.) (the “**Former Property Manager**”) beneficially owns 9,500,000 Special Voting Units, representing 100% of the Special Voting Units, or 3.21% of the total combined Units and Special Voting Units eligible to vote at the Meeting.

MATTERS TO BE ACTED UPON BY UNITHOLDERS

1. Election of Trustees

The REIT has a policy that entitles each Unitholder to vote for each nominee on an individual basis rather than for a fixed slate of nominees. Each Trustee must be elected by the vote of a majority of the Units and Special Voting Units represented in person or proxy at the Meeting that are voted in respect of that nominee. In circumstances involving an “uncontested” election of Trustees only, if any nominee for election as a Trustee receives, from the Units and Special Voting Units voted at the Meeting in person or by proxy, a greater number of votes “withheld” than votes “for” his or her election, the Trustee will be required to immediately tender his or her resignation to the chair of the Board for consideration following the Meeting. The Board shall determine whether to accept any such resignation within 90 days after the date of the Meeting. The Board shall accept such resignation absent of exceptional circumstances, and such resignation will be effective when accepted by the Board. A Trustee who tenders his or her resignation will not participate in the deliberations of the Board or any of its committees pertaining to the resignation. If the Board declines to accept any such resignation, such Trustee will continue to hold office for the remainder of his or her elected term. The REIT will promptly issue a news release announcing the Board’s decision, including the reasons for its decision and the REIT will provide a copy of such news release to the Toronto Stock Exchange (“TSX”).

The Declaration of Trust provides that there shall be no fewer than five Trustees and no more than 11 Trustees, a majority of whom must be resident Canadians. Currently, there are eight Trustees, namely Alex Avery, Robert E. Dickson, Brenna Haysom, Thomas J. Hofstedter, Laurence A. Lebovic, Juli Morrow, Marvin Rubner and Ronald C. Rutman. Except for Brenna Haysom who is a resident of the United States, each Trustee is a resident Canadian, and all were elected by Unitholders to hold office for a term expiring at the close of the Meeting. All of the current Trustees, except Robert E. Dickson and Laurence A. Lebovic, each of whom is retiring in accordance with the REIT’s retirement guideline, will be nominated by management for election as Trustees at the Meeting. In addition, Jennifer A. Chasson, Mark M. Cowie, S. Stephen Gross and Ashi P. Mathur (each of whom is a resident Canadian), will be nominated by management for election as a Trustee at the Meeting, bringing the total number of Trustees nominated for election to ten Trustees.

As part of the Board’s ongoing efforts to improve upon its governance practices, the Board has undergone significant Board renewal, refreshment and expansion over the past five years to better align the Board’s composition with the REIT’s long-term strategy and broaden the Board’s perspectives to enhance its performance. As noted herein, the REIT has established a target of a Board composition in which women comprise at least 25% of the members of the Board by the REIT’s annual meeting in 2021. The REIT achieved this proportion ahead of the targeted time, as currently 25% (two of eight) of the Trustees are women, and if all of the nominees for Trustee listed below are elected at the Meeting, 30% (three of ten) of the Trustees will be women, marking continued progress on the Board’s diversity commitment and achieving the 30% Canada Club’s aim for better gender balance at the Board level. The Board will, from time to time as needed, continue to review additional potential new candidates for nomination or appointment to the Board to increase the diversity of the Trustees, in accordance with the REIT’s written policy on diversity and to maintain the REIT’s target Board composition.

It is the intention of the persons named in the enclosed form of proxy for use at the Meeting (in the event that authority is not withheld) to vote IN FAVOUR OF the election of each of Alex Avery, Jennifer A. Chasson, Mark Cowie, S. Stephen Gross, Brenna Haysom, Thomas J. Hofstedter, Ashi P. Mathur, Juli Morrow, Marvin Rubner and Ronald C. Rutman as Trustees to hold office until the close of the 2022 annual meeting of Unitholders or until their successors are duly elected or appointed in accordance with the Declaration of Trust. Management does not contemplate that any of such nominees will be unable to serve as a Trustee but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy will vote for another nominee as management may recommend unless a Unitholder has specified in the form of proxy that the Units or Special Voting Units are to be withheld from voting in the election of the Trustee.

The following table and the notes thereto set forth the name of each person proposed to be nominated for election as a Trustee at the Meeting; his or her municipality of residence; his or her age; all other positions and offices currently held by him or her with the REIT; his or her present principal occupation or employment; the year he or she first became a Trustee; the number of Units (and principal amount of other REIT securities) he or she has advised are beneficially owned, directly or indirectly, by him or her or over which he or she exercises control or direction and the value thereof; his or her attendance at Board and committee meetings; and the voting results for his or her election at the annual meeting of Unitholders of the REIT held on June 16, 2020 (the “2020 Meeting”).

Alex Avery Age: 43 Toronto, ON, Canada Trustee Since: 2017 <i>Non-Independent</i>	Mr. Avery is responsible for the REIT's asset management and strategy, and brings over 20 years of experience in real estate and capital markets, with a focus on investment strategy, capital allocation and capital structure. His previous experience includes portfolio management of real estate securities, 12 years with CIBC Capital Markets, where he was Managing Director and led its North American real estate research team, and consulting and advisory roles. Mr. Avery has been consistently recognized as a thought leader in real estate strategy, leadership and governance by institutional investors, and as a TopGun Analyst by Brendan Wood International. Mr. Avery earned his CFA designation, holds both a Master of Business Administration and a Bachelor of Engineering & Management from McMaster University, and is a Chartered Surveyor and Member of the Royal Institution of Chartered Surveyors.							
	Principal Occupation							
	Executive Vice President, Asset Management and Strategic Initiatives of the REIT							
	Board/Committee Membership							
	Attendance							
	Board		11 of 11		100%			
	Total		11 of 11		100%			
	Securities Ownership							
			Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾		Value of Securities⁽³⁾			
			Principal Amount of Debentures		Units		Debentures	
	Circular Date		No. of Units		Total Accumulated Value of Equity Holdings⁽⁴⁾		Total Accumulated Value of Securities	
	May 7, 2021		235,129		nil		\$3,625,689	
	May 4, 2020		25,000		nil		\$230,500	
nil		nil		nil		\$4,224,710		
nil		nil		nil		\$399,643		
Voting Results at the 2020 Meeting								
Votes For			Votes Withheld					
# REIT and Special Voting Units		%		# REIT and Special Voting Units		%		
141,638,704		97.90%		3,043,836		2.10%		

Jennifer A. Chasson Age: 51 Toronto, ON, Canada <i>Proposed Independent Nominee</i>	Ms. Chasson is a partner at Zeifmans LLP and the founder and President of Springbank Capital Corporation (previously Chasson Financial). Established in 2004, Springbank Capital is a boutique corporate finance advisory firm bringing investment banking to entrepreneurs in the Canadian mid-market. Having led and advised on more than 100 financings and corporate sale transactions, including a number of real estate related mandates, Jennifer brings a wealth of experience in business valuation, strategy, structuring and negotiation, navigating clients from the planning stage through to close. Her 25+ year career began at Coopers & Lybrand where she was first exposed to M&A performing due diligence for large corporate acquisitions. Jennifer's experience also includes underwriting term and mezzanine debt financings for Roynat Capital and originating and executing corporate acquisitions as Managing Director for Counsel Corporation. She has sat on the board of directors for Big Brothers Big Sisters of Canada and Women Entrepreneurs of Canada. Jennifer earned her CPA, CA and CBV (Chartered Business Valuator) designations in 1996 and 2006, respectively.							
	Principal Occupation							
	President of Springbank Capital Corp.							
	Board/Committee Membership							
	N/A							
	Securities Ownership							
			Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾		Value of Securities⁽³⁾			
			Principal Amount of Debentures		Units		Debentures	
	Circular Date		No. of Units		Total Accumulated Value of Equity Holdings⁽⁴⁾		Total Accumulated Value of Securities	
	May 7, 2021		nil		nil		nil	
nil		nil		nil		nil		

Mark M. Cowie Age: 64 Toronto, ON, Canada <i>Proposed Independent Nominee</i>	Mr. Cowie has over 40 years of experience in the commercial real estate industry. His experience extends through a broad range of categories including management, advisory, principal and partner in a multiple of platforms within the commercial real estate space, including office, industrial, investment, retail, residential and self-storage. Mr. Cowie is currently a Principal with Cowie Capital Partners, a Toronto based investment platform focused primarily on commercial real estate and other private company equity investments. Prior to Cowie Capital, Mr. Cowie held numerous senior management and advisory roles with Colliers International and its predecessor firm Leasco Realty which he joined in 1980 and was often recognized as one of the top advisors at the firm and in the industry across Canada. Mr. Cowie is a graduate of the Richard Ivey School of Business, London, Ontario and resides in Toronto.						
	Principal Occupation						
	Principal at Cowie Capital Partners Inc.						
	Board/Committee Membership N/A						
	Securities Ownership						
		Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾		Value of Securities⁽³⁾			
	Circular Date	No. of Units	Principal Amount of Debentures	Units	Debentures	Total Accumulated Value of Equity Holdings⁽⁴⁾	Total Accumulated Value of Securities
	May 7, 2021	82,970	nil	\$1,279,397	nil	\$1,279,397	\$1,279,397

S. Stephen Gross Age: 50 Toronto, ON, Canada <i>Proposed Independent Nominee</i>	Mr. Gross graduated from Brooklyn College of the City University of New York in 1993 with a B.Sc. in Accounting and received his LL.B/J.D. from Osgoode Hall Law School in 1996. Mr. Gross is a Principal of Initial Corporation, which is a private real estate investment company located in Toronto, Ontario focused on the seniors housing/retirement home and multi-family industries in Ontario and Québec. Mr. Gross is also a director of Cross River Bank, a New Jersey chartered bank located in Teaneck, New Jersey, and is a member of its lending/credit and compensation committees. Prior to this, Mr. Gross was a lawyer with the firm of Minden Gross LLP, a law firm located in Toronto, Ontario. Mr. Gross also previously served on the board of trustees of H&R Finance Trust from 2008 until its dissolution in 2018.						
	Principal Occupation						
	Principal at Initial Corporation						
	Board/Committee Membership N/A						
	Securities Ownership						
		Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾		Value of Securities⁽³⁾			
	Circular Date	No. of Units	Principal Amount of Debentures	Units	Debentures	Total Accumulated Value of Equity Holdings⁽⁴⁾	Total Accumulated Value of Securities
	May 7, 2021	6,300	nil	\$97,146	nil	\$97,146	\$97,146

Brenna Haysom Age: 44 Warwick, NY, United States Trustee Since: 2020 <i>Independent</i>	Ms. Haysom is the Chief Executive Officer of Rally Labs, a consumer pharmaceutical company that focuses on over-the-counter drug products for younger consumers. Prior to founding Rally Labs in 2010, Ms. Haysom worked in the Private Equity Group at Apollo Global Management, Inc., where she focused on both equity and credit investing across a range of industries. She started her career at Lazard Frères & Co in New York where she worked in both the Mergers & Acquisitions and Restructuring groups. Ms. Haysom serves on the board of directors of Venerable Holdings, Inc. and its subsidiary Venerable Insurance and Annuity Company, an Iowa insurance company focused on the consolidation of variable annuity blocks. Ms. Haysom chairs the Venerable Insurance and Annuity Company Compensation Committee and is a member of its Nominating and Corporate Governance Committee. She is also a member of the Venerable Holdings, Inc. Audit Committee. Ms. Haysom also serves on the board of directors of Apollo Commercial Real Estate Finance Inc. (NYSE: ARI), and is a member of its Audit Committee. Ms. Haysom has an AB with honors in Social Studies from Harvard College and an MBA from Harvard Business School.						
	Principal Occupation						
	Chief Executive Officer of Rally Labs (a consumer pharmaceutical company)						
	Board/Committee Membership⁽¹⁾						
				Attendance			
	Board			3 of 3	100%		
	CG&N			3 of 3	100%		
	Total			6 of 6	100%		
	Securities Ownership						
		Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾		Value of Securities⁽³⁾			
			Principal Amount of Debentures	Units	Debentures	Total Accumulated Value of Equity Holdings⁽⁴⁾	Total Accumulated Value of Securities
	Circular Date	No. of Units					
	May 7, 2021	nil	nil	nil	nil	\$116,957	\$116,957
	May 4, 2020	nil	nil	nil	nil	nil	nil
	Voting Results at the 2020 Meeting						
Votes For			Votes Withheld				
# REIT and Special Voting Units		%	# REIT and Special Voting Units		%		
142,211,450		98.29%	2,472,590		1.71%		

Thomas J. Hofstедter Age: 67 Toronto, ON, Canada Trustee Since: 1996 <i>Non-Independent</i>	Mr. Hofstедter attended the University of Toronto and became a member of The Institute of Chartered Accountants in 1978. Mr. Hofstедter became President and Chief Executive Officer of the REIT at its creation in December 1996, and was President and Chief Executive Officer of H&R Finance Trust from its creation in October 2008 to its wind-up in August 2018. Prior to joining the REIT, Mr. Hofstедter was head of H&R Development's commercial division.						
	Principal Occupation						
	President and Chief Executive Officer of the REIT						
	Board/Committee Membership⁽¹⁾⁽⁵⁾						
				Attendance			
	Board			11 of 11	100%		
	Investment			2 of 2	100%		
	Total			13 of 13	100%		
	Securities Ownership						
		Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾		Value of Securities⁽³⁾			
			Principal Amount of Debentures	Units	Debentures	Total Accumulated Value of Equity Holdings⁽⁴⁾	Total Accumulated Value of Securities⁽⁴⁾
	Circular Date	No. of Units					
	May 7, 2021	3,643,286	nil	\$56,179,470	nil	\$72,049,229	\$72,049,229
	May 4, 2020	3,600,096	nil	\$33,192,885	nil	\$42,715,808	\$42,715,808
	Voting Results at the 2020 Meeting						
Votes For			Votes Withheld				
# REIT and Special Voting Units		%	# REIT and Special Voting Units		%		
140,705,036		97.25%	3,978,904		2.75%		

Ashi P. Mathur Age: 51 Oakville, ON, Canada <i>Proposed Independent Nominee</i>	Mr. Mathur is President of Marlin Spring, a fully integrated real estate investment company with over \$4 billion in completion value. The company strategically acquires, develops, constructs and repositions assets throughout North America. Prior to joining Marlin Spring, Mr. Mathur spent more than 20 years at Investment & Corporate Banking at BMO Capital Markets and N.M Rothschilds & Sons. While at BMO, he served as Deputy Head of Investment Banking and Head of North American Real Estate. While managing the North American Real Estate group he established and served as CEO of BMO Capital Markets Real Estate Private Equity Fund. During his career as an Investment Banker, he has successfully completed over \$100 billion of M&A advisory and capital raising transactions. Mr Mathur received a Masters of Accounting and BA (Hons. Chartered Accounting) from the University of Waterloo. and his CPA designation in 1994.						
	Principal Occupation						
	President of Marlin Spring						
	Board/Committee Membership N/A						
	Securities Ownership						
		Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾		Value of Securities⁽³⁾			
		No. of Units	Principal Amount of Debentures	Units	Debentures	Total Accumulated Value of Equity Holdings⁽⁴⁾	Total Accumulated Value of Securities
	Circular Date						
	May 7, 2021	nil	nil	nil	nil	nil	nil

Juli Morrow Age: 68 Toronto, ON, Canada Trustee Since: 2017 <i>Non-Independent</i>	Juli Morrow is counsel at Goodmans LLP, one of Canada's premier transaction law firms, and is one of Canada's preeminent real estate lawyers. Her practice focuses commercial real estate transactions, including acquisitions, dispositions, mortgage financing, leasing, management agreements and joint ventures. She has been recognized as one of Canada's leading real estate lawyers by Chambers Global and a number of other sources. She earned a B.C.L. from McGill University in 1975, an LL.B from McGill University in 1976 and a LL.M from the University of Toronto in 1979. She joined Goodmans LLP in 1977.						
	Principal Occupation						
	Counsel, Goodmans LLP						
	Board/Committee Membership Attendance						
	Board			11 of 11		100%	
	Total			11 of 11		100%	
	Securities Ownership						
		Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾		Value of Securities⁽³⁾			
		No. of Units	Principal Amount of Debentures	Units	Debentures	Total Accumulated Value of Equity Holdings⁽⁴⁾	Total Accumulated Value of Securities
	Circular Date						
	May 7, 2021	24,631	nil	\$379,810	nil	\$659,151	\$659,151
	May 4, 2020	24,631	nil	\$227,098	nil	\$396,241	\$396,241
	Voting Results at the 2020 Meeting						
	Votes For			Votes Withheld			
# REIT and Special Voting Units		%	# REIT and Special Voting Units		%		
140,433,685		97.06%	4,250,355		2.94%		

Marvin Rubner	Since 1982, Mr. Rubner has been the manager and founder of YAD Investments Limited, which is a private investment corporation located in Toronto, Ontario which invests in, manages and develops commercial, retail, and residential apartment buildings primarily in Canada and the United States. Mr. Rubner also previously served on the board of trustees of H&R Finance Trust from 2008 until its dissolution in 2018.					
Age: 64						
Toronto, ON, Canada	Principal Occupation					
Trustee Since: 2020	Manager and Founder, YAD Investments Limited (a private investment corporation)					
Independent	Board/Committee Membership⁽¹⁾			Attendance		
	Board		3 of 3			100%
	Audit		1 of 1			100%
	Total		4 of 4			100%
Securities Ownership						
	Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾		Value of Securities⁽³⁾			
	Circular Date	No. of Units	Principal Amount of Debentures	Units	Debentures	Total Accumulated Value of Equity Holdings⁽⁴⁾
	May 7, 2021	nil	nil	nil	nil	\$116,957
	May 4, 2020	nil	nil	nil	nil	nil
						Total Accumulated Value of Securities
						\$116,957
						nil
Voting Results at the 2020 Meeting						
Votes For			Votes Withheld			
	# REIT and Special Voting Units	%	# REIT and Special Voting Units	%		
	140,844,478	97.35%	3,839,562	2.65%		

Ronald C. Rutman	Mr. Rutman graduated from the Commerce and Finance Program of the University of Toronto in 1975 and received his designation as a Chartered Accountant in 1976. Mr. Rutman has been a partner for over 40 years at Zeifmans LLP, Chartered Accountants (formerly Zeifman & Company, Chartered Accountants) and has substantial real estate experience.					
Age: 68						
Toronto, ON, Canada	Principal Occupation					
Trustee Since: 1996	Partner, Zeifmans LLP, Chartered Accountants					
Independent	Board/Committee Membership⁽¹⁾⁽⁵⁾			Attendance		
	Board (Chair)		11 of 11			100%
	Audit		3 of 3			100%
	Investment		2 of 2			100%
	CG&N (Chair)		5 of 5			100%
	Total		21 of 21			100%
Securities Ownership						
	Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾		Value of Securities⁽³⁾			
	Circular Date	No. of Units	Principal Amount of Debentures	Units	Debentures	Total Accumulated Value of Equity Holdings⁽⁴⁾
	May 7, 2021	1,441,873	nil	\$22,233,682	nil	\$22,513,022
	May 4, 2020	1,345,842	nil	\$12,408,663	nil	\$12,553,354
						Total Accumulated Value of Securities
						\$22,513,022
						\$12,553,354
Voting Results at the 2020 Meeting						
Votes For			Votes Withheld			
	# REIT and Special Voting Units	%	# REIT and Special Voting Units	%		
	124,460,306	86.02%	20,223,734	13.98%		

Notes:

- The Investment Committee is currently comprised of Messrs. Lebovic (Chair), Hofstedter and Rutman. The Audit Committee is currently comprised of Messrs. Rutman (Chair), Dickson and Rubner. The CG&N Committee is currently comprised of Messrs. Dickson (Chair) and Rutman and Ms. Haysom. Messrs. Dickson and Lebovic are retiring in accordance with the REIT's retirement guideline and not standing for re-election at the Meeting. The Board will re-constitute its committees following the Meeting.
- Individual Trustee nominees have furnished information as to Units (and other securities of the REIT) beneficially owned by them or over which they exercise control or direction.
- Value of the Units is based on the closing price of Units on the TSX on May 7, 2021 of \$15.42 per Unit and on May 4, 2020 of \$9.22 per Unit (as reported in the Management Information Circular dated May 4, 2020 (the "2020 Circular") for the 2020 Meeting).
- Consists of the value of Units beneficially owned, or controlled and directed, directly or indirectly, plus value of in-the-money options under the REIT's unit option plan which was established in 1996, as amended and restated from time to time (the "Unit Option Plan"),

value of RSUs (as defined herein) and PSUs (as defined herein) (assuming vesting at 100%) granted under the REIT's Unit compensation incentive plan (the "**Incentive Unit Plan**"), based on the closing price of Units on the TSX on May 7, 2021 of \$15.42 per Unit and on May 4, 2020 of \$9.22 per Unit (as reported in the 2020 Circular). In addition, Mr. Hofstedter's "Total Accumulated Value of Equity Holdings" and "Total Accumulated Value of Securities" includes 739,302 Class B limited participation limited partnership units of H&R Portfolio Limited Partnership indirectly owned by Mr. Hofstedter, which are economically equivalent to, and exchangeable on a one-for-one basis at any time for, Units.

- (5) Member of the Investment Committee. The Investment Committee also approves acquisitions and dispositions by way of written resolutions from time to time. In addition, certain acquisitions and dispositions are also approved at meetings of the full Board. See "Schedule A — The REIT's Governance Practices with Reference to the NI 58-101F1 Guidelines — Other Board Committees".

Each member of the Board is expected to attend all meetings, with the average rate of attendance for 2020 for meetings being 100% (100% including committee meetings) indicating that the current members of the Board are fully committed to the operations and management of the REIT. As set out below, the Trustees believe the skill set currently on the Board meets the operational requirements of the REIT. Much of the Board's work is done through its sub-committees, and all committee members have significant experience in the respective committee specialties.

The skills matrix below summarizes the expertise possessed by each nominee Trustee:

Area of Expertise	Avery	Chasson	Cowie	Gross	Haysom	Hofstedter	Mathur	Morrow	Rubner	Rutman
Executive management	-	X	X	X	X	X	X	-	X	X
Strategic insight / leading growth	X	X	X	X	X	X	X	X	-	X
Real estate	X	X	X	X	-	X	X	X	X	X
Business leadership	-	X	X	X	X	X	X	-	-	X
Corporate finance and capital markets	X	X	X	X	X	X	X	-	X	-
Financial accounting and reporting	X	X	-	X	X	X	X	-	X	X
Internal financial / accounting controls	-	-	-	-	-	X	X	-	-	X
Mergers and acquisitions	X	X	-	X	X	X	X	X	-	X
Legal	-	-	-	X	-	-	-	X	-	-
Corporate Governance	X	-	X	X	X	-	X	-	-	X

Corporate Cease Trade Orders or Bankruptcies

No person proposed to be nominated for election as a Trustee at the Meeting is or has been, within the preceding ten years, a director, trustee, chief executive officer or chief financial officer of any company (including a personal holding company of any such persons) that:

- (a) was subject to a cease trade order (or similar order that denied the company access to any exemption under securities legislation) that was issued while the proposed Trustee was acting in the capacity as director, trustee, chief executive officer or chief financial officer, or
- (b) was subject to a cease trade order (or similar order that denied the company access to any exemption under securities legislation) that was issued after the proposed Trustee ceased to be a director, trustee, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, trustee, chief executive officer or chief financial officer.

No person proposed to be nominated for election as a Trustee at the Meeting is or has been, within the preceding ten years, a director, trustee, or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any

legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Individual Bankruptcies

No person proposed to be nominated for election as a Trustee at the Meeting is or has, within the preceding ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

2. *Appointment of Auditors*

KPMG LLP are currently the auditors of the REIT and have been the auditors of the REIT since its inception in 1996. At the Meeting, Unitholders will be asked to re-appoint KPMG LLP as auditors of the REIT to hold such office until the close of the next annual meeting of Unitholders and to authorize the Board to fix the auditors' remuneration. **Unless such authority is withheld, persons named in the accompanying form of proxy intend to vote IN FAVOUR OF the re-appointment of KPMG LLP as the auditors of the REIT to hold office until the close of the next annual meeting of Unitholders and authorizing the Trustees to fix the remuneration of the auditors.**

3. *Say-on-Pay Resolution*

The REIT's compensation policies and procedures are based on the principle of pay for performance. The Board believes such policies and procedures align the interests of the REIT's executive team with the long-term interests of the Unitholders. The Board also believes that Unitholders should have the opportunity to fully understand the objectives, philosophy and principles used in its approach to executive compensation decisions and to have an advisory vote on the Board's approach to executive compensation. Detailed disclosure of the REIT's compensation program can be found under the heading "Executive Compensation" below.

The Board has again decided that Unitholders should have the opportunity to vote on the REIT's approach to executive compensation. This non-binding, advisory Unitholder vote, commonly known as "Say-on-Pay", gives each Unitholder an opportunity to either endorse or not endorse the REIT's approach to its executive pay program and policies through the following Say-on-Pay Resolution:

"Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board, that the Unitholders accept the approach to executive compensation disclosed in this management information circular delivered in advance of the 2021 annual meeting of Unitholders."

Approval of the above resolution will require an affirmative vote of a majority of the votes cast at the Meeting. The purpose of the Say-on-Pay Resolution is to provide appropriate Trustee accountability to the Unitholders for the Board's compensation decisions by giving Unitholders a formal opportunity to provide their views on the disclosed objectives of the executive compensation plans, and on the plans themselves, for the past, current and future fiscal years. While Unitholders will provide their collective advisory vote, the Trustees remain fully responsible for their compensation decisions and are not relieved of these responsibilities by a positive advisory vote by Unitholders.

As this is an advisory vote, the results will not be binding upon the Board. However, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and in determining whether there is a need to significantly increase their engagement with Unitholders on compensation and related matters. The REIT will disclose the voting results of the Say-on-Pay Resolution as a part of its report on voting results for the Meeting.

In the event that a significant number of Unitholders oppose the resolution, the Board will oversee a consultation process with the Unitholders, particularly those who are known to have voted against it, in order to better understand their concerns. The CG&N Committee will review the REIT's approach to compensation in the context of

those concerns. Unitholders who have voted against the resolution will be encouraged to contact the CG&N Committee to discuss their specific concerns.

Following the review by the CG&N Committee, the REIT will disclose to Unitholders a summary of the significant comments relating to compensation received from Unitholders in the process, a description of the process undertaken and a description of any resulting changes to executive compensation or why no changes will be made. The REIT will endeavor to provide this disclosure within six months of voting on the Say-on-Pay Resolution, and no later than in the management information circular for the next annual meeting of Unitholders.

The Board recognizes that Say-on-Pay is an evolving area in Canada and globally, and will review this policy annually to ensure that it is effective in achieving its objectives.

Unless a Unitholder specifies in the accompanying form of proxy that persons named therein are to vote against the Say-on-Pay Resolution, such persons intend to vote IN FAVOUR OF the Say-on-Pay Resolution. The Trustees unanimously recommend that Unitholders vote IN FAVOUR OF this Say-on-Pay Resolution.

4. Renewal and Amendment of Unitholder Rights Plan

At the Meeting, Unitholders and Special Voting Unitholders will be asked to consider and, if thought fit, to pass a resolution (the “**Rights Plan Resolution**”) approving an amended and restated unitholder rights plan agreement to be made as of or about June 29, 2021 between the Trustees and AST Trust Company (Canada) (the “**Rights Agent**”). The full text of the resolution is set forth in Schedule D to this Circular. The Rights Plan Resolution must be approved by the affirmative vote of a majority of the votes cast by the Unitholders, Special Voting Unitholders and by the Independent Unitholders of the REIT present in person or represented by proxy at the Meeting. For this purpose, an “**Independent Unitholder**” is generally any holder of Units other than an “**Acquiring Person**” (as defined in the Rights Plan) and its associates and affiliates or persons acting jointly or in concert therewith. An Acquiring Person is usually a holder of Units that is trying to acquire 20% or more of the outstanding Units. As of the date of this Circular, the REIT is not aware of any holder of Units that would not be considered an Independent Unitholder and, therefore, it is anticipated that all Unitholders and Special Voting Unitholders will be eligible to vote their Units and Special Voting Units on the Rights Plan Resolution. In the event that Unitholders and Special Voting Unitholders do not approve the Rights Plan Resolution, the Unitholders will cease to have the protections that a rights plan provides in the event of an unsolicited bid to acquire control of the REIT.

Unless a Unitholder or Special Voting Unitholder specifies in the accompanying form of proxy that persons named therein are to vote against the resolution, such persons intend to vote IN FAVOUR OF the Rights Plan Resolution. The Trustees unanimously recommend that Unitholders and Special Voting Unitholders vote IN FAVOUR OF the Rights Plan Resolution.

At the annual meeting of the REIT on June 18, 2018, Unitholders approved an amended and restated unitholder rights plan agreement made as of June 18, 2018 (the “**Initial 2018 Rights Plan**”) between the Trustees and CST Trust Company (the predecessor to AST Trust Company (Canada)) as rights agent, which was subsequently amended on August 31, 2018 (the “**Final 2018 Rights Plan**”) in connection with a reorganization of the REIT, as discussed in the management information circular of the REIT dated May 4, 2018, pursuant to which an “Event of Uncoupling” (as defined in the Initial 2018 Rights Plan) occurred. Accordingly, the Initial 2018 Rights Plan was amended and restated and the Final 2018 Rights Plan became effective on August 31, 2018.

The REIT has had a unitholder rights plan in place since the initial public offering of the REIT in 1996. Under the provisions of the Final 2018 Rights Plan, the Final 2018 Rights Plan will terminate if the continued existence of the Final 2018 Rights Plan is not approved by Unitholders and Special Voting Unitholders at the Meeting. The Trustees have approved an amended and restated unitholder rights plan agreement (the “**Proposed Rights Plan**”) to take effect immediately following the close of the Meeting. The TSX has provided notice of conditional acceptance of the Proposed Rights Plan; however, one of the conditions of acceptance is that the REIT obtain Unitholder and Independent Unitholder approval at the Meeting.

In recommending approval of the Proposed Rights Plan, the Trustees considered the appropriateness of maintaining a unitholder rights plan and the proposed amendments to the 2018 Rights Plan and concluded, for the reasons discussed below, that it was in the best interests of the REIT and Unitholders to do so.

Purpose of the Rights Plan

A rights plan is a common mechanism used by issuers to encourage the fair and equal treatment of all unitholders in the face of a take-over initiative. Under a rights plan, rights to purchase units are issued to all unitholders. Initially, the rights are not exercisable. However, if a person or group proceeds with a take-over bid for 20% or more of the target issuer's units that does not meet the "permitted bid" criteria contained in the plan and the rights plan is triggered, the rights (other than those owned by the person or group making the bid) become exercisable for units at half the market price at the time of exercise, causing substantial dilution and making the take-over bid uneconomical.

Take-over bid rules in Canada currently do not address the risk of a "creeping take-over bid". Under Canadian securities laws, a bidder can gain control or effective control of the REIT without paying full value, without obtaining Unitholder approval and without treating all of the Unitholders equally. For example, a bidder could acquire blocks of Units by private agreement from one or a small group of Unitholders at a premium to market price which is not shared with the other Unitholders. In addition, a person could slowly accumulate Units through unit exchange acquisitions which may result, over time, in an acquisition of control or effective control without paying a control premium or without sharing of any control premium among all Unitholders fairly. These are generally known as "creeping take-over bids".

The Trustees believe that the Proposed Rights Plan remains (with the changes described below) an appropriate mechanism to ensure that the Trustees will be able to discharge their responsibilities to assist Unitholders in responding to a take-over bid. In addition, the Trustees believe the Proposed Rights Plan will encourage persons seeking to acquire control of the REIT to do so by means of public take-over bids available to all Unitholders. The Proposed Rights Plan will deter acquisitions by means that may deny some Unitholders the opportunity to share in the premium that an acquiror is likely to pay upon an acquisition of control. By motivating would-be acquirors to make public take-over bids, Unitholders will have the best opportunity of being assured that they will participate on an equal basis, regardless of the size of their holdings, in any acquisition of control of the REIT.

The Trustees believe that the Proposed Rights Plan will not adversely limit the opportunity for Unitholders to dispose of their Units through a take-over bid for the REIT which provides fair value to all Unitholders. The Trustees will continue to be bound to consider fully and fairly any bona fide take-over bid for the Units and to discharge their responsibilities with a view to the best interests of the Unitholders. It is not the intention of the Trustees in recommending approval of the Proposed Rights Plan to avoid an acquisition of control of the REIT in a transaction that is considered to be fair and in the best interests of Unitholders.

Rights plans have been adopted and reconfirmed by a large number of publicly held corporations and real estate investment trusts in Canada. The terms of the Proposed Rights Plan are substantially similar to those plans. The proposal to approve the Proposed Rights Plan is not being made in response to or in anticipation of any pending or threatened take-over bid for the Units. The Trustees do not have any current intention to implement any other proposal which could deter or impede a take-over bid.

Amendments in the Proposed Rights Plan

The Board of Trustees is proposing to amend the Final 2018 Rights Plan by implementing the Proposed Rights Plan.

The following are the proposed amendments to the Final 2018 Rights Plan contained in the Proposed Rights Plan:

- amendments to include a definition of "**Convertible Securities**", being securities issued by the REIT that permit the holder thereof to acquire Units or other securities convertible or exchangeable for Units, directly or indirectly, and clarify the application of the Proposed Rights Plan to such Convertible Securities;

- amendments to clarify the definition of “Exempt Acquisitions” to ensure that it is in line with current market practice, including ensuring that a temporary step in an acquisition transaction by the REIT and business transactions requiring Unitholder approval are considered exempt, and amendments to clarify the definition of “Pro Rata Acquisitions”, to ensure the latter is limited to *pro rata* acquisitions of Units and/or Convertible Securities and similar transactions;
- amendments to the definition of Expiration Time and the related Unitholder review requirements in section 6.16 of the Final 2018 Rights Plan. These amendments are intended to provide that the Proposed Rights Plan will terminate at the annual meeting of Unitholders and Special Voting Unitholders in 2024, or the year that is three years from this Meeting (i.e. the year in which the Proposed Rights Plan may be approved by Unitholders and Special Voting Unitholders; and
- certain other amendments of a non-substantive, technical and administrative nature to provide for greater clarity and consistency.

Apart from these amendments, as well as certain minor housekeeping amendments including those to reflect updated dates, the Proposed Rights Plan is identical to the Final 2018 Rights Plan in all material respects.

The Proposed Rights Plan continues to provide one right per Unit (a “**Right**”) for each Unitholder, other than a person that acquires 20% or more of the outstanding Units, to acquire additional Units essentially at one-half of the market price at the time of exercise, such Rights only being exercisable if a person acquires control of 20% or more of the Units. This significantly dilutes the unit position of the person that acquires 20% or more of the Units and practically prevents that person from acquiring control of 20% or greater of the Units unless the Proposed Rights Plan has been withdrawn or the buyer makes a take-over bid with certain prescribed terms and conditions. The most common approaches that a buyer may take to have the Proposed Rights Plan withdrawn are to negotiate with the Trustees to have the Proposed Rights Plan waived, or to apply to a securities commission to order withdrawal of the Proposed Rights Plan. Both of these approaches will give the Trustees more time and control over any sale process, thereby increasing the likelihood of a better offer to the Unitholders.

A summary of the key features of the Proposed Rights Plan (reflecting the proposed amendments described above) is attached as Schedule E to this Circular. The full text of the Final 2018 Rights Plan is available on SEDAR at www.sedar.com and a draft of the Proposed Rights Plan along with a comparison to the Final 2018 Rights Plan is available on the REIT’s website at www.hr-reit.com. If approved, the complete text of the Proposed Rights Plan will be filed on SEDAR at www.sedar.com after the Meeting.

LETTER TO UNITHOLDERS

Dear fellow Unitholders:

The past year has been a challenging one on many fronts, and for many people. The COVID-19 pandemic abruptly altered the course of 2020 in March, with broad-based shelter-in-place orders coming in response to the public health threat, dramatically disrupting economic activity. H&R was quick to respond, taking action to protect its tenants, employees and investors. The REIT recognizes and acknowledges the immense human and economic impacts of the COVID-19 pandemic, and is committed to including the consideration of these impacts into the REIT's actions in 2021 to the benefit of all stakeholders. This Circular primarily focuses on the REIT's 2020 activities, including executive compensation, and as a result reflects decisions made both prior to and following the onset of COVID-19.

Over the past several years, management and the Board have made significant changes to the REIT's business with respect to governance, capital recycling, enhancing the REIT's internal growth prospects, and simplifying and streamlining the REIT's portfolio. The objectives driving these changes include improving the quality and value of the REIT's portfolio, and improving the profile of an investment in the REIT. The CG&N Committee plays a critical role in the REIT's evolution, ensuring the adoption of best practices that support optimal business outcomes and maintain H&R's profile as a leader in corporate governance. In recent years we have undertaken significant board renewal, with four further new Trustee candidates nominated this year, adopted Trustee term limits, completed a comprehensive review of executive compensation and implemented a new executive compensation program recommended by an independent consultant, and added depth to our senior management team with significant new hires.

Board Renewal and Refreshment

As part of the Board's ongoing efforts to improve upon its governance practices, the Board has undergone significant Board renewal, refreshment and expansion over the past five years to better align the Board's composition with the REIT's long-term strategy and broaden the Board's perspectives to enhance its performance. The Board believes that Trustees who have served on the Board for a period of time are able to provide valuable insight into the operation of the REIT based on their experience with, and understanding of, the REIT's history, policies and objectives. The Board also recognizes the benefit of fresh approaches and ideas that new Trustees may introduce. As such, pursuant to the Board's retirement guideline and term limits, the Trustees (other than members of management) who were serving as Trustees prior to 2016 are required to tender their resignations prior to the Meeting, subject to the Board's ability to waive such requirement, while all other Trustees are subject to 10-year term limits, subject to the Board's ability to waive such limit. The Board believes term limits help promote regular renewal of the Board, while maintaining continuity and building on the expertise possessed by long-standing Board members.

In furtherance of the REIT's goal of Board renewal and refreshment, four new individuals have been nominated for Trustee this year: Ms. Jennifer A. Chasson, Mr. Mark Cowie, Mr. Stephen Gross and Mr. Ashi P. Mathur. Ms. Chasson is a Chartered Professional Accountant and Chartered Business Valuator with over 25 years of experience in corporate finance advisory services, and brings considerable experience in mergers and acquisitions, business analysis and valuation, and capital raising. Ms. Chasson is currently a partner of Zeifmans LLP and a founding partner and President of Springbank Capital Corp., bringing investment banking to mid-market businesses in Canada. Mr. Cowie has over 40 years of experience in the commercial real estate industry, extending through a broad range of categories, including management, advisory, principal and partner in multiple platforms within the commercial real estate space, including office, industrial, investment, retail, residential and self-storage. Mr. Gross is the President and Principal of LRG Holdings Inc./Initial Corporation, a private real estate investment company and was previously a lawyer with the firm of Minden Gross LLP. Mr. Gross also previously served on the board of H&R Finance Trust, so he has strong familiarity with the REIT's structure and business. Mr. Mathur is currently the President of Marlin Spring, a fully integrated real estate company that acquires, develops, constructs and repositions assets throughout North America, and was previously deputy head of investment banking and head of the North American Real Estate Group at BMO Capital Markets, CEO of BMO's Canadian real estate private equity fund and chair of BMO Capital Markets Merchant Bank.

The Board also wishes to express its sincere gratitude to Mr. Dickson and Mr. Lebovic, each of whom is not standing for re-election at the Meeting in accordance with the retirement guideline, for their leadership and commitment to the REIT for over 20 years.

In light of the significant renewal and refreshment the Board has undergone in recent years and the economic volatility and continued uncertainties as a result of the COVID-19 pandemic, the Board has determined that it is in the best interest of the REIT for the Board to waive the retirement guideline for Mr. Rutman, the current Chair of the Board and has asked him to stand for re-election at the Meeting and continue to serve as Chair of the Board. The Board determined that the retirement guideline should be waived for Mr. Rutman to provide Board continuity and to maintain a balance between longer-serving members who have an in-depth and institutional knowledge of the REIT's business and ensure stability, and newer members who bring additional attributes and expertise, diverse backgrounds and fresh perspectives to the Board, particularly in light of the significant turnover of the Board since the 2020 Meeting, beginning with the resignation of Stephen Sender and retirement of Edward Gilbert in 2020 and the retirements of Messrs. Dickson and Lebovic at the conclusion of the Meeting. Assuming all nominees are elected at the Meeting, and in light of the foregoing retirements and resignations, Mr. Rutman will be the only independent Trustee who has served on the Board prior to 2020. The waiver of the retirement guideline in respect of Mr. Rutman would permit him to serve up to two additional years as a Trustee, until the 2023 annual meeting of Unitholders. By the end of the 2023 annual meeting of Unitholders, the Board will have undergone a complete refreshment of the Trustees serving at the time of the annual meeting of Unitholders held on June 17, 2016 (other than Mr. Hofstedter who is the President and Chief Executive Officer of the REIT).

Environmental, Social and Governance (ESG)

As one of the largest real estate investment trusts in Canada, the REIT strives to lead by example within the industry and be a part of the ever-changing journey to a more sustainable future. With the current pandemic landscape, having an integrated and forward-thinking sustainability program is of utmost importance. Although the REIT formally implemented its Sustainability Policy and established its Sustainability Committee in 2019, sustainability has always been part of the REIT's culture in every facet of the REIT's business. The REIT has always viewed sustainability as its responsibility to its Unitholders in terms of transparency, to its employees in terms of communication, collaboration and opportunity, to its tenants in terms of providing healthy working and living environments and to the greatest extent, to its communities in which the REIT's employees live and the REIT does business.

In furtherance of the foregoing, the REIT is committed to, among other things, investing responsibly, monitoring its use of resources and associated emissions, reducing consumption and pollution, increasing energy efficiency and integrating sustainability into the REIT's business, including the REIT's decision-making processes.

The REIT is proud to have shared its inaugural Sustainability Report in the Spring of 2020, highlighting ESG initiatives and accomplishments for the 2019 calendar year. The REIT's inaugural Sustainability Report has provided the REIT with an ESG framework to report, in a consistent and efficient manner, the REIT's commitment to drive sustainable performance and improvement. The REIT continues to work alongside Energy Profiles Limited to benchmark the REIT's performance REIT-wide, ensuring transparency and continuous improvements year-over-year.

A detailed listing of the REIT's key programs and initiatives is set out in the REIT's Annual Information Form for the year ended December 31, 2020, available at www.sedar.com.

Diversity

In 2019, we amended our diversity policy for Board composition to provide for a target that women comprise at least 25% of our Board members by the end of this year's Meeting. The REIT achieved this goal ahead of the targeted time as women currently comprise 25% of the Board. In addition, with the nomination of Ms. Chasson for election as a Trustee at the Meeting, if all of the Trustees nominated at this year's Meeting are elected, three of our ten Trustees (30%) will be women, marking continued progress on the Board's diversity commitment and achieving the 30% Canada Club's aim for better gender balance at the Board level.

We are also pleased to report that the REIT has been recognized in both the inaugural 2020 and 2021 Women Lead Here surveys published by the Globe & Mail's Report on Business, as being among Canadian companies at the forefront of women in leadership positions. Our commitment to diversity throughout the organization is long-standing,

with women representing approximately 45% of our executive officers, 40% of our management team and 47% of our overall workforce as at December 31, 2020, on top of the diversity at the Board level.

Executive Management

As part of the Board's mandate, it routinely monitors and evaluates the resources available for the management of the REIT's operations. Over the past several years, the REIT's scope of operations has expanded with the scale of its business, including more operationally intensive operating segments like U.S. multi-family and certain retail property formats. Management and the Board have identified opportunities to expand the resources available for management of the REIT's operations, and have been prudently expanding the in-house capabilities of the REIT to keep pace with the evolution of its business. Notable examples include Robyn Kestenberg, Executive Vice President, Corporate Development, Alex Avery, Executive Vice President, Asset Management and Strategic Initiatives and Philippe Lapointe, Chief Operating Officer, Lantower Residential. Notwithstanding the additional resources added in recent years, the REIT continues to have one of the most efficient Cost of Management ratios among its peers. The Board expects to support further investment in enhancing the REIT's management resources as necessary to support the business of the REIT. As COVID-19 related economic disruption accelerates the pace of change in the real estate industry, the Board believes additional resources are appropriate to support management efforts.

Appointment of Alex Avery

Mr. Avery joined the Board in 2017 as an independent Trustee, bringing considerable experience as a thought leader in real estate strategy, leadership and governance. In 2018, 2019 and 2020, Mr. Avery was engaged by the REIT as a consultant on a number of projects, including leasing strategy and negotiations, asset restructurings, acquisitions and dispositions, capital allocation and corporate strategy. In April 2020, this consulting arrangement transitioned from project-based to a monthly retainer, which reflected the increasing utilization of Mr. Avery, as he spent more time focused on the REIT's activities, with an emphasis on strategy and capital allocation. In June 2020, Mr. Avery was appointed Executive Vice President, Asset Management and Strategic Initiatives and the REIT now benefits from Mr. Avery being focused, on a full time basis, on the REIT's asset management and strategic initiatives.

Report on Compensation

On behalf of the CG&N Committee and the Board, we are also pleased to provide you with our annual report on the REIT's overall executive compensation program. As we noted in last year's letter, over the last five years, we have made a number of changes to the REIT's compensation program to align with best practices and in response to views expressed by Unitholders and proxy advisors with the support of our independent advisor.

In last year's advisory vote on executive compensation or "say-on-pay", Unitholders supported the REIT's executive compensation programs (83% support). We realize that the decisions made with respect to our compensation programs will continue to be closely monitored and we intend to be transparent in our approach to ensure that the decisions and the underlying rationale for these decisions are clearly articulated.

The disruptions experienced in 2020 as a result of COVID-19 significantly reduced property market transactions and leasing volumes, as well as general industry activity. Despite the pandemic, in 2020 the REIT continued to make progress on its objectives outline in recent years and continued to recycle capital, streamlining and simplifying the REIT's portfolio, re-investing into higher growth properties, and improving the profile of an investment in Units. Some of these strategic changes, along with the impact of COVID-19 generally have had a negative short-term impact on revenue and FFO and we have recognized this in establishing compensation for our executive officers.

Since 2017, CEO compensation reflects a more performance-oriented approach that aligns with short- and long-term performance achievements. For the CEO and CFO, the short-term incentive plan ("STIP") is based on clearly defined performance measures, while the performance unit ("PSU") program is 100% performance-based and at-risk, and is based on the REIT's total unitholder returns ("TR") relative to our peers. The PSUs comprise 50% of the total long-term incentive plan ("LTIP") award for the CEO and CFO with the balance in restricted units ("RSU"). Over the three-year period of 2018 to 2020 associated with the 2018 grant of PSUs, the vesting multiplier was 0% reflecting the underperformance of the REIT's TR relative to our peers over the performance period.

As a result of financial performance and relative TR, offset by significant strategic initiatives and the CEO’s and CFO’s work in reaction to the COVID-19 pandemic, the 2020 STIP award was funded at 66.67% of target for the CEO and 73.53% of target for the CFO. For 2019, it was funded at 87.5% of target. The year-over-year decrease in the STIP award was due to weaker relative TR performance and FFO performance relative to budget, primarily as a result of the impact of COVID-19. Further details are explained under “Short-Term Incentives (STIP)”.

2020 actual compensation for the CEO is below target, recognizing on one hand, below average Unitholder TR and financial performance, while on the other hand, significant strategic performance achievements through the year, including in response to the COVID-19 pandemic. Further details on our pay-for-performance alignment are explained under the “Pay for Performance” section. The following table illustrates the relative pay mix for our CEO in 2018, 2019 and 2020.

CEO Compensation Element	2020	2019	2018
Salary	\$1,200,000	\$1,200,000	\$1,200,000
STIP (range of 0-150% of target)	\$800,000	\$1,050,000	\$1,341,000
LTIP - RSUs	\$800,000	\$800,000	\$800,000
LTIP - PSUs (range of 0-200% of target)	\$800,000	\$800,000	\$800,000
LTIP - Options	\$0	\$0	\$0
Total compensation	\$3,600,000	\$3,850,000	\$4,141,000
Variable at-risk compensation (% of total)	67%	69%	71%
Performance-based long-term incentives (% of LTIP)	50%	50%	50%

While we believe we have a strong compensation framework, we recognize the need to continue to monitor and evolve this framework to reflect the REIT’s performance and changing market circumstances. We are committed to the continued success of the REIT, long-term value creation for Unitholders, and reviewing and monitoring our executive compensation programs to support those goals.

Sincerely,



ROBERT E. DICKSON
Chair, CG&N Committee



RONALD RUTMAN
Chair of the Board

CORPORATE GOVERNANCE

Highlights of the REIT's Corporate Governance Policies and Practices

The REIT is committed to strong corporate governance, as reflected in its policies and practices. Management and the Board regularly review the REIT's corporate governance policies and practices developed over the years and evaluate them against developments in the REIT's business and the external environment with the objective of ensuring that the Board's practices continue to be comprehensive, relevant, effective and transparent. Highlights of the REIT's corporate governance and compensation policies and practices are as follows:

Board and Governance Highlights	
Board independence	<ul style="list-style-type: none"> ▪ If all of the individuals nominated as a Trustee under the heading "Matters to be Acted Upon by Unitholders – Election of Trustees" are elected at the Meeting, 70% of the Trustees will be independent (7 of 10) and currently a majority of Trustees are independent (5 of 8)
Term limits	<ul style="list-style-type: none"> ▪ Trustees may serve until any such Trustee has been serving for 10 years since his or her initial election, with Trustees (other than members of management) elected prior to 2016 required to resign prior to the Meeting, subject, in each case, to the Board's ability to waive such requirements ▪ Messrs. Dickson and Lebovic are not standing for re-election at the Meeting in accordance with the retirement guideline. In order to balance continuity of the Board with renewal, the Board has waived the application of the retirement guideline for Mr. Rutman for a period of up to two years
Diversity initiatives	<ul style="list-style-type: none"> ▪ The REIT has adopted a diversity policy and has set a target of achieving a Board composition in which women comprise at least 25% of the members of the Board by the end of this year's Meeting, which the REIT achieved ahead of the targeted time as women currently comprise 25% of the Board. If all of the individuals nominated as a Trustee under the heading "Matters to be Acted Upon by Unitholders – Election of Trustees" are elected at the Meeting, 30% (3 of 10) of the Trustees will be women, achieving the 30% Canada Club's aim for better gender balance at the Board level
Environmental and Social	<ul style="list-style-type: none"> ▪ The REIT has a sustainability policy ▪ The REIT has reported to the Carbon Disclosure Project (CDP) since 2018 ▪ As of 2020, the REIT has opted to report using selected Standards with a Global Reporting Initiative (GRI)-referenced claim. In addition, the REIT reports on indicators from the Standards set out by the Sustainability Accounting Standards Board (SASB) Real Estate subsector ▪ As of December 31, 2020, 11 of the REIT's properties have LEED Certification and seven have been certified under BOMA's Canadian Green Building System: BOMA Best ▪ The REIT's residential division, Lantower Residential, was "Best Place to Work" certified in 2020
Voting standard	<ul style="list-style-type: none"> ▪ Individual voting by a majority of votes cast annually
Minimum unit ownership	<ul style="list-style-type: none"> ▪ The REIT has expanded its minimum unit ownership policy and now requires all of the REIT's executive officers and each Trustee to, directly or indirectly, own or have control or direction over a minimum number of Units
Independent board and committee meetings	<ul style="list-style-type: none"> ▪ Independent trustees meet separately, without management, in connection with every meeting of the Board, including each regular meeting and each special meeting of the Board
Annual assessments	<ul style="list-style-type: none"> ▪ The CG&N Committee conducts annual assessments of the effectiveness of the Trustees as a whole, any committees of Trustees and each Trustee on an individual basis
Orientation and continuing education	<ul style="list-style-type: none"> ▪ The REIT provides both orientation and continuing education for Trustees
Compensation Highlights	
Independent advisor	<ul style="list-style-type: none"> ▪ The REIT retains the services of an independent advisor to advise the Board on compensation practices
Say-on-pay vote	<ul style="list-style-type: none"> ▪ The REIT conducts a say-on-pay vote at each annual general meeting of Unitholders

Retention and clawback policy	▪ The REIT has adopted a one-year retention policy for each Named Executive Officer (as defined below) or Trustee who exercises an option pursuant to the Cashless Exercise feature and a clawback policy applicable to all incentive compensation
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The Trustees believe that sound governance practices are essential to the well-being of the REIT and to Unitholders. These practices are reviewed regularly to ensure that they are appropriate. In addition to the governance practices set forth hereunder as set out in accordance with National Instrument 58-101 — *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 – *Corporate Governance Guidelines*, a detailed description of the REIT’s governance practices with reference to NI 58-101F1 – *Corporate Governance Disclosure* (the “**Guidelines**”) can be found in Schedule A to this Circular.

Individual Voting Required in Trustee Election and Majority Voting Policy

The REIT has a policy that entitles each Unitholder to vote for each nominee on an individual basis rather than for a fixed slate of nominees. Each Trustee must be elected by the vote of a majority of the Units and Special Voting Units represented in person or proxy at the Meeting that are voted in respect of that nominee. In circumstances involving an “uncontested” election of Trustees only, if any nominee for election as a Trustee receives, from the Units and Special Voting Units voted at the Meeting in person or by proxy, a greater number of votes “withheld” than votes “for” his or her election, the Trustee will be required to immediately tender his or her resignation to the chair of the Board for consideration following the Meeting. The Board shall determine whether to accept any such resignation within 90 days after the date of the Meeting. The Board shall accept such resignation absent of exceptional circumstances, and such resignation will be effective when accepted by the Board. A Trustee who tenders his or her resignation will not participate in the deliberations of the Board or any of its committees pertaining to the resignation. If the Board declines to accept any such resignation, such Trustee will continue to hold office for the remainder of his or her elected term. The REIT will promptly issue a news release announcing the Board’s decision, including the reasons for its decision and the REIT will provide a copy of such news release to the TSX.

Minimum Unit Ownership — Executive Officers and Trustees

For 2021 and going forward, the REIT has expanded its minimum Unit ownership policy to all executive officers. The policy requires the REIT’s Chief Executive Officer and Chief Financial Officer to, directly or indirectly, own or have control or direction over Units with an aggregate market value equal to at least three times the annual salary paid to the REIT’s Chief Executive Officer and two times the annual salary paid to the REIT’s Chief Financial Officer, respectively. As of December 31, 2020, the REIT’s current Chief Executive Officer, Thomas Hofstedter, and current Chief Financial Officer, Larry Froom, both meet this ownership requirement. The remaining executive officers of the REIT are required to, directly or indirectly, own or have control or direction over Units with an aggregate market value equal to at least one time their respective annual salary. Under the modified Unit ownership policy, the executive officers of the REIT, other than the Chief Executive Officer and Chief Financial Officer, will have three years to reach the minimum required level of Unit ownership.

The REIT also has a policy that requires each of the non-executive Trustees to, directly or indirectly, own or have control or direction over Units with an aggregate market value equal to at least three times his or her base annual retainer, including the value of grants of RSUs during the year. Each Trustee has three years from the date of his or her appointment or election to meet the ownership policy. The annual retainer of the Trustees for fiscal 2020 was \$65,000 and the Trustees, other than Thomas Hofstedter, who is an executive officer of the REIT, and Brenna Haysom and Marvin Rubner, each of whom was elected in 2020, were each granted 5,002 RSUs during fiscal 2020 having a value of \$100,000 at the time of the grant. As of December 31, 2020, each of the Trustees meets this minimum ownership requirement, other than Ms. Haysom and Mr. Rubner, who each have until 2023 to do so.

The following table sets out how the Named Executive Officers and each of the current Trustees (other than Ms. Haysom and Mr. Rubner) meets the minimum Unit ownership requirements as of December 31, 2020:

Name	Minimum Value: Unit Ownership Requirement	Market Value of Units Beneficially Owned or Controlled or Directed, Directly or Indirectly ⁽¹⁾	Meets Minimum Unit Ownership Requirements?
Thomas J. Hofstedter ⁽³⁾	\$3,600,000	\$58,244,595	Yes
Larry Froom	\$1,700,000	\$1,947,716	Yes
Robyn Kestenberg	\$647,000	\$886,337	Yes
Alex Avery	\$600,000	\$2,479,887	Yes
Patrick Sullivan	\$510,178	\$385,862	Not applicable until 2024
Robert E. Dickson ⁽²⁾⁽⁴⁾	\$495,000	\$696,888	Yes
Laurence A. Lebovic ⁽²⁾⁽⁴⁾	\$495,000	\$1,645,754	Yes
Juli Morrow ⁽²⁾	\$360,000	\$543,867	Yes
Ronald C. Rutman ⁽²⁾	\$495,000	\$19,033,061	Yes

Notes:

- (1) Value of the Units is based on the closing price of Units on the TSX on December 31, 2021 of \$13.29 per Unit.
- (2) Includes the value of RSUs held by the Trustee as of December 31, 2020, based on the closing price of the Units on the TSX on December 31, 2020 of \$13.29 per Unit. The vesting of RSUs held by a Trustee accelerates automatically upon retirement of a Trustee.
- (3) Includes 739,302 Class B limited participation limited partnership units of H&R Portfolio Limited Partnership indirectly owned by Mr. Hofstedter, which are economically equivalent to, and exchangeable on a one-for-one basis at any time for, Units.
- (4) Messrs. Dickson and Lebovic are not standing for re-election at the Meeting.

Retention and Clawback Policies

Each Named Executive Officer (as defined below) or Trustee who exercises an option pursuant to the Cashless Exercise feature must retain ownership and control over 75% of the Units received upon any such exercise for a period of one year from the date of exercise. The retention policy was adopted to further align the interests of management of the REIT and the Trustees with Unitholders. The retention policy applies regardless of whether the Named Executive Officers or a Trustee meets the minimum Unit ownership requirements. The REIT also has a clawback policy that applies to all incentive compensation. See “Executive Compensation – Clawback Policy”.

Retirement Guideline and Term Limits

The Trustees believe that Trustees who have served on the Board for a period of time are able to provide valuable insight and perspective into the operations of the REIT based on their experience with, and understanding of, the REIT’s history, policies and objectives. The Trustees do recognize however, the benefit of fresh approaches and ideas that a new Trustee may introduce. As such, the REIT has imposed term limits for any Trustee who joins the Board. Trustees may serve until any such Trustee has been serving for 10 years since his or her initial election, subject to the Board’s ability to waive such limit. In addition, the REIT has a retirement guideline, which provides that the Trustees who were members of the Board prior to the annual meeting of Unitholders of the REIT held on June 17, 2016, other than Trustees that are also members of management, are expected to submit their resignations no later than the date of the 2021 annual meeting of Unitholders, subject to the Board’s ability to waive such requirement.

In light of the significant renewal and refreshment the Board has undergone in recent years and the economic volatility and continued uncertainties as a result of the COVID-19 pandemic, the Board has determined that it is in the best interest of the REIT for the Board to waive the retirement guideline for Mr. Rutman, the current Chair of the Board and has asked him to stand for re-election at the Meeting. The Board determined that the retirement guideline should be waived for Mr. Rutman to provide Board continuity and to maintain a balance between longer-serving members who have an in-depth and institutional knowledge of the REIT’s business and ensure stability, and newer members who bring additional attributes and expertise, diverse backgrounds and fresh perspectives to the Board, particularly in light of the significant turnover of the Board since the 2020 Meeting, beginning with the resignation of Stephen Sender and retirement of Edward Gilbert in 2020 and the retirements of Messrs. Dickson and Lebovic at the conclusion of the Meeting. Assuming all nominees are elected at the Meeting, and in light of the foregoing retirements and resignations, Mr. Rutman will be the only independent Trustee who has served on the Board prior to 2020. The waiver of the retirement guideline in respect of Mr. Rutman would permit him to serve up to two additional years as

a Trustee, until the 2023 annual meeting of Unitholders. By the end of the 2023 annual meeting of Unitholders, the Board will have undergone a complete refreshment of the Trustees serving at the time of the annual meeting of Unitholders held on June 17, 2016 (other than Mr. Hofstedter who is the President and Chief Executive Officer of the REIT).

Nominations of Trustees and Committee Peer Review and Assessments

The CG&N Committee is responsible for assessing on an annual basis the effectiveness of the Trustees as a whole, any committees of Trustees, and each of the Trustees on an individual basis (which would include a review of individual Trustee's attendance at meetings of Trustees and committees of Trustees) and providing any recommendation for change. Each Trustee is expected to complete an annual written evaluation which, among other things, compares the performance of the Trustees as a whole to the Trustees' Mandate, the performance of the committees to their respective charters and the performance of the Trustees to their expected competencies and skills. Results are compiled into a report on an anonymous basis in order to encourage full feedback, and for discussion with the CG&N Committee.

The CG&N Committee is also responsible for, among other things: (i) identifying individuals qualified to become Trustees, consistent with criteria established by the Board; (ii) recommending new candidates for election to the Board; and (iii) recommending new candidates for filling vacancies on the Board. In doing so, the CG&N Committee must ensure that the new candidates have the time and resources required to perform the duties of a Trustee.

The CG&N Committee must also ensure that the new candidates meet the selection criteria that it has established in respect of Trustees, including that a majority of members be independent Trustees and consist of an appropriate mix of individuals with real estate, finance, legal and general business experience.

The current members of the CG&N Committee are Robert E. Dickson (chair), Brenna Haysom and Ronald Rutman, all of whom are independent Trustees. Mr. Dickson is retiring in accordance with the REIT's retirement policy and is not standing for re-election at the Meeting. The Board will select a new member and new chair of the CG&N Committee following the Meeting.

Orientation and Continuing Education

The REIT provides both orientation and continuing education for Trustees. Orientation for any new Trustee is provided through a review of the Trustees' Mandate, past Trustees' meeting materials and other private and public documents concerning the REIT and through meetings, discussions and other communications with management of the REIT. Orientation in this manner should enable any new Trustee to fully understand the role of the Trustees, the role of the committees of Trustees, the nature and operation of the REIT's business and the contribution that individual Trustees are expected to make.

All Trustees have access to continuing education opportunities directed at enabling them to maintain or enhance their skills and abilities as Trustees as well as ensuring that their knowledge and understanding of the REIT's affairs remains current. When requested or determined appropriate, Trustees are given presentations on various aspects of the REIT's activities and functions during regularly scheduled meetings. In addition, all Trustees regularly receive information about the REIT's operations, including reports from the Chief Executive Officer and/or the Chief Financial Officer, a report on operations, a financial overview and other pertinent information. The REIT's management is available for discussions with Trustees concerning any questions or comments which may arise between meetings. The Trustees from time to time arrange for presentations by key personnel or qualified outside consultants concerning topics relating to the REIT's business, changes to the REIT's legal and regulatory framework and corporate governance.

The following activities are performed by the REIT to ensure that Trustees maintain the knowledge necessary to meet their obligations as a Trustee:

1. At each quarterly Board or Audit Committee meeting, management provides the Board with a comprehensive review of the REIT's financial performance, anticipated future financial results and market trends.

2. Management provides the Board information on operational strategy and initiatives on an ongoing basis to inform and educate the Trustees on the operations of the REIT.
3. The Board and each committee has a standing agenda for each regularly scheduled meeting. The agenda includes ongoing education on topics affecting the REIT including changes to accounting standards and tax legislation.
4. The auditors of the REIT, KPMG LLP, make presentations to all members of the Audit Committee regarding changes to accounting standards.
5. On a quarterly basis, Trustees are provided with industry research reports, which provide them with an understanding of how the REIT is perceived and ranked by public company analysts.
6. Select experts or industry professionals make presentations to the Board on industry or economic topics relevant to the REIT when requested by the Board.
7. A “Governance Reference Binder”, which is made available to all Trustees, is updated annually and is intended to provide a thorough understanding of the nature of the REIT’s business and the evolving roles of the Board and its committees.

Independence of Trustees

The term “independent trustee” is defined in the Declaration of Trust as any Trustee who (i) is not a member of the Hofstedter family or the Rubinstein family, and (ii) is independent (as that term is used in NI 58-101) of the REIT. Pursuant to the Declaration of Trust, a majority of the Trustees are required to be “independent trustees”. Currently five of the eight Trustees are independent (Messrs. Dickson, Lebovic, Rubner and Rutman and Ms. Haysom). If all of the individuals nominated as a Trustee under the heading “Matters to be Acted Upon by Unitholders – Election of Trustees” are elected at the Meeting, seven of the ten Trustees will be independent (Messrs. Cowie, Gross, Mathur, Rubner and Rutman and Ms. Haysom and Chasson).

Pursuant to the Declaration of Trust, a majority of the independent trustees must approve (i) any material change to any property management agreement or any extension thereof at the end of its term or any increase to the fees payable thereunder, (ii) any changes in compensation of the Chief Executive Officer or the Chief Financial Officer, or (iii) the enforcement of any agreement entered into by the REIT with a Trustee who is not an independent Trustee with the Former Property Manager or any affiliate thereof or with an associate of a non-independent Trustee or the Former Property Manager. Furthermore, pursuant to the Declaration of Trust, any Trustee that is a party to a material contract or transaction with the REIT, or is a director or officer of, or has a material interest in, a party to material contract or transaction, must not vote on any resolution to approve such contract or transaction, other than in certain limited circumstances.

Meetings of Independent Trustees

The Trustees’ Mandate provides that independent Trustees will meet separately, without management, in connection with every meeting of the Board, including each regular meeting and each special meeting of the Board.

Role and Responsibilities of Independent Chair

Mr. Rutman, one of the REIT’s five independent trustees, is the chair of the Board. Mr. Rutman is responsible for, among other things, administering the Trustees’ relationship with management, providing leadership to the Board and setting the “tone” for the Trustees to foster effective, ethical and responsible decision-making and strong governance practices.

Chief Executive Officer Succession Process

The CG&N Committee has the responsibility to ensure that the REIT has a succession strategy for the REIT's Chief Executive Officer. Accordingly, the CG&N Committee is required to review the REIT's Chief Executive Officer succession strategy and determine whether any steps are required to be taken in furtherance thereof. However, succession planning is ultimately the responsibility of the Board and decisions related thereto are based in part on reports and recommendations from the CG&N Committee only. In accordance with its charter, the CG&N Committee submits recommendations to the Board regarding management succession, if applicable, including policies and principles for CEO selection with respect to potential successors to the CEO, and policies and principles regarding succession in the event of an unexpected departure or the retirement of the CEO. The succession plan will include identifying qualifications and experiences required for a candidate to replace the CEO in order for such person to be fully prepared to take on such a senior management position. The Board and the CG&N Committee believe that succession planning is of paramount importance to the REIT. To that end, the CG&N Committee works to foster leadership development within the REIT and to identify and assist the development of high potential talent into future senior management roles. In the event that the Board needs to replace the CEO, the CG&N Committee will consider internal candidates as well as external candidates. External candidates would be identified through various means included hiring an executive search firm and discussion with industry contacts. The CG&N Committee discusses the readiness and desire of potential internal candidates, together with the REIT's ability to retain these candidates, as well as the ability for the REIT to operate its business successfully following the unexpected departure of the CEO.

The CG&N Committee periodically discusses succession planning with the CEO to review and update the succession plan as needed. At present, CEO has confirmed that he intends to continue to be the CEO of the REIT for the foreseeable future. Therefore, the succession strategy of the CG&N Committee is currently focused on the event of the CEO's unexpected departure. In this regard, both the CEO and the CG&N Committee are satisfied, following internal discussions and reviews, that the current senior management group as a whole would be capable of running the REIT's business for a period of six to 12 months, providing the Board sufficient time to consider and choose a replacement from either internal or external candidates (after considering input from senior management).

Diversity

The Board has adopted a written policy regarding diversity, including gender diversity, and the following is a summary of such policy. The REIT and its affiliates value the diversity of their employees and are committed to providing equal treatment in all aspects of their business as set out in the REIT's Code of Business Conduct and Ethics. The Board strongly supports the principle of boardroom diversity, of which gender is one important aspect. Women have been, and will continue to be, considered by the REIT's CG&N Committee in the making of executive officer appointments as well as Trustee nominations so as to put forward a diverse range of candidates. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments of executive officers on merit and against objective criteria, including diversity. When the Board undertakes a search process to identify new candidates for nomination as Trustees, such process will include women candidates. The Board maintains an ongoing process of assessing the needs of the Board and potential candidates with whom the Board has relationships or experience that would fit those needs.

In furtherance of the REIT's goals regarding gender diversity on the Board, the REIT adopted a target of achieving a Board composition in which women comprise at least 25% of the members of the Board by the end of the 2021 Meeting, which the REIT achieved ahead of the targeted time as women currently comprise 25% of the Board. If all of the individuals nominated as a Trustee under the heading "Matters to be Acted Upon by Unitholders – Election of Trustees" are elected at the Meeting, three of the ten Trustees (30%) will be women, achieving the 30% Canada Club's aim for better gender balance at the Board level. The REIT will continue to strive to identify the best candidates to join the Board, with a focus on maintaining gender diversity at the Board level. In addition, if all of the individuals nominated as a Trustee under the heading "Matters to be Acted Upon by Unitholders – Election of Trustees" are elected at the Meeting, one of the ten Trustees (10%) will be a person who identifies as a visible minority.

The REIT has been recognized with a spot on the Women Lead Here list in both 2020 and 2021, published by the Globe & Mail Report on Business, representing the REIT's commitment to diversity throughout the organization. Women represent approximately 45% (5 of 11) of the executive officers of the REIT and its major subsidiaries, 40% of the REIT's management team and 47% of the REIT's overall workforce (as at December 31, 2020). The REIT has not

established targets regarding the representation of women in executive officer positions. Rather, the identification and selection process is made based on a variety of criteria, including the diversity of viewpoints, backgrounds, experiences and other demographics, but also expertise, skills, character, business experience and other relevant factors. Accordingly, in searches for new executive officers and members of senior management, the Board considers the level of female representation and diversity within its leadership ranks as one of several factors used in its search process. The REIT monitors the level of representation of women in senior management positions and focuses on the diversity of its workforce while hiring and promoting the best candidates for senior management roles.

The CG&N Committee is responsible for annually reviewing the diversity policy and assessing its effectiveness in promoting a diverse Board. The CG&N Committee is required to report the results of its review and assessment of the diversity policy to the Board on an annual basis. In assessing the effectiveness of the diversity policy, the CG&N Committee reviews current levels of representation on the Board and in executive officer positions, discusses internally regarding the level of diversity within the REIT, and conducts a census to determine the number of women in various roles at the REIT and its major subsidiaries.

Unitholder Engagement

The Board believes in the importance of ongoing Unitholder engagement. As part of its commitment to Unitholder engagement, the Board initially engaged compensation advisors to improve the REIT's compensation practices, as well as a "say-on-pay" vote, in order to provide Unitholders with the opportunity to vote on the REIT's approach to executive compensation. This non-binding advisory vote forms an important part of the ongoing process of engagement between Unitholders and the Board on executive compensation. Say-on-Pay gives Unitholders a formal opportunity to provide their views through an annual non-binding advisory vote, which requires an affirmative vote of a specified majority of the votes cast. Although the results will not be binding, the Board will take the results into account when considering its policies, procedures, and decisions and in determining whether there is a need to increase engagement with Unitholders.

The REIT also conducts quarterly financial results calls with investors and analysts, at which investors can ask questions.

Upon request, Trustees liaise and meet with Unitholders and other stakeholders, where appropriate, and have done so in the past few years in various forums. Unitholders, employees and other interested parties may communicate directly with the Board through the Chair by writing to:

Chair of the Board of Trustees
H&R Real Estate Investment Trust
Suite 500, 3625 Dufferin Street, Toronto, Ontario M3K 1N4
Email: rcr@zeifmans.ca

EXECUTIVE COMPENSATION

OVERVIEW

Set out below is a broad overview of the compensation program for the REIT. Percentages indicated below are of an indicative nature and serve as a guide. Actual percentages are determined during the course of each year by the CG&N Committee in accordance with the principles described herein.

Compensation Programs and Pay-for-Performance	
Increased focus on at-risk compensation	<ul style="list-style-type: none"> ▪ The annual salary of the CEO has not increased since 2017
Performance oriented	<ul style="list-style-type: none"> ▪ Approximately 70% of the CEO's compensation, approximately 55% of the CFO's compensation and approximately 60% of the EVP, Asset Management and Strategic Initiatives's compensation is intended to be comprised of short-term and long-term variable at-risk compensation
Long-term focus	<ul style="list-style-type: none"> ▪ A significant portion of the CEO's, CFO's and EVP, Asset Management and Strategic Initiatives's variable at-risk compensation vest at the end of three years
Absolute performance	<ul style="list-style-type: none"> ▪ STIP for the CEO, CFO and EVP, Asset Management and Strategic Initiatives includes pre-defined performance objectives with a portion of the award based on actual funds from operations (FFO) relative to budgeted FFO, including additional operational and strategic objectives
Relative performance	<ul style="list-style-type: none"> ▪ PSUs and a portion of the STIP award are paid out based on the REIT's TR on a relative basis to the REIT's pre-defined peer groups, the parameters of which are determined in advance by the CG&N Committee
Market competitive	<ul style="list-style-type: none"> ▪ Compensation is positioned to be competitive with the REIT's pre-defined peer groups
CG&N Committee Adjustment Factor	<ul style="list-style-type: none"> ▪ Payout decisions are made based on the incentive plan formulas with consideration of other factors that might have helped or hindered performance; clear disclosure is made if and when an adjustment factor is applied
Compensation Governance and Risk Management	
Say-on-pay vote	<ul style="list-style-type: none"> ▪ The REIT has had a Say-on-Pay vote each year since 2017
Advice from an external, independent advisor	<ul style="list-style-type: none"> ▪ The CG&N Committee retained Willis Towers Watson as its independent advisor
Cap on incentive opportunity	<ul style="list-style-type: none"> ▪ STIP awards for the CEO, CFO and EVP, Asset Management and Strategic Initiatives have a maximum payout of 150% of the target award and the PSUs have a maximum performance multiplier of 200% of the target award
Performance thresholds	<ul style="list-style-type: none"> ▪ The REIT's performance-based incentive arrangements have minimum thresholds below which no incentives would be awarded
Minimum unit ownership guidelines	<ul style="list-style-type: none"> ▪ The REIT has a minimum unit ownership guideline in place for all executive officers
Prohibition on Hedging and Equity Monetization	<ul style="list-style-type: none"> ▪ The REIT has an anti-hedging policy in place
Clawback policy	<ul style="list-style-type: none"> ▪ The REIT has a recoupment policy in place for incentive compensation
Options	<ul style="list-style-type: none"> ▪ The REIT does not intend to issue option awards for the foreseeable future

2020 NAMED EXECUTIVE OFFICERS (NEOS)

For 2020, the REIT’s Chief Executive Officer, Chief Financial Officer and each of the REIT’s next three most highly compensated executive officers (“**Named Executive Officers**” or “**NEOs**”) were:

1. Thomas J. Hofstedter – President and Chief Executive Officer
2. Larry Froom – Chief Financial Officer
3. Robyn Kestenber g – Executive Vice President, Corporate Development
4. Alex Avery – Executive Vice President, Asset Management and Strategic Initiatives
5. Patrick Sullivan – Chief Operating Officer, Primaris

COMPOSITION OF THE CG&N COMMITTEE

The CG&N Committee consists of Robert E. Dickson (Chair), Brenna Haysom and Ronald C. Rutman, all of whom are independent Trustees. Mr. Dickson’s academic and professional experience are in the areas of executive management, law and finance, Ms. Haysom’s academic and professional experience are in the areas of executive management, finance, and corporate governance, and Mr. Rutman’s academic and professional experience are in the areas of real estate and finance. The combination of these experiences and skills are key components for the oversight of the REIT’s executive compensation and governance.

The CG&N Committee’s charter provides specific guidance on the responsibilities and duties relating to executive compensation including:

- CEO compensation, including the relevant corporate goals and objectives
- Hiring and appointment of senior executive officers
- Compensation of the Trustees
- Incentive compensation plans and equity-based compensation plans
- Preparing the report on executive compensation

Executive compensation is determined using a process that considers:

Step 1	Step 2	Step 3	Step 4
<ul style="list-style-type: none"> • Review compensation philosophy and peer groups. Benchmark compensation and assess trends. Establish structure for the upcoming year 	<ul style="list-style-type: none"> • Review corporate and individual performance goals, and disclosure of prior year compensation decisions 	<ul style="list-style-type: none"> • Monitor company progress and evaluate in-year performance 	<ul style="list-style-type: none"> • Evaluate company and executive performance and determine compensation awards

OVERSIGHT OF RISK AND STRATEGIC PLANNING

The REIT believes it has effective risk management and regulatory compliance relating to its compensation policies used in determining executive compensation. Risks related to compensation are taken into consideration as part of the general review and determination of executive compensation by the CG&N Committee, including the review of salaries of comparable companies and the annual review and approval of executive base salaries and STIP and LTIP awards.

The REIT’s compensation design and practices aim to enhance the program’s inherent ability to manage and mitigate risk, including a greater emphasis on long-term compensation and variable compensation relative to short-term and fixed compensation; incorporation of more performance metrics in our STIP and LTIP for the CEO, CFO and Executive Vice President, Asset Management and Strategic Initiatives, including relative TR; and the use of caps on incentive opportunities. Other risk-mitigating features of our program include a clawback policy, minimum unit ownership guidelines, and a prohibition on hedging and equity monetization.

The Trustees are responsible for the stewardship of the REIT. The Trustees supervise management of the REIT with the goal of enhancing long-term Unitholder value and providing growing and stable cash distributions. Management, in turn, is responsible for the day-to-day management of the business and affairs of the REIT. The Trustees assist in the development of these goals and strategies by acting as a sounding board and by contributing ideas. At each quarterly meeting of the Board, time is set aside to discuss, with management of the REIT, the REIT's specific strategic objectives. The Trustees ultimately set and approve the REIT's strategy, taking into account the risks and opportunities of the business of the REIT. The Trustees also approve all significant decisions that affect the REIT before they are implemented and review the results.

The Trustees have specifically assumed responsibility 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. The principal risks related to the REIT's core business of owning real property investments include, (i) risks associated with financial matters, including refinancing indebtedness, access to capital, currency exposure, liquidity and cybersecurity, (ii) risks associated with the ownership and development of real estate, including tenant concentration and credit risk, lease rollover risk, construction risk and sustaining the physical integrity of the REIT's properties, and (iii) regulatory risks, including compliance with applicable laws, taxation matters and environmental risks.

The Trustees require management to report periodically to the Trustees on these principal risks faced by the REIT and the steps implemented by management to manage these risks. The Trustees review such management reports to assess and to take any appropriate and required action as necessary.

In further mitigating such risks, the CG&N Committee relies on, in part (i) the limits on management's discretion to undertake material business transactions without the input and/or consent of the Trustees and/or the committees of the Trustees and (ii) the role of the Investment Committee and the Board (if input therefrom is requested), in its review and approval of all major acquisitions and development proposals and financings, to ensure the same are in the best interests of the REIT. To date, no risks have been identified arising from the REIT's compensation policies and practices that are reasonably likely to have a material adverse effect on the REIT.

CLAWBACK POLICY

The REIT has adopted a recoupment policy in respect of all incentive compensation (both STIP and LTIP) paid by the REIT. The policy provides that the Board, at the recommendation of the CG&N Committee, may seek reimbursement of STIP or LTIP compensation awarded to the Named Executive Officers in the event that (i) the combined interim or annual financial statements of the REIT (or of Primaris, in the case of Mr. Sullivan) are required to be restated and such restatement discloses materially poorer financial results than the original statements; or (ii) in the opinion of the CG&N Committee, acting reasonably, there has been material injury to the REIT's (or Primaris's, in the case of Mr. Sullivan) reputation or business relationships; and (iii) the participant engaged in gross negligence, intentional misconduct or fraud that caused or partially caused an event as stated in (i) or (ii) (an "**Adverse Event**"). Reimbursement could be sought by the REIT for any excess amount that relates to the Adverse Event that occurred within 24 months of payment of the compensation, if the Named Executive Officer or other member of senior management engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the Adverse Event.

PROHIBITION ON HEDGING AND EQUITY MONETIZATION

The REIT grants equity compensation to its Named Executive Officers and Trustees and has equity ownership guidelines in order to align their interests with those of Unitholders. The REIT does not allow such Named Executive Officers or Trustees to enter into any derivative transaction on REIT securities, including any type of hedging or monetization practice, designed to hedge or off-set a decrease in the market value of the Units or which may reduce the risk of equity ownership and negate the alignment of interests created by equity ownership.

ROLE OF THE COMPENSATION ADVISOR

In late 2016, the CG&N Committee first retained Willis Towers Watson as its independent advisor and has retained Willis Towers Watson in each subsequent year. Willis Towers Watson does not provide any services to management. During 2020, Willis Towers Watson provided advice on the following:

- Compensation philosophy and peer group development
- The market competitiveness of Named Executive Officer compensation, including advice on market typical incentive design
- Governance trends and best practices
- Pay-for-performance analyses

The following table summarizes fees (including HST) paid to Willis Towers Watson in 2019 and 2020:

Description	2020 Fees	2019 Fees
Executive Compensation-Related Fees	\$75,772	\$89,733
All Other Fees	0	0

The information and advice provided by Willis Towers Watson are factors that will be considered when making decisions regarding executive compensation; however, the CG&N Committee and Board will not rely exclusively on this information and their decisions will reflect a number of factors and considerations.

Willis Towers Watson has continued to advise the CG&N Committee in 2021 as the CG&N Committee monitors its executive compensation programs.

COMPENSATION PHILOSOPHY

The REIT's executive compensation program is designed to support our business strategy by rewarding executives for successfully executing the REIT's strategy in light of current market conditions. In making decisions on compensation-related matters, the CG&N Committee seeks to achieve the following objectives:

- (a) attracting and retaining executives critical to the success of the REIT and the enhancement of Unitholder value;
- (b) providing fair and competitive compensation;
- (c) aligning the interests of REIT executives with those of Unitholders; and
- (d) supporting an appropriate pay-for-performance relationship, both on an individual basis and with respect to the business of the REIT.

PEER GROUPS

In late 2016, the CG&N Committee worked with Willis Towers Watson to develop an appropriate peer group for executive compensation benchmarking purposes. These companies were selected to represent the labour market for executive talent and organizations that have executives with similar scope and complexity. The primary sample comprises publicly-traded Canadian real estate entities that are closest in comparability to the REIT; however, the REIT is among the largest of Canadian real estate entities and we believe that most of the organizations comprising the Canadian Real Estate Peer Group may not be similar to the REIT due to scale, diversity or nature of operations. As a secondary reference, the REIT also considers a sample of Canadian publicly traded general industry companies with similar total enterprise values as the REIT to more fully reflect the responsibilities and accountabilities of the REIT executives. The CG&N Committee believes that these references are relevant for benchmarking executive compensation in 2021.

Canadian Real Estate Peer Group

- Allied Properties Real Estate Investment Trust
- Artis Real Estate Investment Trust
- Canadian Apartment Properties Real Estate Investment Trust

- Choice Properties Real Estate Investment Trust
- First Capital Real Estate Investment Trust
- RioCan Real Estate Investment Trust
- SmartCentres Real Estate Investment Trust

Canadian General Industry Peer Group

- Air Canada
- Algonquin Power and Utilities Corp.
- ATCO Ltd.
- Bombardier Inc.
- CAE Inc.
- Canadian Tire Corporation Ltd.
- Capital Power Corporation
- CCL Industries Inc.
- Cenovus Energy Inc.
- Chartwell Retirement Residences
- Cogeco Inc.
- Crescent Point Energy Corp.
- Finning International Inc.

- Gibson Energy Inc.
- Gildan Activewear Inc.
- Intact Financial Corporation
- Inter Pipeline Ltd.
- Kinross Gold Corporation
- Lululemon Athletica Inc.
- MEG Energy Corp.
- Methanex Corporation
- Ovintiv Inc.
- Saputo Inc.
- Stantec Inc.
- Teck Resources Limited
- TMX Group Limited

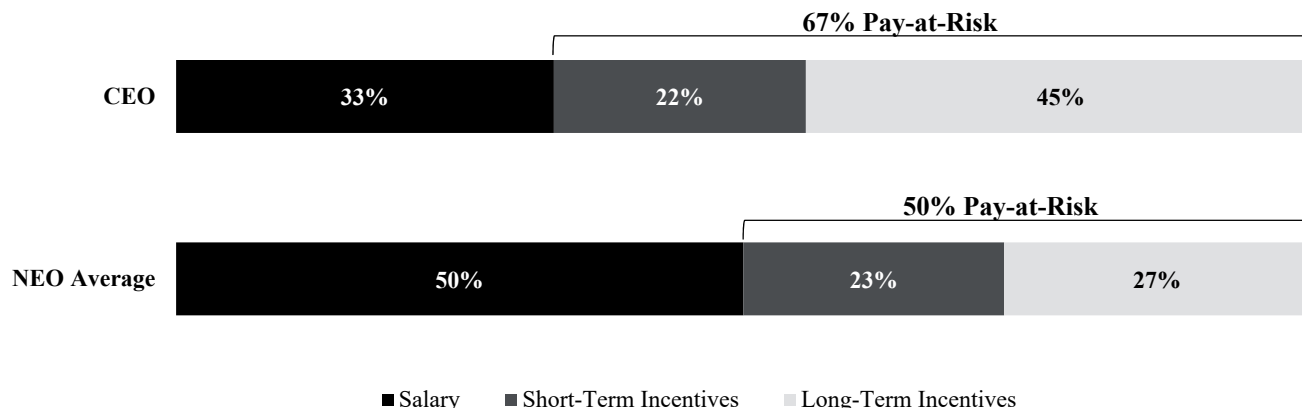
As illustrated below, as measured by Total Enterprise Value (“TEV”), the REIT is positioned just above the middle of the Canadian Real Estate Peer Group and just below the middle of the Canadian General Industry Peer Group, which provides a more comparable reference group relative to the size and complexity of the REIT.



Note: Data have been sourced from S&P Capital IQ; values are as at December 31, 2020.

COMPENSATION PROGRAM ELEMENTS

The REIT's executive compensation policy is intended to encourage and reward Named Executive Officers on the basis of individual and business performance. The policy strives to link executive compensation with the REIT's performance as a whole. 67% of CEO total compensation and an average of 50% of other NEO total compensation is considered variable compensation "at-risk".



Named Executive Officers receive a mix of: (i) base salary, (ii) STIP and (iii) LTIP comprised of PSUs (each representing the right to receive one Unit or the market value thereof) and/or RSUs (each representing the right to receive one Unit or the market value thereof). The REIT has not granted any options since 2016 and has no intention of granting any options for the foreseeable future. The REIT has adjusted the weightings of these compensation elements to place greater emphasis on incentive (at-risk) pay rather than fixed pay. In addition, the LTIP represents the largest component of incentive compensation for the CEO and CFO, with 50% of LTIP granted in the form of PSUs.

The CG&N Committee determines executive compensation through evaluation of executive performance, as further detailed below.

All dollar amounts in this Circular are expressed in Canadian dollars unless otherwise indicated.

Compensation Element	Vehicle	Time Horizon	Objectives of the Plan	
Fixed Compensation	Base Salary	Cash	Annual	<ul style="list-style-type: none"> Attract and retain talent and recognize experience and individual performance
Variable Compensation	STIP	Cash	Annual and at-risk	<ul style="list-style-type: none"> Align executives with annual performance objectives Performance considers specific financial, operational, strategic and individual objectives as well as relative performance to the REIT's peers The CG&N Committee can adjust the payout in certain circumstances
	LTIP	RSUs	3-year cliff vesting	<ul style="list-style-type: none"> Retain executives while aligning executive compensation with the experience of Unitholders Payout value is based on the Unit price at vesting (including accrued distribution equivalents)
		PSUs	3-year cliff vesting and at-risk	<ul style="list-style-type: none"> Align executives with multi-year performance relative to peer companies Number of units vested is based on TR relative to select peers and the S&P/TSX Capped REIT Index over the performance period (including accrued distribution equivalents) Payout value based on the Unit price on vesting date

1. Base Salary

Base salaries continue to be established at levels intended to be competitive with the peer companies. Specifically, the CEO and the CFO's base salaries have remained unchanged over the past three years, with an increased focus on incentive compensation. Changes for the other Named Executive Officers reflect market competitive data, individual performance and potential, and other considerations.

Named Executive Officer	2020 Salary	2019 Salary	2018 Salary	% Average Annual Change Since 2018
Tom Hofstedter <i>President & Chief Executive Officer</i>	\$1,200,000	\$1,200,000	\$1,200,000	0%
Larry Froom <i>Chief Financial Officer</i>	\$850,000	\$850,000	\$850,000	0%
Robyn Kestenberg <i>Executive Vice President, Corporate Development</i>	\$647,000	\$647,000	\$630,000	1.35%
Alex Avery ⁽¹⁾ <i>Executive Vice President, Asset Management and Strategic Initiatives</i>	\$600,000	-	-	-
Pat Sullivan <i>Chief Operating Officer, Primaris</i>	\$510,178	\$485,884	\$473,110	3.85%

Note:

- (1) Prior to June 1, 2020, Mr. Avery received consulting payments from the REIT in each of 2020, 2019 and 2018 in addition to Mr. Avery's compensation for acting as a Trustee of the REIT. Mr. Avery received a *pro rata* portion of his base salary for fiscal 2020. See "Summary Compensation Table" below.

2. Short-Term Incentives (STIP)

The CG&N Committee considers a variety of objectives in determining STIP awards for the Named Executive Officers. A formalized STIP has been implemented for the CEO and CFO, and beginning with the 2021 fiscal year, the Executive Vice President, Asset Management and Strategic Initiatives, with clear and objective performance measures to ensure transparency and clarity of awards. The payout range is 0% at minimum and 150% at maximum, as a percentage of target. The following table outlines the performance measures and weightings of the STIP for the fiscal year ended December 31, 2020.

Performance Measure	Indicative Weighting	Performance Measurement for 2020 (Base – Target – Maximum)			Actual 2020 Performance	Performance Multiplier
Funds From Operations (FFO) ⁽¹⁾ relative to budget	25%	\$1.73	\$1.76	\$1.79	\$1.64	0% (Nil)
Relative Total Unitholder Return (relative TR) ⁽²⁾ against a select group of performance peers	25%	-29.4%	-24.4%	-19.4%	-32.0%	0% (Nil)
Operational, Strategic, and Individual Performance measures	50%	-			Met objectives ⁽³⁾	100% (50.00%)
CG&N Committee Adjustment Factor	Overall award: +/- 30%					+16.67% for CEO +23.53% for CFO
Total (as a % of target award)						66.67% for CEO 73.53% for CFO

Notes:

- (1) FFO is calculated to exclude lease termination payments, mortgage prepayment penalties and after adjustment for straight-lining of contractual rent.
- (2) Relative TR is assessed against the median of a peer group consisting of Allied Properties Real Estate Investment Trust, Choice Properties Real Estate Investment Trust, First Capital Realty Inc., RioCan Real Estate Investment Trust and SmartCentres Real Estate Investment Trust. Effective for the STIP payable in respect of fiscal 2021, Choice Properties Real Estate Investment Trust has been replaced by Artis Real Estate Investment Trust and Cominar Real Estate Investment Trust in the peer group. The REIT uses this subset of the Canadian Real Estate Peer Group to assess its relative TR performance, as their business operations are more similar to the REIT than the broader peer groups (i.e. real estate investment trusts that are not exposed solely to Canadian multi-family) and real estate investment trusts with similar investor bases to the REIT.
- (3) The strategic, financial and operational objectives the CG&N Committee considered in awarding STIP compensation to the CEO and CFO are discussed below.

In 2020, as part of the qualitative or individual performance components for the STIP, the CG&N Committee considered a number of strategic, financial, and operational objectives encompassing portfolio management, development projects, capital structure management, operations, and environmental and social responsibilities.

In assessing management performance in 2020, the CG&N Committee evaluated these objectives within the context of the extraordinary conditions created by COVID-19, and gave special consideration to management's success in responding to the unforeseeable operational, financial, and human resource challenges created by the pandemic. As a result, the CG&N committee has determined that (i) the qualitative component of the STIP would pay out at 100% of target, and (ii) an adjustment factor of 16.67% (\$200,000) for the CEO and 23.53% (\$100,000) for the CFO would be applied to their STIP for 2020:

In particular, the CG&N Committee noted the following achievements by the CEO and CFO:

- Enacted the REIT's disaster recovery plan, which ensured employees could work safely and remotely with minimal interruption to the REIT's operations;
- Oversaw the publication of the REIT's inaugural Sustainability Report in the spring of 2020;
- Worked with tenants to find solutions to keep them operating safely and navigate short term financing programs;
- Achieved 91% rent collection in Q2 2020, 95% in Q3 2020 and 95% in Q4, 2020;
- Bolstered liquidity and financial flexibility by raising additional capital with very favorable terms:
 - Securing a new \$500 million syndicated bank facility;
 - Securing \$400 million through unsecured debenture offerings; and
 - Securing a \$100 million mortgage in April 2020;
- Substantially completed the REIT's US\$480 million River Landing multi-use development on time and budget; and
- Expanded the REIT's management team through the appointment of Alex Avery as Executive Vice President, Asset and Management and Strategic Initiatives, and adding additional resources to the Lantower Residential management team including Emily Watson as President of Lantower Residential Property Management.

3. Long-Term Incentives (LTIP)

For the CEO and CFO, and beginning with the 2021 fiscal year, the Executive Vice President, Asset Management and Strategic Initiatives, the LTIP consists of an equal weight of PSUs and RSUs under the REIT's existing Incentive Unit Plan. The REIT did not grant any options to the Named Executive Officers in 2018, 2019 and 2020 and has no intention of granting options for the foreseeable future. The CG&N Committee considers the LTIP mix for the other Named Executive Officers at the time of each grant.

A. Incentive Unit Plan

A description of the terms of the Incentive Unit Plan can be found in Schedule B to this Circular.

Up to 5,000,000 Units may be issued in connection with the Incentive Unit Plan, representing 1.74% of the REIT's outstanding Units as of December 31, 2020. As of December 31, 2020, 184,299 Units have been issued pursuant to the Incentive Unit Plan (0.06% of the Units outstanding as of that date), 182,511 Units are currently issuable upon vesting of PSUs granted but not yet vested (0.06% of the issued and outstanding Units issued and outstanding as of that date) assuming vesting at 100% and 910,864 Units are currently issuable upon vesting of RSUs granted but not yet vested (0.32% of the issued and outstanding Units issued and outstanding as of that date). Accordingly, as of December 31, 2020, an aggregate of 1,093,375 Units (0.38% of the Units issued and outstanding as of that date) were issuable under outstanding grants of incentive units and 3,722,326 Units (1.30% of the Units issued and outstanding as of that date) were reserved for issuance for potential future grants of incentive units pursuant to the Incentive Unit Plan.

i. RSU Awards

The CG&N Committee has granted RSUs under the REIT's existing Incentive Unit Plan which represent the right to receive, at the discretion of the Board, either Units (including accrued distribution equivalents) or a cash payment having an equivalent market value to the Units subject to the award when such RSUs vest at the end of the third calendar year following the grant.

ii. PSU Awards

The CG&N Committee has granted PSUs to the CEO, CFO and Executive Vice President, Asset Management and Strategic Alternatives under the REIT's existing Incentive Unit Plan, which represent the right to receive, at the discretion of

the Board, either Units (including accrued distribution equivalents) or a cash payment having an equivalent market value to the Units subject to the award when such PSUs vest (after taking into account the applicable performance multiplier) at the end of the third calendar year following the grant. A performance multiplier of 0% to 200% of target will be applied to determine the final number of vested PSUs interpolated based on a performance range that is plus or minus five percentage points of the median (or index) performance level. The performance multiplier is based on the REIT's relative TR measured against two equally-weighted performance peer groups which reflect the broad base for investment in the Canadian real estate equity capital markets: (i) S&P/TSX Capped REIT Index, and (ii) Select Performance Peers, comprising:

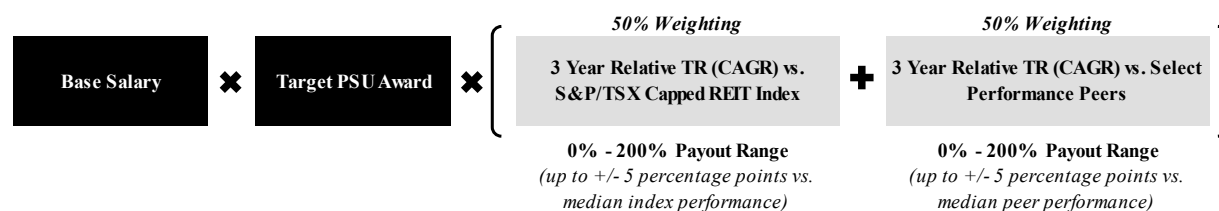
- Allied Properties Real Estate Investment Trust
- Choice Properties Real Estate Investment Trust
- First Capital Realty Inc.
- RioCan Real Estate Investment Trust
- SmartCentres Real Estate Investment Trust

Note:

- (1) Choice Properties Real Estate Investment Trust acquired Canadian Real Estate Investment Trust ("CREIT") in 2018 and took the place of CREIT for the PSU awards granted in 2018 as a result of the acquisition. Given how different Choice Properties REIT's asset mix is compared to the REIT's, the CG&N Committee approved the replacement of Choice Properties REIT by Artis Real Estate Investment Trust and Cominar Real Estate Investment Trust for all outstanding PSU awards. The CG&N Committee reviewed the impact this change would have had on TR relative to the REIT and the other peer companies for the outstanding 2019 and 2020 awards and determined that this change would have had a minimal impact.

The Select Performance Peers were chosen from the REIT's Canadian Real Estate Peer Group as well as Cominar Real Estate Investment Trust, having regard to real estate investment trusts that are more similar in nature to the REIT both in respect of business (i.e. real estate investment trusts that are not exposed solely to Canadian multi-family) and real estate investment trusts with similar investor bases to the REIT.

Relative TR performance considers the Unit price performance, inclusive of distributions, over a three-year period against each of the two performance peer groups using the following formula:



The following table summarizes the payout calculations for the 2018 to 2020 PSU award:

Performance Measure	Indicative Weighting	Performance Measurement for 2018 - 2020 (Base – Target – Maximum)			Actual 2018-2020 Total Unitholder Return	Performance Multiplier
Relative Total Unitholder Return (relative TR) against a select group of performance peers	50%	-8.1%	-3.1%	1.9%	-8.7%	0%
Relative Total Unitholder Return (relative TR) against S&P/TSX Capped REIT Index	50%	-0.7%	4.3%	9.3%	-8.7%	0%
Total (as a % of target award)						0%

B. Unit Option Plan

A description of the terms of the Unit Option Plan can be found in Schedule B to this Circular.

The aggregate number of Units that may be issued pursuant to grants under the Unit Option Plan may not exceed 17,723,110 (representing 6.18% of the outstanding Units as of December 31, 2020). As of December 31, 2020, there were options to acquire up to 10,543,362 Units outstanding (representing 3.68% of the outstanding Units as of that date) and up to 7,179,748 Units available for grants of options under the Unit Option Plan without any annual limitation (other than as required by the TSX rules and as described below) (representing 2.50% of the outstanding Units as of that date).

As previously noted, the REIT did not grant any options in 2018, 2019 and 2020 and has no intention of granting any options for the foreseeable future.

4. Pension & Benefits

Employees of the REIT’s subsidiary Primaris have a defined contribution pension plan as part of their compensation package, which plan was inherited pursuant to the acquisition of Primaris. The defined contribution pension plan provides a retirement benefit of an annual pension in the manner of payment elected by the member in an amount which can be purchased by the member from a financial institution with the funds in their account at the time of his or her retirement. Contributions to the defined contribution pension plan are vested and locked-in based on either the completion of one year of continuous membership in the plan, or the minimum legislation of the member’s jurisdiction. The normal retirement age is 65; however, the pension can be deferred up until age 71 or such other age according to applicable legislation. Early retirement may occur up to ten years preceding the normal retirement date. Employment must cease prior to electing early retirement. If a member dies prior to terminating employment or retirement, a death benefit may be paid to the survivor or designated beneficiary.

PAY FOR PERFORMANCE

Compensation under our incentive programs is variable, or at-risk, to motivate executives to deliver strong corporate and individual performance. Equity-based compensation adds another element of risk and motivation as the value of long-term incentive pay is directly tied to Unit price performance.

In reviewing the relationship between compensation and REIT performance, the REIT believes that it is important to take a holistic perspective based upon:

- Multiple years of compensation and performance
- Alignment with our peers, and
- The value of compensation at the time of grant (“**Reported Pay**”) and compensation outcome taking the current Unit price into consideration (“**Realizable Pay**”)

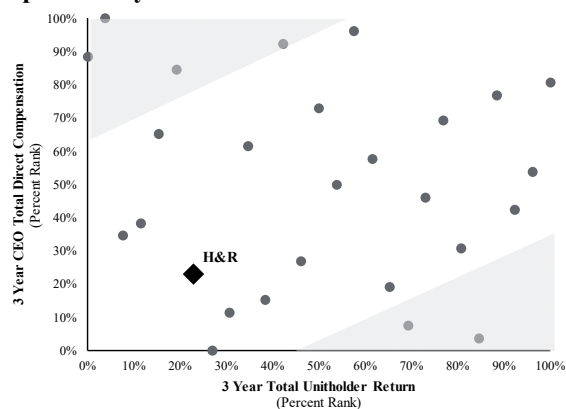
Overall, the pay for performance analyses below demonstrate that the REIT has provided compensation to its Named Executive Officers that is aligned with absolute and relative performance and the Unitholder experience.

1. Zone of alignment

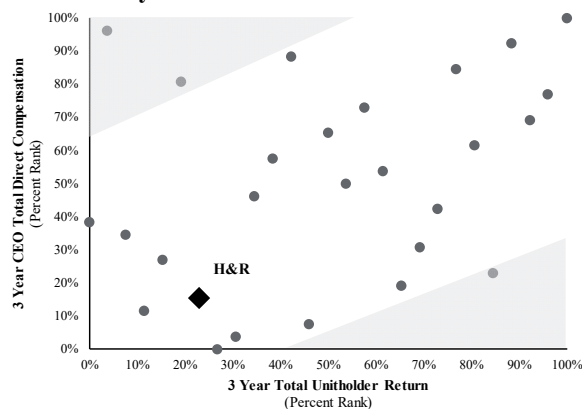
The charts below illustrate the relationship between CEO compensation and TR performance over the period from 2018 to 2020 for the REIT and the organizations in the General Industry peer group. The diagonal white area of the charts indicate alignment between relative pay and performance. The analyses indicate that on two different measures of total direct compensation – Reported Pay (compensation as at the grant date as disclosed in the Summary Compensation Table) and Realizable Pay (compensation effectively marked-to-market as of the relevant date) – the REIT is within the zone of alignment.

	Reported Pay	Realizable Pay
CEO pay definition	Sum of annual base salary, actual STIP payment, and <i>the estimated value of long-term incentives on the date of grant</i> (consistent with the values reported in the Summary Compensation Table)	Sum of annual base salary, actual STIP payment, and <i>the in-the-money value of long-term incentive grants (assumes company performance at target)</i>
Company performance definition	TR, which is equal to the annualized rate of return of the Unit to an investor, reflecting both capital gains and reinvested distributions	Same
Outcome	Aligned as CEO compensation is at the 23 rd percentile while TR performance is also at the 23 rd percentile, which is within the zone of alignment as set out in the chart below	Aligned as CEO realizable compensation is at the 15 th percentile while TR performance is at the 23 rd percentile which is within the zone of alignment as set out in the chart below

Reported Pay



Realizable Pay



2. Look-back analysis

The following table provides a five-year look-back for the REIT's Named Executive Officers compensation compared to absolute Unitholder value. It compares Reported Pay, which is determined at the time of grant, against Realizable Pay, which includes the contingent value of outstanding compensation as of December 31, 2020 and the actual value of equity awards that have been paid.

On a weighted average basis over the cumulative period of 2016 to 2020, the REIT's Named Executive Officers Realizable Pay is 9% lower than Reported Pay while a Unitholder's investment has decreased by 23%. With a greater percentage of his compensation tied to the price performance of Units, the CEO's Realizable Pay is 14% lower than Reported Pay.

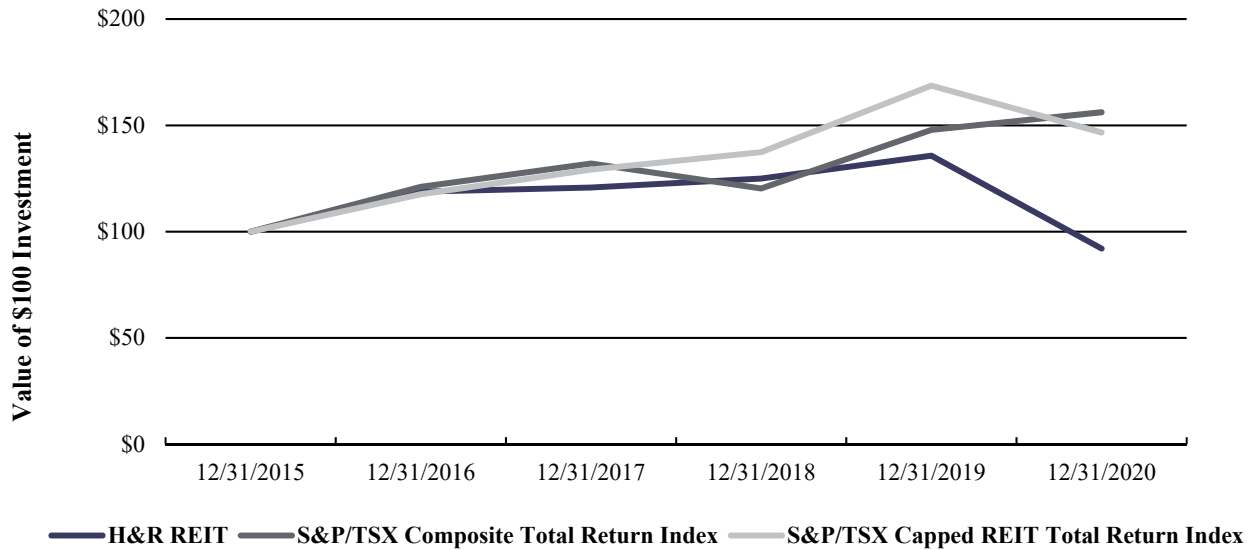
5-Year Average (2016 - 2020)	Reported Pay ¹	Realizable Pay as of December 31, 2020 ²	Value of \$100	
			Executives ³	Unitholder ⁴
CEO	\$3,820,200	\$3,263,552	\$86	
All NEOs	\$8,632,807	\$7,713,731	\$91	\$77

Notes:

- (1) Includes the sum of salary, actual STIP payment and the grant date value of PSUs, options and RSUs.
- (2) Includes the sum of base salary, actual STIP payment, current Black-Scholes value of options granted (as of December 31, 2020), actual value of RSU payouts or market value of outstanding RSUs (as of December 31, 2020) and market value of outstanding PSUs including the current performance multiplier (as of December 31, 2020). Performance factors of 0% were taken in each of 2018, 2019 and 2020.
- (3) Reflects the change in value between Realizable Pay and Reported Pay, indexed to a value of \$100 at the beginning of each respective period (2016 to 2020, 2017 to 2020, etc.).
- (4) Reflects the cumulative value of a \$100 investment in Units made at the start of each respective period through to December 31, 2020, inclusive of the reinvestment of distributions. The Unitholder value reported in the table above reflects the impact of the COVID-19 pandemic on the value of the Units. See "Performance Graphs" below for an alternative analysis of Unitholder value.

PERFORMANCE GRAPHS

Reproduced below is a graph which illustrates the cumulative total Unitholder return for the period from December 31, 2015 to December 31, 2020. The Unit performance is compared to the total return index of the S&P/TSX Composite Total Return Index and the S&P/TSX Capped REIT Total Return Index.

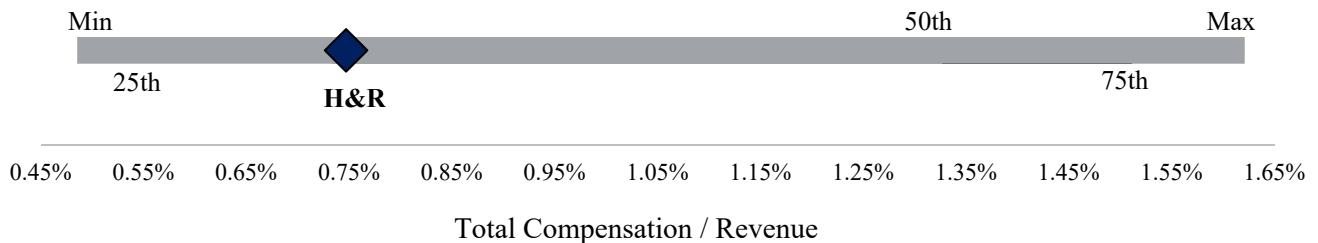


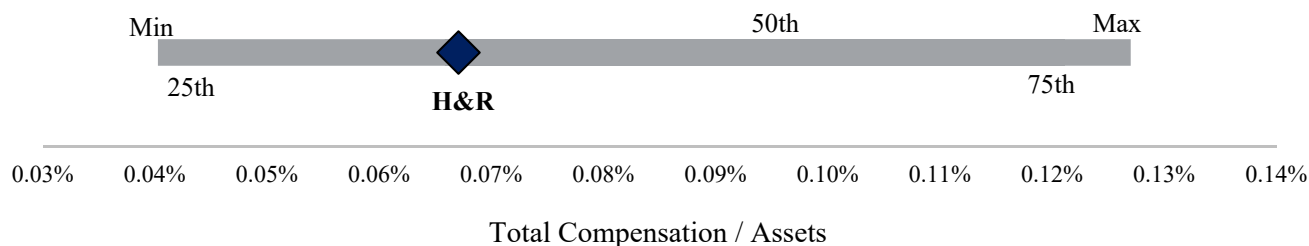
	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
H&R REIT	100	\$119	\$121	\$125	\$136	\$92
S&P/TSX Composite Total Return Index	100	\$121	\$132	\$120	\$148	\$156
S&P/TSX Capped REIT Total Return Index	100	\$118	\$129	\$137	\$169	\$147

See “Pay for Performance” above for a discussion of trends in executive compensation as compared to Unitholder returns over the same period.

COST OF MANAGEMENT RATIO

The following table demonstrates the cost of the REIT’s Named Executive Officers as a percentage of revenue and assets relative to the Canadian Real Estate Peer Group. The REIT is one of the largest entities within this group, which makes relative comparison of absolute compensation levels difficult. This relative analysis addresses these size issues by looking at total cost of compensation relative to the size of the entity. In this analysis, lower is better as that represents a lower cost relative to the size of entity. The REIT’s cost of management ratios are at the lower range of the group, positioned at the 31st and 41st percentiles on TDC/Revenue and TDC/Assets respectively.





Note: Revenue and asset data have been sourced from S&P Capital IQ for the year ending and as at December 31, 2020, respectively, and were used as they are measures defined by GAAP. Total Direct Compensation (“TDC”) = Salary + STIP + LTIP (in each case adjusted to 3-year averages where target STIP or LTIP was unavailable); given that peer data for 2020 was not available at the time of the analysis, 2019 TDC was increased by 3% to estimate 2020 TDC and align with the financial values.

The following table sets forth the cost of management ratio for the years ended December 31, 2020, December 31, 2019 and December 31, 2018, respectively, with respect to aggregate cash compensation (excluding unit option and incentive unit awards) and aggregate total compensation (including unit option and incentive unit awards) of the REIT’s Named Executive Officers in each applicable year. The cost of management ratio represents the aggregate compensation awarded to the Named Executive Officers of the REIT as a percentage of FFO at the end of the relevant fiscal year.

	2020⁽²⁾ (\$ 000)	2019⁽²⁾ (\$ 000)	2018⁽²⁾ (\$ 000)
FFO ⁽¹⁾	503,096	529,118	525,696
Aggregate Named Executive Officer cash compensation (excluding the value of unit and option-based awards)	5,392	5,770	5,984
Cost of Management Ratio	1.07%	1.09%	1.14%
Aggregate Named Executive Officer total compensation (including the value of unit and option-based awards)	9,172	9,890	9,229
Cost of Management Ratio	1.82%	1.87%	1.76%

Notes:

- (1) FFO is a supplemental financial measure used by management to track the REIT’s performance. FFO is not recognized under Canadian GAAP and therefore does not have a standardized meaning prescribed by GAAP. Although FFO is widely used by the real estate industry as a measure of operating performance, the REIT’s method of calculating FFO may differ when comparing to other issuers. Please refer to the REIT’s management’s discussion and analysis for the year ended December 31, 2020 for further details as to the determination of FFO, non-GAAP measures and the reconciliation of FFO to GAAP.
- (2) FFO has been determined using certain inputs calculated in accordance with IFRS as applied under GAAP.

For the year ended December 31, 2020, the cost of management ratio with respect to aggregate cash compensation (excluding unit option and incentive unit awards) and aggregate total compensation (including unit option and incentive unit awards) of the REIT’s Named Executive Officers are each lower than the ratio from 2019.

SUMMARY COMPENSATION TABLE

The following table sets forth all compensation earned by the REIT's Named Executive Officers during the year ended December 31, 2020.

Name and Position	Year	Salary (\$)	Non-equity annual incentive plan compensation (\$)	Unit-based Awards ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	Pension Value (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾	Total Compensation (\$)
Thomas J. Hofstedter ⁽⁶⁾ <i>President and Chief Executive Officer</i>	2020	1,200,000	800,000	1,600,000	—	—	—	3,600,000
	2019	1,200,000	1,050,000	1,600,000	—	—	—	3,850,000
	2018	1,200,000	1,341,000	1,600,000	—	—	—	4,141,000
Larry Froom ⁽⁷⁾ <i>Chief Financial Officer</i>	2020	850,000	312,500	640,000	—	—	—	1,802,500
	2019	850,000	371,875	640,000	—	—	—	1,861,875
	2018	850,000	474,938	640,000	—	—	—	1,964,938
Robyn Kestenberg <i>Executive Vice President, Corporate Development</i>	2020	647,000	300,000	325,000	—	—	—	1,272,000
	2019	647,000	300,000	315,000	—	—	—	1,262,000
	2018	630,000	300,000	315,000	—	—	—	1,245,000
Alex Avery ⁽⁷⁾ <i>Executive Vice President, Asset Management and Strategic Alternatives</i>	2020	350,000	182,292	100,000	—	—	750,000 ⁽⁸⁾	1,382,292
	2019	—	—	100,000	—	—	480,000	580,000
	2018	—	—	100,000	—	—	480,000	580,000
Patrick Sullivan <i>Chief Operating Officer, Primaris</i>	2020	510,178	240,000	340,000	—	25,509	—	1,115,687
	2019	485,884	200,000	200,142	—	24,293	—	910,319
	2018	473,110	—	361,736	—	23,655	—	858,501

Notes:

- On March 5, 2020, the REIT granted an aggregate of 150,324 RSUs and PSUs to the Named Executive Officers. The value of each RSU and PSU granted on the March 5, 2020 grant date under the Incentive Unit Plan was \$19.99. Under IFRS, the value of each RSU and PSU on the grant date was \$20.56, which was the closing price of the Units on the TSX on the day immediately prior to the grant. The value of each PSU is based on an assumption of 100% vesting. The number of PSUs that will actually vest will vary from 0% to 200% of the target grant depending on the REIT's level of achievement of pre-determined performance measures, as described in this Circular.
- The REIT did not grant any options in 2018, 2019 and 2020 and has no intention of granting any options for the foreseeable future.
- Mr. Sullivan participates in a defined pension plan in connection with his employment as Chief Operating Officer of Primaris. See "Pension Plan Benefits".
- The aggregate amount of perquisites and other eligible personal benefits paid to each such Named Executive Officer in each of 2018, 2019 and 2020 is less than both \$50,000 and 10% of the total of the annual salary of such Named Executive Officer for such financial year.
- Mr. Avery joined the REIT as Executive Vice President, Asset Management and Strategic Initiatives on June 1, 2020 and accordingly the amount shown under "Salary" above represents the *pro rata* portion of his annualized salary paid to him in 2020. Prior to June 1, 2020, Mr. Avery was not employed by the REIT, but was a Trustee of the REIT received payments for consulting services provided to the REIT. Mr. Avery's reported "All Other Compensation" in 2019 and 2018 consists of annual retainer and attendance fees of \$65,000 in each year and \$40,000 for acting as chair of the REIT's Investor Relations Committee in each year., as well as an additional \$375,000 for consulting services provided to the REIT during both 2019 and 2018 relating to, among other things, the negotiation of certain lease renewals and financial analysis relating to certain properties of the REIT. As Mr. Avery is now a Named Executive Officer of the REIT, his compensation is reported in the "Summary Compensation Table" and not included under "Compensation of Trustees" below.
- Unit-based awards represents the grant date value of PSUs and RSUs in 2018 of \$800,000 each, in 2019 of \$800,000 each and in 2020 of \$800,000 each. The 2018 PSUs vested at 0% of target and were settled in February 2021 at nil value.
- Unit-based awards represents the grant date value of PSUs and RSUs in 2018 of \$320,000 each, in 2019 of \$320,000 each and in 2020 of \$320,000 each. The 2018 PSUs vested at 0% of target and were settled in February 2021 at nil value.
- Mr. Avery joined the REIT as Executive Vice President, Asset Management and Strategic Initiatives on June 1, 2020. Mr. Avery previously provided consulting services to the REIT in 2018, 2019 and 2020, and in April 2020, Mr. Avery's consulting arrangement transitioned from project-based to a monthly retainer of \$50,000 per month from April 1, 2020 to May 31, 2020.

OUTSTANDING OPTION-BASED AWARDS AS OF DECEMBER 31, 2020

The following table sets out information concerning all option-based awards outstanding for each Named Executive Officer of the REIT as at the most recently completed financial year end:

Name	Option-based Awards					
	Securities underlying unexercised options (vested) (#)	Securities underlying unexercised options (unvested) (#)	Option exercise price (\$)	Option expiration date	Total Value of unexercised in-the-money options ⁽¹⁾ (vested)	Total Value of unexercised in-the-money options ⁽¹⁾ (unvested)
Thomas J. Hofstedter <i>President and Chief Executive Officer</i>	325,000	—	20.83	June 15, 2021	} nil	nil
	500,000	—	23.18	January 5, 2022		
	550,000	—	23.06	March 10, 2023		
	576,923	—	21.94	January 6, 2025		
	3,469,387	—	18.98	February 24, 2026		
Larry Froom <i>Chief Financial Officer</i>	20,000	—	19.57	January 5, 2021	} nil	nil
	250,000	—	23.18	January 5, 2022		
	275,000	—	23.06	March 10, 2023		
	115,385	—	21.94	January 6, 2025		
	1,090,473	—	18.98	February 24, 2026		
Robyn Kestenberg <i>Executive Vice President, Corporate Development</i>	125,000	—	23.18	January 5, 2022	} nil	nil
	125,000	—	23.06	March 10, 2023		
	153,846	—	21.94	January 6, 2025		
	431,428	—	18.98	February 24, 2026		
Alex Avery <i>Executive Vice President, Asset Management and Strategic Alternatives</i>	nil	nil	nil	nil	nil	nil
Patrick Sullivan <i>Chief Operating Officer, Primaris</i>	50,000	—	21.55	June 25, 2023	} nil	nil
	139,611	—	22.17	March 6, 2024		
	82,692	—	21.94	January 6, 2025		
	292,598	—	18.98	February 24, 2026		

Note:

(1) Based on the closing price of the Units on the TSX on December 31, 2020 of \$13.29 per Unit.

OUTSTANDING UNIT-BASED AWARDS AS OF DECEMBER 31, 2020

The following table sets out information concerning all unit-based awards outstanding for each Named Executive Officer of the REIT as at the most recently completed financial year end:

Name	Unit-based Awards		
	Number of unit-based awards that have not yet vested (#) ⁽¹⁾	Market or payout value of unit-based awards that have not yet vested (\$) ⁽²⁾	Market or payout value of vested unit-based awards not paid out or distributed (\$)
Thomas J. Hofstedter <i>President and Chief Executive Officer</i>	260,732	3,465,128	nil
Larry Froom <i>Chief Financial Officer</i>	104,290	1,386,014	nil
Robyn Kestenberg <i>Executive Vice President, Corporate Development</i>	51,863	689,259	nil
Alex Avery <i>Executive Vice President, Asset Management and Strategic Alternatives</i>	16,294	216,547	nil
Patrick Sullivan <i>Chief Operating Officer, Primaris</i>	49,724	660,832	nil

Note:

- (1) Assuming PSU vesting at 100%. Included in these numbers are Messrs. Hofstedter's and Froom's 47,829 and 19,131 PSUs, respectively, which vested at 0% of target and were settled in February 2021 at nil value.
- (2) Based on the closing price of the Units on the TSX on December 31, 2020 of \$13.29 per Unit.

VALUE VESTED OR EARNED DURING THE YEAR

The following table sets out information concerning the value of incentive plan awards (unit-based awards as well as non-equity incentive plan compensation) vested or earned for each Named Executive Officer of the REIT during the financial year ended December 31, 2020. The REIT has not granted any options since 2016 and accordingly no options vested during the financial year ended December 31, 2020:

Name		Non-equity annual incentive plan compensation — Value earned during the year ⁽¹⁾ (\$)	Value gained from Exercised Options during the year ⁽²⁾ (\$)	Unit-based awards – Original grant date award value (\$)	Unit-based awards – Value vested and paid during the year (\$)	Difference between original grant date award value and payout value (%)
Thomas J. Hofstedter <i>President and Chief Executive Officer</i>	PSU			800,000 ⁽³⁾	493,969 ⁽³⁾	62%
	RSU			800,000 ⁽⁴⁾	456,955 ⁽⁴⁾	57%
	Other	800,00	nil			
Larry Froom <i>Chief Financial Officer</i>	PSU			320,000 ⁽³⁾	197,585 ⁽³⁾	62%
	RSU			320,000 ⁽⁴⁾	182,779 ⁽⁴⁾	57%
	Other	312,500	nil			
Robyn Kestenberg <i>Executive Vice President, Corporate Development</i>	PSU					
	RSU			300,000 ⁽⁴⁾	171,353 ⁽⁴⁾	57%
	Other	300,000	nil			
Alex Avery <i>Executive Vice President, Asset Management and Strategic Alternatives</i>	PSU					
	RSU			50,000 ⁽⁴⁾	28,552 ⁽⁴⁾	57%
	Other	182,292	nil			
Patrick Sullivan <i>Chief Operating Officer, Primaris</i>	PSU					
	RSU			246,555 ⁽⁵⁾	266,882 ⁽⁵⁾	108%
	Other	240,000	nil			

Notes:

- (1) These are the same amounts disclosed as compensation in the “Summary Compensation Table” in the column entitled “Non-equity annual incentive plan compensation”.
- (2) Based on the volume weighted average price of the Units on the TSX for the five trading days immediately preceding the exercise of each option.

- (3) On June 20, 2017, the REIT granted an aggregate of 49,382 PSUs to Messrs. Hofstedter and Froom. The value of each PSU granted on the June 20, 2017 grant date was \$22.68. The value of the PSUs assumed vesting at 100% of target. The value of Messrs. Hofstedter's and Froom's PSUs vested and paid in March 2020 was \$19.99 per PSU, which was based on the volume weighted average price of the Units on the TSX for the five trading days immediately preceding the vesting date. The PSUs vested at 59% of target. An aggregate of approximately 5,459 distribution equivalent PSUs are included in the value of PSUs vested and paid during the year ended December 31, 2020.
- (4) On June 20, 2017, the REIT granted an aggregate of 64,813 RSUs, to Messrs. Hofstedter, Froom and Avery and Ms. Kestenberg. The value of each RSU granted on the June 20, 2017 grant date was \$22.68. The value of Messrs. Hofstedter's, Froom's and Avery's and Ms. Kestenberg's RSUs vested and paid in June 2020 was \$10.58 per RSU, which was based on the volume weighted average price of the Units on the TSX for the five trading days immediately preceding the vesting date. An aggregate of approximately 14,547 distribution equivalent RSUs are included in the value of RSUs vested and paid during the year ended December 31, 2020.
- (5) On January 10, 2017, the REIT granted 10,909 of RSUs to Mr. Sullivan. The value of each RSU granted on the January 10, 2017 grant date was \$22.60. The value of Mr. Sullivan's RSUs vested and paid in March 2020 was \$19.99 per RSU, which was based on the volume weighted average price of the Units on the TSX for the five trading days immediately preceding the vesting date. An aggregate of approximately 2,441 distribution equivalent RSUs are included in the value of RSUs vested and paid during the year ended December 31, 2020.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth details of the REIT's equity compensation plans as at the end of the REIT's fiscal year ended December 31, 2020:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Security	Weighted-Average Exercise Price of Outstanding Security	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Unit Incentive Plan ⁽¹⁾	1,093,375	n/a	3,722,326
Unit Option Plan	10,543,362	\$20.55	7,179,748
Total:	11,636,737	n/a	10,902,074

Note:

- (1) Assuming PSU vesting at 100%.

The following table sets forth details of the REIT's "burn rate" (calculated by dividing the number of awards granted during the applicable year, by the weighted average number of outstanding securities for the applicable fiscal year, excluding exchangeable units) for each of the last three fiscal years:

Awards	2020	2019	2018
Options	n/a	n/a	n/a
RSUs	0.09%	0.17%	0.08%
PSUs ⁽¹⁾	0.02%	0.02%	0.02%
Total ⁽¹⁾	0.11%	0.19%	0.10%

Note:

- (1) Assuming PSU vesting at 100%.

PENSION PLAN BENEFITS

Employees of the REIT's subsidiary Primaris have a defined contribution pension plan as part of their compensation package, which plan was inherited pursuant to the acquisition of Primaris. The defined contribution pension plan provides a retirement benefit of an annual pension in the form of payment elected by the member in an amount which can be purchased by the member from a financial institution with the funds in their account at the time of his or her retirement. Contributions to the defined contribution pension plan are vested and locked-in based on either the completion of one year of continuous membership in the plan, or the minimum legislation of the member's jurisdiction. The normal retirement age is 65; however, the pension can be deferred up until age 71 or such other age according to applicable legislation. Early retirement may occur up to ten years preceding the normal retirement date. Employment must cease prior to electing early retirement. If a member dies prior to terminating employment or retirement, a death benefit may be paid to the survivor or designated beneficiary.

Primaris contributes to the contribution account of each eligible member an amount equal to 3% of each member's earnings, up to the maximum contribution limit for the year. The 2020 contribution limit for the plan was \$26,230. Defined contribution plan members are not required to contribute. Members may contribute either an additional 1% or 2% of their earnings and Primaris matches this contribution. Contributions to the defined contribution pension plan vest at the earlier of the completion of one year of continuous membership in the plan or as outlined in provincial legislation.

At December 31, 2020 the only Named Executive Officer that participated in Primaris' defined contribution pension plan was Patrick Sullivan, who had the following accumulated benefits:

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at year end (\$) ⁽¹⁾
Patrick Sullivan <i>Chief Operating Officer, Primaris</i>	434,952	25,509	464,793

Note:

- (1) Accumulated value at year-end reflects the accumulated value at start of year, compensatory changes, plus employee contributions to the plan as well as considers the change in market value of the total holdings.

EMPLOYMENT AGREEMENTS FOR THE NAMED EXECUTIVE OFFICERS

The employment contracts for the Named Executive Officers were drafted and agreed upon based on prevalent market practice and governance concerns at the time of their implementation. As a result, various legacy contractual provisions remain in regards to change in control definitions, vesting provisions and severance multiples. On a going-forward basis, the REIT will align new executive employment contracts to comparative market levels and governance best practices in place at the time of their implementation. A description of the material terms of the employment contracts for the Named Executive Officers is set out below under the heading "Termination and Change of Control Benefits".

TERMINATION AND CHANGE OF CONTROL BENEFITS

The table below highlights provisions related to severance and the treatment of unvested equity awards upon termination and change of control scenarios pursuant to either the employment agreements of the Named Executive Officers or the terms of the REIT's long-term compensation plans. "Change of Control" for the purposes of the employment agreements of Messrs. Hofstedter, Froom, Avery and Sullivan and for Ms. Kestenberg is defined as the acquisition by any person or persons, acting jointly and in concert, of (i) more than 50% of the outstanding Units of the REIT; or (ii) more than 33 1/3% of the outstanding Units of the REIT and the election or appointment by such person or persons of their nominees as a majority of the Trustees; or (iii) all or substantially all of the assets of the REIT. "Change of Control" for the purposes of the Unit Option Plan means a sale of all or substantially all of the REIT's assets as an entirety or substantially as an entirety.

For Messrs. Hofstedter and Froom, the termination and Change of Control benefits reflect their long service to the REIT. The contractual provisions reflect market and governance practices at the time of their implementation and are consistent with legacy contractual arrangements in the market. On a going-forward basis, the REIT will consider current comparative market levels and governance best practices when developing new employment contracts.

Name	Termination Without Cause			Change of Control ⁽¹⁾		
	Severance	Unit Options	Whole Units (RSUs, PSUs)	Severance ⁽²⁾	Unit Options ⁽³⁾	Whole Units (RSUs, PSUs) ⁽⁴⁾
Thomas J. Hofstedter <i>President and Chief Executive Officer</i>	3 times salary and 100,000 Units (or cash equivalent)	Forfeiture of unvested unit options; vested options exercisable for 30 days	Immediate vesting; PSU performance factor based on actual performance to date of termination	<i>Single trigger:</i> 3 times salary and 100,000 Units (or cash equivalent)	<i>Single trigger:</i> Immediate vesting, exercisable for 30 days	<i>Single trigger:</i> Immediate vesting; PSU performance factor based on actual performance to date of termination
Larry Froom <i>Chief Financial Officer</i>	2.5 times salary and 2.5 times highest STIP award received in the last 3 years	Forfeiture of unvested unit options; vested options exercisable for 30 days	Immediate vesting; PSU performance factor based on actual performance to date of termination	<i>Single trigger:</i> 3 times salary and 3 times the highest STIP award received in the last 3 years	<i>Single trigger:</i> Immediate vesting, exercisable for 30 days	<i>Single trigger:</i> Immediate vesting; PSU performance factor based on actual performance to date of termination

Name	Termination Without Cause			Change of Control ⁽¹⁾		
	Severance	Unit Options	Whole Units (RSUs, PSUs)	Severance ⁽²⁾	Unit Options ⁽³⁾	Whole Units (RSUs, PSUs) ⁽⁴⁾
Robyn Kestenberg <i>Executive Vice President, Corporate Development</i>	1.5 times salary and 1.5 times average STIP award received in the last 3 years	Forfeiture of unvested unit options; vested options exercisable for 30 days	Immediate vesting; PSU performance factor based on actual performance to date of termination (if applicable)	<i>Double trigger:</i> 2 times salary and 2 times average STIP award received in the last 3 years	<i>Single trigger:</i> Immediate vesting, exercisable for 30 days	<i>Single trigger:</i> Immediate vesting
Alex Avery <i>Executive Vice President, Asset Management and Strategic Alternatives</i>	1 times salary and 1 times average STIP award received in the last 3 years	n/a	Immediate vesting; PSU performance factor based on actual performance to date of termination (if applicable)	<i>Double trigger:</i> 2 times salary, perquisites and 2 times average STIP award received in the last 3 years	n/a	<i>Double trigger:</i> Immediate vesting
Patrick Sullivan <i>Chief Operating Officer, Primaris</i>	1.5 times salary, perquisites and pension contributions, and a lump sum payment of \$105,685	Immediate vesting	Immediate vesting; PSU performance factor based on actual performance to date of termination (if applicable)	<i>Single trigger:</i> 2 times salary, perquisites and pension contributions and a lump sum payment of \$140,913	See Note 5 below.	<i>Double trigger:</i> Immediate vesting

Notes:

- (1) “Single trigger” means that the payment/vesting occurs based only on the Change of Control having occurred and “Double trigger” means that the payment/vesting occurs based on being terminated or resigning for “good reason” within a specified period of time after the Change of Control having occurred.
- (2) For Messrs. Hofstedter and Froom, the termination and Change of Control benefits reflect their long service to the REIT. The contractual provisions reflect market and governance practices at the time of their implementation and are consistent with legacy contractual arrangements in the market. On a going-forward basis, the REIT will consider current comparative market levels and governance best practices when developing new employment contracts.
- (3) For Messrs. Hofstedter and Sullivan, pursuant to the terms of the Unit Option Plan, including the specific Change of Control definition noted above for the Unit Option Plan. For Mr. Froom and Ms. Kestenberg, pursuant to the terms of their respective employment agreements, including the broader Change of Control definition noted above.
- (4) Pursuant to the terms of each employment agreement and subject to the Change of Control definition noted above.
- (5) Pursuant to the Unit Option Plan, Mr. Sullivan’s options immediately vest and remain exercisable for 30 days pursuant to a Change of Control as defined in the Unit Option Plan. Mr. Sullivan’s options also have double trigger vesting in the event of a Change of Control in accordance with the broader definition of Change of Control above, as set out in his employment agreement.

Assuming a termination without cause and/or Change of Control occurred on December 31, 2020 and all unvested awards were treated as per the provisions outlined in the previous table, the Named Executive Officers would receive the following in connection with such acceleration and exercise:

Name	Termination without Cause	Change of Control
Thomas J. Hofstedter <i>President and Chief Executive Officer</i>	\$8,394,128	\$8,394,128
Larry Froom <i>Chief Financial Officer</i>	\$4,698,359	\$5,360,828
Robyn Kestenberg <i>Executive Vice President, Corporate Development</i>	\$2,109,759	\$2,583,259

Alex Avery ⁽¹⁾ <i>Executive Vice President, Asset Management and Strategic Alternatives</i>	\$998,839	\$1,281,131
Patrick Sullivan <i>Chief Operating Officer, Primaris</i>	\$1,584,742	\$1,892,712

Note:

- (1) Mr. Avery's termination without cause and Change of Control payments are based on Mr. Avery's full year salary for 2020 of \$600,000 and his 2020 STIP payment as the average STIP award received.

COMPENSATION OF TRUSTEES

A person who is employed by and receives salary from the REIT does not receive any compensation from the REIT for serving as a Trustee. The following table sets out the annual retainers and meeting fees payable to the Trustees who were not employed by the REIT.

Annual Board Retainer and Meeting Attendance Fee ⁽¹⁾	\$65,000
Annual Additional Retainer for Chair of the Board, or “Lead Trustee”	\$55,000
Annual Additional Retainer for Audit Committee Chair	\$10,000
Annual Additional Retainer for Investment Committee Chair	\$10,000
Annual Additional Retainer for CG&N Committee Chair	\$10,000

Notes:

- (1) Ms. Morrow is entitled to \$20,000 as she does not participate in the Audit Committee, Investment Committee or CG&N Committee.

The aggregate of such cash compensation (excluding the value of option and unit-based awards) earned by Trustees for their services in their capacity as Trustees in 2020 was \$421,875, and the aggregate of all such compensation (including option and unit-based awards) earned by the Trustees in 2020 was \$1,121,875. Trustees are eligible for grants under the Unit Option Plan and the Incentive Unit Plan. Historically, through and including 2013, Trustees were granted options. Commencing in 2014, awards to Trustees are intended to consist solely of RSU grants under the Incentive Unit Plan.

The following table sets forth details of compensation earned by each Trustee (other than Named Executive Officers of the REIT) for services as a Trustee during the financial year ended December 31, 2020. As Messrs. Hofstедter and Avery are Named Executive Officers of the REIT, their compensation is reported under the heading “Summary Compensation Table” above.

Name	Annual Retainer and Attendance Fees (\$)	Chair Compensation (\$)	Unit-based awards (\$) ⁽¹⁾	Option-based awards (\$)	All other compensation (\$)	Total (2020) (\$)	Total (2019) (\$)
Robert E. Dickson ⁽²⁾	65,000	10,000	100,000	nil	nil	175,000	175,000
Edward Gilbert ⁽³⁾	32,500	nil	100,000	nil	nil	132,500	165,000
Brenna Haysom ⁽⁴⁾	32,500	nil	nil	nil	50,000	82,500	nil
Laurence A. Lebovic ⁽⁵⁾	65,000	10,000	100,000	nil	nil	175,000	175,000
Juli Morrow	20,000	nil	100,000	nil	nil	120,000	120,000
Marvin Rubner ⁽⁴⁾	32,500	nil	nil	nil	50,000	82,500	nil
Ronald C. Rutman	65,000	55,000 ⁽⁶⁾	100,000	nil	nil	220,000	215,000
Stephen L. Sender ⁽⁷⁾	29,792	4,583	100,000	nil	nil	134,375	175,000
Total:	342,292	79,583	600,000	nil	100,000	1,121,875	1,025,000

Notes:

- (1) The value of each RSU granted in 2020 on the grant date was \$19.99, which was based on the five-day volume weighted average price of the Units for the five trading days immediately preceding the grant. Under IFRS, the value of each RSU on the grant date was \$20.56, which was the closing price of the Units on the TSX on the day immediately prior to the grant.
- (2) Mr. Dickson is retiring in accordance with the REIT’s retirement guideline and not standing for re-election at the Meeting. In 2020, Mr. Dickson attended 11 of 11 meetings of the Board, 6 of 6 meetings of the Audit Committee and 5 of 5 meetings of the CG&N Committee.
- (3) Mr. Gilbert retired from the Board effective July 8, 2020. In 2020, prior to his retirement, Mr. Gilbert attended 9 of 9 meetings of the Board and 3 of 3 meetings of the Audit Committee.
- (4) Ms. Haysom and Mr. Rubner joined the Board on June 16, 2020 following conclusion of the 2020 Meeting and accordingly earned a *pro rata* portion of the Trustee annual retainer and attendance fees and a \$50,000 cash payment in lieu of the *pro rata* unit-based compensation.
- (5) Mr. Lebovic is retiring in accordance with the REIT’s retirement guideline and not standing for re-election at the Meeting. In 2020, Mr. Lebovic attended 11 of 11 meetings of the Board and 2 of 2 meetings of the Investment Committee.
- (6) In addition to his additional retainer for acting as Chair of the Board, Mr. Rutman received a *pro rata* additional retainer for acting as Chair of the Audit Committee following Mr. Sender’s resignation.
- (7) Mr. Sender resigned and did not stand for re-election at the 2020 Meeting and accordingly earned a *pro rata* portion of the Trustee annual retainer and attendance fee. Mr. Sender’s unit-based awards that had not yet vested expired and were cancelled. In 2020, prior to the 2020 Meeting, Mr. Sender attended 6 of 8 meetings of the Board, 3 of 3 meetings of the Audit Committee and 2 of 2 meetings of the CG&N Committee.

The aggregate retainers paid to Trustees, as well as the individual compensation for each Trustee in 2020, were consistent with 2019. On February 25, 2019, each Trustee who was then a member of the Board was granted 4,405 RSUs under the Incentive Unit Plan. On March 5, 2020, each Trustee who was then a member of the Board was granted 5,002 RSUs under the Incentive Unit Plan. The value of long-term incentive awards granted to any one of the non-executive Trustees in any one calendar year cannot exceed \$100,000.

OUTSTANDING OPTION-BASED AWARDS AS OF DECEMBER 31, 2020

The following table sets out information concerning all option-based awards outstanding for each Trustee (other than Named Executive Officers of the REIT) as at the most recently completed financial year end.

Name	Option-based Awards				
	Securities underlying unexercised options (vested) (#)	Securities underlying unexercised options (unvested) (#)	Option exercise price (\$)	Option expiration date	Total Value of unexercised in-the-money options ⁽¹⁾
Robert E. Dickson ⁽²⁾	38,580 65,700	— —	23.18 23.06	January 5, 2022 March 10, 2023	nil
Edward Gilbert ⁽³⁾	38,580 65,700	— —	23.18 23.06	January 5, 2022 March 10, 2023	nil
Brenna Haysom	—	—	n/a	n/a	nil
Laurence A. Lebovic ⁽⁴⁾	38,580 65,700	— —	23.18 23.06	January 5, 2022 March 10, 2023	nil
Evan Miller	—	—	n/a	n/a	nil
Juli Morrow	—	—	n/a	n/a	nil
Marvin Rubner	—	—	n/a	n/a	nil
Ronald C. Rutman	33,333 38,580 65,700	— — —	19.57 23.18 23.06	January 5, 2021 January 5, 2022 March 10, 2023	nil
Stephen L. Sender	—	—	n/a	n/a	nil

Notes:

- (1) Based on the closing price of the Units on the TSX on December 31, 2020 of \$13.29 per Unit.
- (2) Mr. Dickson is retiring in accordance with the REIT's retirement guideline and not standing for re-election at the Meeting. Mr. Dickson's options will automatically expire and be cancelled following his retirement.
- (3) Mr. Gilbert retired effective July 8, 2020. His outstanding option awards have now expired and been cancelled.
- (4) Mr. Lebovic is retiring in accordance with the REIT's retirement guideline and not standing for re-election at the Meeting. Mr. Lebovic's options will automatically expire and be cancelled following his retirement.

OUTSTANDING UNIT-BASED AWARDS AS OF DECEMBER 31, 2020

The following table sets out information concerning all unit-based awards outstanding for each Trustee as at the most recently completed financial year end:

Name	Unit-based Awards		
	Number of unit-based awards that have not yet vested (#)	Market or payout value of unit-based awards that have not yet vested ⁽¹⁾ (\$)	Market or payout value of vested unit-based awards not paid out or distributed (\$)
Robert E. Dickson ⁽²⁾	16,294	216,547	nil
Edward Gilbert ⁽³⁾	nil	nil	nil
Brenna Haysom	nil	nil	nil
Laurence A. Lebovic ⁽⁴⁾	16,294	216,547	nil
Juli Morrow	16,294	216,547	nil
Marvin Rubner	nil	nil	nil
Ronald C. Rutman	16,294	216,547	nil
Stephen L. Sender ⁽⁵⁾	nil	nil	nil

Notes:

- (1) Based on the closing price of the Units on the TSX on December 31, 2020 of \$13.29 per Unit.

- (2) Mr. Dickson is retiring in accordance with the REIT's retirement guideline and not standing for re-election at the Meeting.
- (3) Mr. Gilbert retired effective July 8, 2020. Mr. Gilbert's outstanding RSU awards immediately vested and were settled at a value of \$10.05, which was based on the volume weighted average price of the Units on the TSX for the five trading days immediately preceding the vesting date.
- (4) Mr. Lebovic is retiring in accordance with the REIT's retirement guideline and not standing for re-election at the Meeting.
- (5) Mr. Sender resigned and did not stand for re-election at the 2020 Meeting. Mr. Sender's outstanding RSU awards expired and were cancelled.

VALUE VESTED OR EARNED DURING THE YEAR

The following table sets out information concerning the value of incentive plan awards (unit-based awards as well as non-equity incentive plan compensation) vested or earned for each Trustee (other than Named Executive Officers of the REIT) during the financial year ended December 31, 2020. The REIT has not granted any options since 2016 and accordingly no options vested during the financial year ended December 31, 2020:

Name	Non-equity annual incentive plan compensation — Value earned during the year (\$)	Value gained from Exercised Options during the year ⁽¹⁾ (\$)	Unit-based awards — Original grant date award value (\$)	Unit-based awards — Value vested and paid during the year (\$)	Difference between original grant date award value and payout value (%)
Robert E. Dickson ⁽⁵⁾	nil	nil	100,000 ⁽²⁾	108,230 ⁽²⁾	108%
Edward Gilbert	nil	nil	400,000 ⁽³⁾	267,722 ⁽³⁾	67%
Brenna Haysom	nil	nil	nil	nil	n/a
Laurence A. Lebovic ⁽⁶⁾	nil	nil	100,000 ⁽²⁾	108,230 ⁽²⁾	108%
Juli Morrow	nil	nil	50,000 ⁽⁴⁾	28,552 ⁽⁴⁾	57%
Marvin Rubner	nil	nil	nil	nil	n/a
Ronald C. Rutman	nil	nil	100,000 ⁽²⁾	108,230 ⁽²⁾	108%
Stephen L. Sender ⁽⁷⁾	nil	nil	100,000 ⁽²⁾	108,230 ⁽²⁾	108%

Notes:

- (1) Based on the volume weighted average price of the Units on the TSX for the five trading days immediately preceding the exercise of each option.
- (2) On January 10, 2017, the REIT granted an aggregate of 17,696 RSUs to Messrs. Dickson, Lebovic, Rutman and Sender. The value of each RSU granted on the January 10, 2017 grant date was \$22.60. The value of Messrs. Dickson's, Lebovic's, Rutman's and Sender's RSUs vested and paid in March 2020 was \$19.99 per RSU, which was based on the volume weighted average price of the Units on the TSX for the five trading days immediately preceding the vesting date. An aggregate of approximately 3,961 distribution equivalent RSUs are included in the value of RSUs vested and paid during the year ended December 31, 2020.
- (3) On January 10, 2017, the REIT granted 4,424 RSUs to Mr. Gilbert. The value of each RSU granted on the January 10, 2017 grant date was \$22.60. The value of Mr. Gilbert's RSUs vested and paid in March 2020 was \$19.99 per RSU, which was based on the volume weighted average price of the Units on the TSX for the five trading days immediately preceding the vesting date. An aggregate of approximately 990 distribution equivalent RSUs are included in the value of RSUs vested and paid during the year ended December 31, 2020.
- Mr. Gilbert retired effective July 8, 2020. Mr. Gilbert's outstanding RSU awards (granted in 2018, 2019 and 2020 at a value of \$20.25, \$22.70 and \$19.99 per RSU, respectively) immediately vested and were settled at a value of \$10.05 per RSU, which was based on the volume weighted average price of the Units on the TSX for the five trading days immediately preceding the vesting date. An aggregate of approximately 1,525 distribution equivalent RSUs are included in these additional RSUs that vested and were paid upon Mr. Gilbert's retirement.
- (4) On June 20, 2017, the REIT granted 2,204 RSUs to Ms. Morrow. The value of each RSU granted on the June 20, 2017 grant date was \$22.68. The value of Ms. Morrow's RSUs vested and paid in June 2020 was \$10.58 per RSU, which was based on the volume weighted average price of the Units on the TSX for the five trading days immediately preceding the vesting date. An aggregate of approximately 494 distribution equivalent RSUs are included in the value of RSUs vested and paid during the year ended December 31, 2020.
- (5) Mr. Dickson is retiring in accordance with the REIT's retirement guideline and not standing for re-election at the Meeting.
- (6) Mr. Lebovic is retiring in accordance with the REIT's retirement guideline and not standing for re-election at the Meeting.
- (7) Mr. Sender resigned and did not stand for re-election at the 2020 Meeting. Mr. Sender's remaining RSU awards expired and were cancelled.

AUDIT COMMITTEE CHARTER

The text of the REIT's Audit Committee Charter as well as a description of pre-approval policies and procedures of the Audit Committee, further details regarding external auditor service fees and additional details regarding the Audit Committee are set out in the REIT's annual information form under "Audit Committee Information".

Currently, there are three members of the Audit Committee, each of whom has been determined by the Trustees to be "independent" and "financially literate" as such terms are defined under Canadian securities laws. Each member of the Audit Committee has the ability to perform his responsibilities as an Audit Committee member based on his education and/or experience as summarized below.

Robert E. Dickson graduated from University College, Oxford in 1980 with a B.A. (Jurisprudence) and graduated from the University of Toronto Law School in 1982 with an LL.B. Since June 2011, Mr. Dickson has been a strategic financial consultant in the marketing and communications industry. Prior to that, from 2000, Mr. Dickson was Managing Director, MDC Partners Inc. and Executive Vice-President, Corporate Development, Maxxcom Inc., both public companies. Prior to that time, he practiced corporate law at Fraser Milner Casgrain LLP (now Dentons LLP) where he specialized in mergers and acquisitions and financing transactions. Mr. Dickson's academic and professional experience indicates expertise in the areas of executive management, law and finance.

Marvin Rubner has been the manager and founder of YAD Investments Limited, a private investment corporation located in Toronto, Ontario, since 1982. YAD Investments Limited invests in, manages and develops commercial, retail, and residential apartment buildings primarily in Canada and the United States. Mr. Rubner's professional experience indicates expertise in the areas of executive management and finance.

Ronald C. Rutman graduated from the Commerce and Finance Program of the University of Toronto in 1975 and received his designation as a Chartered Accountant in 1976. Mr. Rutman has been a partner at Zeifmans LLP, Chartered Accountants (formerly Zeifman & Company, Chartered Accountants) for over 40 years and has substantial real estate experience. Mr. Rutman's academic and professional experience indicates expertise in the areas of finance and accounting.

GENERAL

The audited consolidated financial statements of the REIT for the financial year ended December 31, 2020, together with the report of the auditors thereon, will be presented to Unitholders at the Meeting for their consideration.

ADDITIONAL INFORMATION

Additional information relating to the REIT may be found on SEDAR at www.sedar.com or from AST Trust Company (Canada) at www.meetingdocuments.com/astca/hr. Additional financial information is provided in the REIT's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year.

Copies of (i) the REIT's 2020 audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2020, (ii) this Circular, and (iii) the REIT's most recent annual information form may be obtained by writing to the Chief Financial Officer of the REIT.

APPROVAL OF THE TRUSTEES

The contents of this Circular and the sending of it to the Unitholders, to each Trustee, to the auditors of the REIT and to the appropriate governmental and regulatory agencies have been approved by the Trustees.

UNITHOLDER PROPOSALS

The final date by which the REIT must receive a proposal for any matter that a person entitled to vote at an annual meeting of Unitholders proposes to raise at the annual meeting of Unitholders scheduled to be held in 2022 is February 5, 2022.

DATED as of May 7, 2021.

BY ORDER OF THE TRUSTEES OF
H&R REAL ESTATE INVESTMENT TRUST

A handwritten signature in black ink, appearing to read "L. From", written in a cursive style.

LARRY FROM
Chief Financial Officer
H&R Real Estate Investment Trust

SCHEDULE A
THE REIT'S GOVERNANCE PRACTICES
WITH REFERENCE TO THE NI 58-101F1 GUIDELINES

Guidelines	The REIT's Governance Practices
1. BOARD OF TRUSTEES	
(a) Disclose the identity of the trustees who are independent.	Five of the eight Trustees (63%), namely Messrs. Dickson, Lebovic, Rubner and Rutman and Ms. Haysom are independent as such term is defined in the Guidelines. If all of the individuals nominated as a Trustee under the heading "Matters to be Acted Upon by Unitholders – Election of Trustees" are elected at the Meeting, seven of the ten Trustees (70%), namely Messrs. Cowie, Gross, Mathur, Rubner and Rutman and Mses. Haysom and Chasson will be independent as such term is defined in the Guidelines.
(b) Disclose the identity of the trustees who are not independent, and describe the basis for that determination.	Mr. Hofstedter is not independent as he is the President and Chief Executive Officer of the REIT. Mr. Avery is not independent as he is Executive Vice President, Asset Management and Strategic Initiatives of the REIT. As counsel at Goodmans LLP, which provides legal services to the REIT, Ms. Morrow is not considered to be an independent trustee.
(c) Disclose whether or not a majority of trustees are independent. If a majority of trustees are not independent, describe what the board does to facilitate its exercise of independent judgment in carrying out its responsibilities.	Five of the eight Trustees are independent (63%). If all of the individuals nominated as a Trustee under the heading "Matters to be Acted Upon by Unitholders – Election of Trustees" are elected at the Meeting, seven of the ten Trustees will be independent (70%). In addition, the REIT is required to have a majority of "independent trustees" pursuant to the Declaration of Trust. The term "independent trustee" is defined in the Declaration of Trust as any Trustee who (i) is not a member of the Hofstedter family or the Rubinstein family and (ii) is independent (as that term is used in NI 58-101) of the REIT. Currently, all of the Trustees, other than Messrs. Hofstedter and Avery and Ms. Morrow, are "independent trustees" as such term is defined in the Declaration of Trust. If all of the individuals nominated as a Trustee under the heading "Matters to be Acted Upon by Unitholders – Election of Trustees" are elected at the Meeting, all of the Trustees, other than Messrs. Hofstedter and Avery and Ms. Morrow will be "independent trustees".
(d) If a trustee who is presently a trustee or director of another issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the trustee and the other issuer.	Ms. Haysom is a director of Apollo Commercial Real Estate Finance Inc. (NYSE: ARI).
(e) Disclose whether or not the independent trustees hold regularly scheduled meetings at which non-independent trustees and members of management are not in attendance. If the independent trustees hold such meetings, disclose the number of meetings held since the beginning of the REIT's most recently completed financial year. If the independent trustees do not hold such meetings,	The Trustees' Mandate (attached hereto as Schedule C) provides that independent trustees will meet separately, without management, in connection with each meeting of the Board, including regular and special meetings. Furthermore, as set out in the Declaration of Trust, certain matters must be specifically approved by the independent trustees, which facilitates the functioning of the Trustees independently of management. The following matters are

Guidelines	The REIT's Governance Practices
describe what the board does to facilitate open and candid discussion among its independent trustees.	among the matters which require approval of a majority of the independent trustees in order to become effective: (a) any changes in compensation of the Chief Executive Officer or the Chief Financial Officer; and
	(b) the enforcement of any agreement entered into by the REIT with a Trustee who is not an independent trustee, with the Former Property Manager or an affiliate thereof, or with an associate of a non-independent trustee or the Former Property Manager. During 2020, the independent trustees held six (6) meetings during which management was not in attendance. Also, in accordance with the Trustees' Mandate and as the Audit Committee is comprised of all independent trustees, the members of the Audit Committee plus the other independent trustees held five (5) Audit Committee meetings at which non-independent trustees and members of management did not attend during 2020.
(f) Disclose whether or not the chair of the board is an independent trustee. If the board has a chair or lead trustee who is an independent trustee, disclose the identity of the independent chair or lead trustee, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead trustee that is independent, describe what the board does to provide leadership for its independent trustees.	Mr. Rutman, one of the REIT's five independent trustees, is the chair of the Board. In that capacity Mr. Rutman is responsible for, among other things, administering the Trustees' relationship with management, providing leadership to the Board and setting the "tone" for the Trustees to foster effective, ethical and responsible decision making and strong corporate governance practices.
(g) Disclose the attendance record of each trustee for all trustee meetings held in 2020.	See "Matters to be Acted Upon by Unitholders — Election of Trustees" in this Circular.
2. BOARD MANDATE	
Disclose the text of the boards' written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	The Trustees' Mandate can be found at Schedule C to this Circular.
3. POSITION DESCRIPTIONS	
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position. (b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.	The Trustees have not developed written position descriptions. The Trustees' Mandate serves to define the relationship between the Trustees and management. They work together in a collegial manner without a significantly structured or hierarchical format to achieve the objectives of the REIT subject to adhering to the investment guidelines and operating policies set out in the Declaration of Trust. This is consistent with the entrepreneurial nature of the REIT.

Guidelines	The REIT's Governance Practices
4. ORIENTATION AND CONTINUING EDUCATION	
<p>(a) Briefly describe what measures the board takes to orient new trustees regarding (i) the role of the board, its committees and its trustees; and (ii) the nature and operation of the REIT's business.</p>	<p>Orientation for any new Trustee is provided through a review of the Trustees' Mandate, past Trustees' meeting materials and other private and public documents concerning the REIT and through meetings, discussions and other communications with management of the REIT. Orientation in this manner should enable any new Trustee to fully understand the role of the Trustees, the role of the committees of Trustees, the nature and operation of the REIT's business and the contribution that individual Trustees are expected to make. The orientation program is currently overseen by the CG&N Committee.</p> <p>The program is divided into two stages:</p> <p>Stage 1 — Period immediately following election to the Board</p> <p>Once elected to the Board, new Trustees are supplied with a "Governance Reference Binder" intended to provide a comprehensive understanding of both the underlying principles governing the REIT's operations as well as the role of the Board and its committees in fulfilling their responsibilities to the REIT. The binder includes documents such as the REIT's Annual Information Form, Declaration of Trust, Management Information Circular, Trustees' Mandate, committee charters, Code of Business Conduct and Ethics and the REIT's policies.</p> <p>The new Trustees are also provided with industry research reports on the REIT for the recent quarter and year end. These reports serve to provide new Trustees with an understanding of the REIT's market position from the perspective of public company analysts.</p> <p>Stage 2 — Period prior to first attendance at a Board or committee meeting</p> <p>Prior to attending his/her first Board meeting, a new Trustee attends an orientation meeting with the REIT's management. Management provides an overview of the REIT's strategy, property portfolio, and financial performance.</p> <p>The new Trustee is also provided with copies of minutes of each of the previous four Board meetings and minutes from the most recent meetings of the committee(s) of which he/she is a member.</p> <p>New Trustees are also given an opportunity, outside of Board and committee meetings, to better acquaint themselves with other board members on an informal basis.</p>

Guidelines	The REIT's Governance Practices
<p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its trustees. If the board does not provide continuing education, describe how the board ensures that its trustees maintain the skill and knowledge necessary to meet their obligations as trustees.</p>	<p>All Trustees have access to continuing education opportunities directed at enabling them to maintain or enhance their skills and abilities as Trustees as well as ensuring that their knowledge and understanding of the REIT's affairs remains current. When requested or determined appropriate, Trustees will be given presentations on various aspects of the REIT's activities and functions during regularly scheduled meetings. In addition, all Trustees will regularly receive information about the REIT's operations, including reports from the Chief Executive Officer and/or the Chief Financial Officer, a report on operations, a financial overview and other pertinent information. The REIT's management is available for discussions with Trustees concerning any questions or comments which may arise between meetings. The Trustees may from time to time arrange for presentations by key personnel or qualified outside consultants concerning topics relating to the REIT's business, changes to the REIT's legal and regulatory framework and corporate governance.</p> <p>The following activities are performed by the REIT to ensure that Trustees maintain the knowledge necessary to meet their obligations as a Trustee:</p> <ol style="list-style-type: none"> 1. At each quarterly Board or Audit Committee meeting, management provides the Board with a comprehensive review of the REIT's financial performance, anticipated future financial results and market trends. 2. Management provides the Board information on operational strategy and initiatives on an ongoing basis to inform and educate the Trustees on the operations of the REIT. 3. The Board and each committee has a standing agenda for each regularly scheduled meeting. The agenda includes ongoing education on topics affecting the REIT including changes to accounting standards and tax legislation. 4. The auditors of the REIT, KPMG LLP, make presentations to all members of the Audit Committee regarding changes to accounting standards 5. On a quarterly basis, Trustees are provided with industry research reports, which provide them with an understanding of how the REIT is perceived and ranked by public company analysts. 6. Select experts or industry professionals make presentations to the Board on industry or economic topics relevant to the REIT when requested by the Board. 7. A "Governance Reference Binder", which is made available to all Trustees, is updated annually and is intended to provide a thorough understanding of the nature of the REIT's business and the evolving roles of the Board and its committees.

Guidelines	The REIT's Governance Practices
5. ETHICAL BUSINESS CONDUCT	
<p>(a) Disclose whether or not the board has adopted a written code of ethics for the trustees, officers and employees. If the board has adopted a written code:</p> <ul style="list-style-type: none"> (i) disclose how a person or company may obtain a copy of the code; (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and (iii) provide a cross-reference to any material change report filed since the beginning of the REIT's most recently completed financial year that pertains to any conduct of a trustee or executive officer that constitutes a departure from the code. 	<p>The Board has adopted a written code of business conduct and ethics (the “Code”), which applies to all Trustees, officers and employees of the REIT, the REIT’s subsidiaries and controlled entities. The Code has been filed and is accessible to the public on SEDAR at www.sedar.com.</p> <p>The Trustees are responsible for monitoring compliance with the Code and for interpreting it in any situation. For this purpose, the Trustees will receive an update of any matters relating to the Code at its regularly scheduled meetings. Employees who are confronted with a situation where further guidance is required are expected to discuss the matter with, and employees who know of or suspect that a violation of the 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:</p> <ul style="list-style-type: none"> (a) in the case of a situation that does not involve management of the REIT, the Chief Financial Officer of the REIT; (b) in the case of a situation that involves management of the REIT and does not involve any member of the Audit Committee, the Chair or any member of the Audit Committee; and (c) in the case of a situation that involves management of the REIT and any member of the Audit Committee, any Trustee. <p>An employee may make a report anonymously. All reported violations will be promptly investigated and treated confidentially to the extent possible. Any employee that knows or suspects a violation of the Code or of any applicable law or regulation may confidentially discuss their concern with the Chief Executive Officer or any Trustee.</p> <p>As of May 7, 2021, no material change reports have been filed pertaining to any departures from the Code.</p>
<p>(b) Describe any steps the board takes to ensure trustees exercise independent judgment in considering transactions and agreements in respect of which a trustee or executive officer has a material interest.</p>	<p>Trustees and executive officers are required to disclose any potential or actual interests they may have in a material contract or transaction with the REIT and, except in certain limited circumstances, Trustees may not vote in relation to any such matter. In certain circumstances, an independent committee may be established to consider such matter in the absence of the interested party.</p>
<p>(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Many of the steps that the Trustees take to encourage and promote a culture of ethical business conduct are set out in the Code. Trustees are also responsible to satisfy themselves as to the integrity of management of the REIT and to ensure that management is creating a culture of integrity throughout the REIT.</p>
6. NOMINATION OF TRUSTEES	

Guidelines	The REIT's Governance Practices
<p>(a) Describe the process by which the board identifies new candidates for board nomination.</p>	<p>The Board established the Nominating Committee in March 2009. In June 2017, the Board dissolved the Nominating Committee and reconstituted the Compensation and Governance Committee as the “Compensation, Governance and Nominating Committee” and selecting new candidates for future board nominations is the responsibility of the CG&N Committee.</p> <p>As part of the Board’s ongoing efforts to improve upon its governance practices, the Board has undergone significant Board renewal and refreshment over the past five years to better align the Board’s composition with the REIT’s long-term strategy and broaden the Board’s perspectives to enhance its performance. As part of those efforts, Messrs. Dickson and Lebovic are retiring in accordance with the REIT’s retirement policy and four new trustees have been nominated for election at the Meeting, expanding the Board from eight to ten. As noted herein, the REIT has established a target of a Board composition in which women comprise at least 25% of the members of the Board by the REIT’s annual meeting in 2021. The REIT achieved this proportion ahead of the targeted time, as currently 25% (two of eight) of the Trustees are women, and if all of the nominees for Trustee are elected at the Meeting, 30% (three of ten) of the Trustees will be women, achieving the 30% Canada Club’s aim for better gender balance at the Board level. The Board will, from time to time as needed, continue to review additional potential new candidates for nomination or appointment to the Board and to increase the diversity of the Trustees, in accordance with the REIT’s written policy on diversity and to maintain the REIT’s target Board composition.</p>
<p>(b) Disclose whether or not the board has a nominating committee composed entirely of independent trustees. If the board does not have a nominating committee composed entirely of independent trustees, describe what steps the board takes to encourage an objective nomination process.</p>	<p>The CG&N Committee has oversight of the Board’s nomination process. The current members of the CG&N are Messrs. Dickson and Rutman and Ms. Haysom. All members of the CG&N Committee are independent trustees. Mr. Dickson is not standing for re-election at the Meeting. The Board will select a new member of the CG&N Committee following the Meeting.</p>
<p>(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The responsibilities, powers and operation of the CG&N Committee are set out in the charter of the CG&N Committee. The CG&N Committee is responsible for, among other things: (i) identifying individuals qualified to become Trustees, consistent with criteria established by the Board; (ii) recommending to the Board the Trustees to be nominated for election at each annual meeting of Unitholders; (iii) recommending to the Board orientation and continuing education programs for Trustees; and (iv) identifying individuals qualified to become an executive officer of the REIT. In doing so, the CG&N Committee must ensure that the new candidates have the time and resources required to perform the duties of a Trustee. The CG&N Committee must also ensure that the new candidates meet the selection criteria that it has established in respect of Trustees, including that a majority of members be independent trustees and consist of an appropriate mix of individuals with real estate, finance, legal and general</p>

Guidelines	The REIT's Governance Practices
	business experience.
7. COMPENSATION	
(a) Describe the process by which the board determines the compensation for the REIT's trustees and officers.	<p>The Declaration of Trust provides that Trustees who are not employees of, and who do not receive salary from, the REIT or the Former Property Manager or their respective affiliates are entitled to receive for their services as Trustees such reasonable compensation as the Trustees may determine. In determining the adequacy and form of compensation of Trustees, the Trustees consider the size and complexity of the REIT's operations, peer trustees/directors compensation arrangements in other real estate investment trusts and other entities similar to the REIT and of comparable size to the REIT and the recommendations of the CG&N Committee.</p> <p>The Declaration of Trust also provides that the Trustees are responsible for the remuneration of senior executives of the REIT. Executive compensation is determined on the basis of the REIT's executive compensation policy that is described under "Executive Compensation". In addition, pursuant to the Declaration of Trust, any changes in compensation of the Chief Executive Officer and the Chief Financial Officer must be approved by a majority of the independent trustees.</p>
(b) Disclose whether or not the board has a compensation committee composed entirely of independent trustees. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	<p>The CG&N Committee is comprised entirely of independent trustees. The current members of the CG&N are Messrs. Dickson and Rutman and Ms. Haysom. All members of the CG&N Committee are independent trustees. Mr. Dickson is not standing for re-election at the Meeting. The Board will select a new member of the CG&N Committee following the Meeting.</p>
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	<p>The CG&N Committee has the following responsibilities, powers and/or duties:</p> <ul style="list-style-type: none"> • Review and approve annually corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives and set the Chief Executive Officer's compensation level based on this evaluation; • Review and approve annually with respect to the hiring, compensation, benefits and termination of the senior executive officers and all other key employees of the REIT whose total compensation is above a certain materiality threshold, as determined by the CG&N Committee; • Review and make recommendations to the Trustees annually with respect to the appointment of officers of the REIT; • Review and make recommendations to the Trustees annually with respect to the compensation of the Trustees; • Review, administer and make recommendations to the

Guidelines	The REIT's Governance Practices
	<p>Trustees with respect to the REIT's incentive compensation plans and equity-based plans, including, without limitation, granting options and incentive units in accordance with any unit option plan or incentive plan, as applicable;</p> <ul style="list-style-type: none"> • Review succession planning for executive officers; and • Review annually the disclosure of executive compensation required by securities laws to be included in the REIT's management information circular. <p>The CG&N Committee also has the authority to retain independent legal, accounting and other consultants to advise it. The CG&N Committee may request that any Trustee, director, officer or employee of the REIT or any of its subsidiaries or controlled entities or outside consultants attend a meeting of the CG&N Committee or meet with any members of, or consultants to, the CG&N Committee.</p>
8. OTHER BOARD COMMITTEES	
<p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and their function.</p>	<p>The Declaration of Trust provides for the establishment of an Investment Committee, an Audit Committee and a compensation and governance committee. The Investment Committee must consist of not less than three Trustees, a majority of whom must be independent trustees. In addition, at least two-thirds of the members of the Investment Committee must have had at least five years substantial experience in the real estate industry. The Investment Committee is currently comprised of Messrs. Lebovic (Chair), Hofstedter and Rutman. A majority of the members of the Investment Committee are independent trustees. Mr. Lebovic is not standing for re-election at the Meeting. The Board will select a new member and Chair of the Investment Committee following the Meeting. The duties of the Investment Committee are to review all proposals regarding investments, to approve or reject proposed acquisitions and dispositions of investments by the REIT, to authorize proposed transactions on behalf of the REIT and to approve all borrowings and the assumption or granting of any mortgage or other security interest in real property (other than renewals of existing mortgages or security interests), including any assignment of rents and other monies derived from or related to real property (such approvals and authorizations, collectively, "Transactions"). The Investment Committee may approve the Transactions at meetings of the Investment Committee or by way of written resolution. Additionally, Transactions may instead be approved by the REIT's full Board. The Board has the authority to delegate to management the approval of certain Transactions under a specified financial threshold determined by the Board from time to time.</p> <p>Additional information regarding the Audit Committee, including the complete text of the committee's charter, is set forth in the REIT's Annual Information Form for the year ended December 31, 2020 in Schedule A and under the heading "Audit Committee Information" in this</p>

Guidelines	The REIT's Governance Practices
	Circular. A copy of the Annual Information Form may be found on SEDAR at www.sedar.com .
9. ASSESSMENTS	
<p>Disclose whether or not the board, its committees and individual trustees are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual trustees are performing effectively.</p>	<p>See item 6 above. The CG&N Committee is responsible for assessing on an annual basis the effectiveness of the Trustees as a whole, any committees of Trustees, and the Trustees on an individual basis (which would include a review of individual Trustee's attendance at meetings of Trustees and committees of Trustees), and providing any recommendation for change. Each Trustee is expected to complete an annual written evaluation which, among other things, compares the performance of the Trustees as a whole to the Trustees' Mandate, the performance of the committees to their respective charters and the performance of the Trustees to their expected competencies and skills. Results are compiled into a report on an anonymous basis in order to encourage full feedback, and for discussion with the CG&N Committee who will then take the necessary steps to ensure that individual Trustees are performing effectively.</p>
10. DIRECTOR TERM LIMITS AND OTHER MECHANISMS OF BOARD RENEWAL	
<p>Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.</p>	<p>The REIT has adopted term limits for any Trustee who joins the Board. Such Trustees may serve until any such Trustee has been serving for 10 years since his or her initial election, subject to the Board's ability to waive such limit. In addition, the REIT has adopted a retirement guideline, which provides that Trustees who were members of the Board prior to the 2016 REIT Meeting, other than Trustees that are also members of management, are expected to submit their resignations no later than the date of this year's Meeting, subject to the Board's ability to waive such requirement. In accordance with the retirement guideline, Messrs. Dickson and Lebovic are not standing for re-election at the Meeting. In order to balance continuity of the Board with renewal, the Board has waived the application of the retirement guideline for Mr. Rutman for a period of up to two years. See "Corporate Governance – Retirement Guideline and Term Limits" in this Circular.</p>
11. POLICIES REGARDING THE REPRESENTATION OF WOMEN ON THE BOARD	
<p>(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.</p>	<p>The REIT has adopted a written policy relating to the identification and nomination of women Trustees.</p>

Guidelines	The REIT's Governance Practices
<p>(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:</p> <ul style="list-style-type: none"> (i) a short summary of its objectives and key provisions; (ii) the measures taken to ensure that the policy has been effectively implemented; (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy; and (iv) annual and cumulative progress by the issuer in achieving the objectives of the policy. 	<p>See “Corporate Governance – Diversity” in this Circular for a short summary of the objectives and key provisions of the plan.</p>
<p>12. CONSIDERATION OF THE REPRESENTATION OF WOMEN IN THE DIRECTOR IDENTIFICATION AND SELECTION PROCESS</p>	
<p>Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or reelection to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.</p>	<p>See “Corporate Governance – Diversity” in this Circular.</p>
<p>13. CONSIDERATION GIVEN TO THE REPRESENTATION OF WOMEN IN EXECUTIVE OFFICER APPOINTMENTS</p>	
<p>Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	<p>See “Corporate Governance – Diversity” in this Circular for a description of how the REIT considers the level of representation of women in executive officer positions when making executive officer appointments.</p>
<p>14. ISSUER'S TARGETS REGARDING THE REPRESENTATION OF WOMEN ON THE BOARD AND IN EXECUTIVE OFFICER POSITIONS</p>	
<ul style="list-style-type: none"> (a) For purposes of this Item, a “target” means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date. (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so. (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so. (d) If the issuer has adopted a target referred to in either (b) or (c), disclose; (i) the target; and (ii) the annual and cumulative progress of the issuer in achieving the target. 	<p>See “Corporate Governance – Diversity” in this Circular.</p> <p>In furtherance of the REIT's goals regarding gender diversity on the Board, the REIT has adopted a target of achieving a Board composition in which women comprise at least 25% of the members of the Board by the end of this year's Meeting. The REIT has achieved this proportion ahead of the targeted time, as currently 25% (two of eight) of the Trustees are women, and if all of the individuals nominated as a Trustee under the heading “Matters to be Acted Upon by Unitholders – Election of Trustees” are elected at the Meeting, 30% (three of ten) of the Trustees will be women, achieving the 30% Canada Club's aim for better gender balance at the Board level.</p> <p>The REIT will continue to strive to identify the best candidates to join the Board, with a focus on increasing gender diversity at the Board level.</p> <p>The REIT has not established targets regarding the representation of women in executive officer positions. The</p>

Guidelines	The REIT's Governance Practices
	REIT monitors the level of representation of women in senior management positions and focuses on the diversity of its workforce while hiring and promoting the best candidates for senior management roles.
15. ISSUER'S TARGETS REGARDING THE REPRESENTATION OF WOMEN ON THE BOARD AND IN EXECUTIVE OFFICER POSITIONS	
<ul style="list-style-type: none"> (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women; and (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women. 	See "Corporate Governance – Diversity" in this Circular.

SCHEDULE B
H&R REAL ESTATE INVESTMENT TRUST
DESCRIPTION OF LONG-TERM INCENTIVE PLANS

Incentive Unit Plan

Under the Incentive Unit Plan, certain trustees, officers, employees and consultants of the REIT and related entities of the REIT, and such other persons that are designated to be eligible to participate in the Incentive Unit Plan who spend a significant amount of time and attention on the affairs and business of the REIT and related entities of the REIT (collectively, “**Participants**”) may be granted at the discretion of the trustees (“**Trustees**”) of the REIT, the right to receive incentive units (“**Incentive Units**”) with each Incentive Unit consisting of either a performance unit (representing the right to receive one Unit or the market value thereof) (“**PSU**”) or a restricted unit (representing the right to receive one Unit or the market value thereof) (“**RSU**”), each a “**Grant**”. Incentive Units vest either after the attainment of certain performance conditions (in the case of PSUs) or after a continuous period of employment (in the case of RSUs). The specific vesting conditions for each Incentive Unit shall be determined by the Trustees. Up to 5,000,000 Units may be issued in connection with the Incentive Unit Plan.

No one Participant may receive any Grant which, together with all Grants then held by such Participant would permit such Participant to be issued a number of Units which is greater than 1% of the total outstanding Units which as of December 31, 2020 is 2,868,631 Units. The number of Units issuable to Insiders (as such term is defined in the Incentive Unit Plan) of the REIT at any time, under all security based compensation arrangements of the REIT (including the Unit Option Plan), shall not exceed 10% of the total outstanding Units, and the number of Units issued to Insiders, within any one year period, under all security based compensation arrangements of the REIT shall not exceed 10% of the total outstanding Units which as of December 31, 2020 is 28,686,308 Units. In addition, the total number of Units issuable to each of the Trustees who are not employees or officers of the REIT or any related entity of the REIT (“**Non-Executive Trustees**”), under all security based compensation arrangements of the REIT, shall not exceed 1% of the total outstanding Units which as of December 31, 2020 is 2,868,631 Units, and the value of Incentive Units or other units or stock options granted to any one Non-Executive Trustee within each calendar year, under all security based compensation arrangements of the REIT, shall not exceed \$100,000.

Subject to the terms of the Incentive Unit Plan, Incentive Units shall be settled upon or as soon as practicable after their vesting. The settlement will be in cash, Units issued by the REIT, or any combination thereof, as determined by the Trustees. Settlement of Incentive Units in Units shall be made by delivery by the Trustees of one Unit issued by the REIT for each such whole Incentive Unit then being settled. Settlement of Incentive Units in cash shall generally be made by payment to the Participant of an aggregate amount equal to the product of the market price of a Unit on the applicable settlement date specified by the Trustees multiplied by the number of Incentive Units then being settled. The “market price” in respect of Units generally means the average of the daily average of the high and low board lot trading prices of Units on the TSX for the five consecutive trading days immediately preceding such date. Fractional Incentive Units shall be settled by way of a cash payment determined on the basis set out above.

Vesting conditions in respect of a Grant are determined by the Trustees and may result in the vesting of more or less than 100% of the number of Incentive Units included in a Grant at the time the Grant is made. A Grant agreement relating to a Grant of Incentive Units may, but need not, provide for the accrual of distribution equivalent amounts for the account of the Participant or the payment of cash distribution equivalents to a Participant with respect to cash distributions paid in the ordinary course to Unitholders in respect of outstanding Units. In the event of a “Change in Control” (as defined below) prior to the end of the vesting period relating to a Grant, and subject to the terms of a Participant’s written employment agreement with the REIT or any related entity of the REIT and the Grant agreement in respect of the Grant, the Trustees may determine, in their sole discretion, that all Incentive Units that have not previously vested shall become vested Incentive Units on the effective date of the Change in Control, as provided in the Incentive Unit Plan.

A “Change of Control” for the purposes of the Incentive Unit Plan means: (a) the issuance to, or acquisition by any person, or group of persons acting in concert, directly or indirectly, including through an arrangement or other form of reorganization, of Units which in the aggregate carry 50.1% or more of the total voting rights under all of the then issued and outstanding Units, (b) the sale of all or substantially all of the assets of the REIT or (c) an event that the Trustees determine to be a Change in Control for the purposes of the Incentive Unit Plan.

The Trustees shall determine the terms and conditions of Grants granted to any Participant, including, without limitation: the type of Incentive Unit, the number of RSUs or PSUs subject to a Grant, the vesting period(s) applicable to a Grant, the conditions to the vesting of any Incentive Units, any multiplier that may apply to Incentive Units subject to a Grant in connection with the achievement of vesting conditions, the performance period for PSUs and the conditions, if any, upon

which vesting of any Incentive Unit will be waived or accelerated without any further action by the Trustees, the circumstances upon which an Incentive Unit shall be forfeited, cancelled or expire, the consequences of termination with respect to an Incentive Unit, the manner and time of exercise or settlement of vested Incentive Units, whether and the terms upon which any Units delivered upon exercise or settlement of an Incentive Unit must continue to be held by a Participant for any specified period and whether and the extent to which any performance conditions or other criteria applicable to the vesting of an Incentive Unit have been satisfied or shall be waived or modified. The number of Incentive Units to be covered by each Grant shall be determined by dividing the dollar amount allocated to a Participant for such Grant by the market price of a Unit as at the specified valuation date for such Grant, rounded up to the next whole number.

Subject to the terms of the relevant Participant's employment agreement, in the event that a Participant's employment is terminated without cause or the Participant dies or experiences certain disability events prior to the vesting date of any Grant, such Participant's Incentive Units will thereupon become vested in an amount equal to:

- (a) in the case of RSUs, the product of: (i) total number of RSUs relating to such Grant that have not previously vested and distribution equivalent RSUs in respect of such RSUs, multiplied by (ii) a fraction, the numerator of which is the total number of months between (A) the first day of the vesting period relating to such Grant, or if the RSUs are subject to more than one vesting date during the vesting period, the most recent vesting date of RSUs included in such Grant that precedes the Participant's date of termination, date of death or date of disability, as the case may be, and (B) the Participant's date of termination, date of death or date of disability, as the case may be (rounded up to the nearest whole number of months), and the denominator of which is the total number of months in the relevant vesting period (rounded up to the nearest whole number of months); and
- (b) in the case of PSUs, the product of: (i) the total number of PSUs relating to such Grant that have not previously vested and distribution equivalent PSUs in respect of such PSUs that would have vested assuming the Participant was Employed (as such term is defined in the Incentive Unit Plan) by the REIT or any related entity of the REIT until the end of the applicable vesting period (and, for greater certainty, taking into account the extent to which the performance conditions applicable to such Grant of PSUs were achieved), multiplied by (ii) a fraction, the numerator of which is the total number of months between (A) the first day of the vesting period relating to such Grant, or if the PSUs are subject to more than one vesting date during the vesting period, the most recent vesting date of PSUs included in such Grant that precedes the Participant's date of termination, date of death or date of disability, as the case may be, and (B) the Participant's date of termination, date of death or date of disability, as the case may be (rounded up to the nearest whole number of months), and the denominator of which is the total number of months in the relevant vesting period (rounded up to the nearest whole number of months).

Subject to the terms of a Participant's written employment agreement, in the event a Participant's employment is terminated for cause or if the Participant resigns, no Incentive Units which have not vested and settled prior to the date of the Participant's termination or resignation, as the case may be, including distribution equivalent Incentive Units in respect of such Incentive Units, shall vest, and all such Incentive Units shall be forfeited immediately.

A Trustee's unvested Incentive Units shall automatically vest in the circumstance where a Trustee ceases to be a Trustee prior to the vesting of such Incentive Units. The board of trustees of the REIT believe that this promotes good governance, as it would facilitate the orderly retirement of Trustees, who will no longer have to consider giving up unvested compensation in order to retire.

A Participant may assign his or her Incentive Units to specified permitted assigns, including, but not limited to, trustee, custodian, or administrator acting on behalf of, or for the benefit of the Participant, a holding entity of the Participant, an RRSP or a RRIF of the person and a spouse of the Participant. Subject to the requirements of applicable law, a Participant may designate a beneficiary, in writing, to receive any benefits that are payable under the Incentive Unit Plan upon the death of such Participant. The Participant may, subject to Applicable Law (as such term is defined in the Incentive Unit Plan), change such designation from time to time.

The Incentive Unit Plan and any Grants made pursuant thereto may be amended, modified or terminated by the Trustees without approval of Unitholders. Such changes could include, without limitation, minor changes of a “housekeeping nature” and accelerating the vesting of a Grant. Notwithstanding the foregoing, the Incentive Unit Plan or any Grant may not be amended without Unitholder approval to: (a) increase the number of Units issuable on settlement of outstanding Incentive Units at any time; (b) permit a Participant to transfer or assign Incentive Units to a new beneficial holder other than as set forth in certain specified circumstances; (c) increase the number of Units that may be issued or issuable to insiders above the restrictions previously outlined; (d) extend the term of an Incentive Unit or any rights pursuant thereto held by an insider beyond its original vesting date; (e) increase the number of Units issuable to Non-Executive Trustees, or the value of Incentive Units or other units or stock options granted to any one Non-Executive Trustee within each calendar year, above certain restrictions specified in the Incentive Unit Plan; (f) add additional categories of Participants; or (g) amend the amendment provisions of the Incentive Unit Plan.

In the event that (i) the interim or annual financial statements of the REIT are required to be restated and such restatement discloses materially poorer financial results than the original statements; (ii) in the opinion of CG&N Committee, acting reasonably, there has been material injury to the REIT’s reputation or business relationships; (iii) the Participant engaged in gross negligence, intentional misconduct or fraud that caused or partially caused an event as stated in (i) or (ii) (an “**Adverse Event**”) and (iv) the value of a Participant’s Incentive Units or Units deliverable to the Participant under the Incentive Unit Plan was higher immediately before the Adverse Event occurred than immediately after such event, the CG&N Committee may, in its sole discretion, either require the Participant to pay to the REIT the fair market value of Units delivered to the Participant to the extent the value of the Units was greater than it would have been had the Adverse Event not occurred, or reduce the number of Incentive Units that would otherwise vest in the Participant or the number of Units that would otherwise be deliverable to the Participant had such Adverse Event not occurred. Further, if a Participant in the Incentive Unit Plan is terminated by the REIT for cause, or the Participant voluntarily terminates their employment with the REIT during a period in which Incentive Units previously granted are to vest, no portion of the Incentive Units granted will vest and the Participant shall receive no payment or other compensation in respect of such Incentive Units or loss thereof.

Unit Option Plan

The number of options granted to an executive officer, and the timing of such grants, is generally based on the recommendations of the CG&N Committee following discussion with the Chief Executive Officer and Chief Financial Officer of the REIT and after taking into account the terms of and number of options previously granted and the factors discussed above. See “Long-Term Incentives”.

Participation in the Unit Option Plan is restricted to “eligible persons”, being the independent trustees, officers and employees of the REIT or any subsidiary (“**eligible individuals**”), and personal holding companies or family trusts of such persons and/or their spouses, children and grandchildren (“**permitted assigns**”). The options issued pursuant to the Unit Option Plan have a maximum term of 10 years and are non-assignable, except by an eligible individual to his or her permitted assign upon prior notice to the REIT and approval by the Trustees. If the term of an option would otherwise expire during or within 10 business days of the expiration of a blackout period applicable to the holder of such option, then the term of such option shall be extended to the close of the tenth business day following the expiration of such blackout period. The options are exercisable at a price not less than the market price of the Units at the time of grant, or in accordance with a Cashless Exercise. For the purposes of exercises, the “market price” is the average of the daily average of the high and low board lot trading prices of the Units on the TSX for the five consecutive trading days immediately preceding such date (or, if such Units are not then listed and posted for trading on the TSX, on such stock exchange in Canada on which such Units are listed and posted for trading as may be selected for such purpose by the Trustees); and in the event that such Units did not trade on such trading day, the market price is the average of the bid and ask prices in respect of such Units at the close of trading on such trading day; and in the event that such Units are not listed and posted for trading on any stock exchange, the market price is the fair market value of such Units as determined by the Trustees in their sole discretion. Unless the Trustees determine otherwise, the options are exercisable in respect of 33⅓% of the Units subject to such options after each anniversary of the granting of such options.

In accordance with the cashless exercise features of the Unit Option Plan, holders of options can exercise their vested options and in return, the REIT will deliver the number of Units to such holder equal to the value of the in-the-money portion (i.e., the “market price” less the exercise price of the respective options). A full deduction of the number of underlying securities from the Unit Option Plan’s reserve is made when an option is exercised pursuant to a cashless exercise. Each named executive officer or Trustee who exercises an option pursuant to a cashless exercise must hold 75% of the Units received upon such exercise for one year following such exercise. See “Corporate Governance – Retention and Clawback Policies” above.

The total number of Units reserved for issuance to Non-Executive Trustees pursuant to options shall not exceed 1% of the then issued and outstanding Units which as of December 31, 2020 is 2,868,631 Units and the value of options granted to any one Non-Executive Trustee (as such term is defined in the Unit Option Plan), together with any Units reserved for issuance under any other unit compensation arrangement, in any one calendar year shall not exceed \$100,000.

The number of Units issuable pursuant to all options granted to any one optionee under the Unit Option Plan, together with any Units reserved for issuance to such optionee under any other unit compensation arrangement, cannot exceed 5% of the Units outstanding at the date of the grant of the option which as of December 31, 2020 is 14,343,154 Units. Further, except with the approval of the Unitholders, no options can be granted under the Unit Option Plan to an optionee if such grant could result, at any time, in: (i) the number of Units issuable to insiders pursuant to options granted under the Unit Option Plan and under all other unit compensation arrangements exceeding 10% of the number of Units then issued and outstanding; (ii) the issuance of Units to insiders of the REIT within a one-year period, exceeding 10% of the number of Units then issued and outstanding; or (iii) the issuance of Units to any one insider and such insider's associates, within a one-year period, exceeding 5% of the number of Units then issued and outstanding.

Unless otherwise provided for in an agreement between the REIT and an optionee and any express resolution of the Trustees, an option and all rights to purchase Units pursuant thereto expire immediately upon such optionee ceasing to be an eligible person. In the event of an optionee's death, the optionee's legal representative may exercise the unexercised balance of the options at any time prior to the period of time specified in the applicable option agreement, but only to the same extent to which the deceased could have exercised the option immediately before the date of death.

The Unit Option Plan's amendment provisions require the approval of Trustees, Unitholders and the TSX for the following changes thereto or options granted under it: (a) increasing the number of Units issuable pursuant to the Unit Option Plan; (b) making any amendment that would reduce the exercise price of an outstanding option (including the cancellation and re-issuance of an option constituting a reduction of the exercise price); (c) extending the original term of any outstanding option; (d) amending the Unit Option Plan to provide for other types of security-based compensation through equity issuances; (e) increasing or deleting the percentage limits relating to Units issuable or issued to insiders or Non-Executive Trustees of the REIT; (f) increasing or deleting the percentage limit on Units reserved for issuance to any one person; (g) which would permit options granted to be transferable or assignable other than for normal estate settlement purposes; (h) expanding the definition of "eligible persons" in the Unit Option Plan; (i) adding of a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the Unit Option Plan's reserve; and (j) amending the amendment requirements. The amendment provisions further provide that the Trustees may, without the approval of Unitholders, but subject to any requisite approval of the TSX, make all other amendments to the Unit Option Plan that are not contemplated above, including without limitation: (w) amendments of a housekeeping nature; (x) a change in the vesting provisions of an option or the Unit Option Plan; (y) a change to the termination provisions of an option or the Unit Option Plan which does not entail an extension beyond the original expiry date (as may be extended as result of any blackout period); and (z) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Unit Option Plan's reserve.

SCHEDULE C
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 delegated those of their powers to committees of Trustees as set out in committee mandates and charters. 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, Governance and Nominating Committee (“**CG&N Committee**”), all as more particularly described in the Declaration of Trust and in committee mandates and charters.

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 CG&N Committee;
- (d) ensure that adequate provision has been made to train and develop management and for the orderly succession of management, including the CEO;
- (e) approve changes in compensation of all other members of executive management, following review of such compensation by the CG&N Committee, unless otherwise delegated to the CG&N Committee; and
- (f) grant options to purchase Trust units under any unit option plan and incentive units under any incentive unit plan approved by the Trustees, unless otherwise delegated to the CG&N Committee.

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

- (g) determine CEO and CFO compensation, following review of such compensation by the CG&N Committee;
- (h) 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; and
- (i) such other matters as required to be approved by the independent Trustees under the Declaration of Trust.

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 policies, 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:

- (a) ensuring the REIT has in place policies to enable the REIT to communicate effectively with its unitholders, other stakeholders and the public generally;
- (b) reviewing and approving all material disclosure documents of the REIT prior to dissemination or distribution in a timely manner;
- (c) ensuring the timely reporting of any developments that have a significant and material impact on the value of the REIT; and
- (d) 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 CG&N 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, following review of such matter by the CG&N Committee;

- (f) approving new nominees as Trustees, following review of such matter by the Nominating Committee; 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 CG&N 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 shall 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 the REIT's 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 CG&N 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 meeting of the board of Trustees, including regular meetings and special meetings.

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 3, 2019.

SCHEDULE D
RESOLUTION APPROVING AMENDED AND RESTATED UNITHOLDER RIGHTS PLAN

WHEREAS it is desirable that the unitholder rights plan agreement made as of August 31, 2018 between the trustees of H&R Real Estate Investment Trust (the “**REIT**”) and AST Trust Company (Canada), as rights agent, (the “**Rights Agent**”) be amended and restated and continue to exist, as amended and restated, all as more particularly described under “Matters to be Acted Upon by Unitholders – Renewal and Amendment of Unitholder Rights Plan”, in the management information circular of the REIT dated May 7, 2021;

NOW THEREFORE BE IT RESOLVED THAT:

1. the amended and restated unitholder rights plan agreement to be made as of or about June 29, 2021 between the trustees of the REIT and the Rights Agent be and the same is hereby approved and adopted in all respects by the holders of the units of the REIT; and
2. any trustee or officer of the REIT is authorized to execute or cause to be executed on behalf of the REIT and the trustees of the REIT or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, or cause to be done all such other acts and things as such trustee or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolution and the matter authorized thereby, such determination to be conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE E SUMMARY OF THE UNITHOLDER RIGHTS PLAN

The following is a summary of the principal terms of the Final 2018 Rights Plan, as amended by the Proposed Rights Plan (collectively referred to hereon as the “**Rights Plan**”). This summary of the Rights Plan is qualified in its entirety by reference to the text of the Final 2018 Rights Plan available at www.sedar.com and the text of the Rights Plan, which is available on the REIT’s website at www.hr-reit.com. Certain capitalized terms used by not defined herein shall have the meaning ascribed to them in the Circular, but such definitions have also been summarized and reference should be made to the full text of the definitions in the Rights Plan.

The below summary of the Rights Plan reflects the proposed amendments described under the heading “Renewal and Amendment of Unitholder Rights Plan” in this Circular. The following are the proposed amendments to the Rights Plan (as described in under the heading “Renewal and Amendment of Unitholder Rights Plan”):

- amendments to include a definition of “**Convertible Securities**”, being securities issued by the REIT that permit the holder thereof to acquire Units or other securities convertible or exchangeable for Units, directly or indirectly, and clarify the application of the Proposed Rights Plan to such Convertible Securities;
- amendments to clarify the definition of “Exempt Acquisitions” to ensure that it is in line with current market practice, including ensuring that a temporary step in an acquisition transaction by the REIT and business transactions requiring Unitholder approval are considered exempt, and amendments to clarify the definition of “Pro Rata Acquisitions”, to ensure the latter is limited to *pro rata* acquisitions of Units and/or Convertible Securities and similar transactions;
- amendments to the definition of Expiration Time and the related Unitholder review requirements in section 6.16 of the Final 2018 Rights Plan. These amendments are intended to provide that the Proposed Rights Plan will terminate at the annual meeting of Unitholders and Special Voting Unitholders in 2024, the year that is three years from this Meeting (i.e. the year in which the Proposed Rights Plan may be approved by Unitholders and Special Voting Unitholders); and
- certain other amendments of a non-substantive, technical and administrative nature to provide for greater clarity and consistency.

Effective Date. The Rights Plan is effective as of August 31, 2018, the date the Final 2018 Rights Plan was implemented following the “Event of Uncoupling”, through the amendment and restatement of the Initial 2018 Rights Plan which was approved by Unitholders and the “Independent Unitholders” (as hereinafter defined). The Proposed Rights Plan will take effect upon approval by Unitholders, Special Voting Unitholders and the “Independent Unitholders” at the Meeting.

Term. If the Rights Plan Resolution is approved by Unitholders, Special Voting Unitholders and Independent Unitholders at the Meeting, the Proposed Rights Plan will terminate at the termination of the annual meeting of the REIT in 2024 (the “**2024 Meeting**”), unless earlier terminated (the “**Expiration Time**”) or the continued existence of Proposed Rights Plan is approved for a further three years in accordance with the terms of the Proposed Rights Plan. The Proposed Rights Plan will amend and restate the Final 2018 Rights Plan. If the Rights Plan Resolution is not approved by Unitholders, Special Voting Unitholders and Independent Unitholders at the Meeting, the Final 2018 Rights Plan will terminate at the termination of the Meeting.

Issue of Rights. One right (a “**Right**”) was issued by the REIT in respect of each Unit outstanding immediately in connection with the plan of arrangement implemented on August 31, 2018 and one Right was issued and will continue to be issued for each Unit issued after such date and prior to the earlier of the “Separation Time” (as hereinafter defined) and the Expiration Time. The Rights Plan reconfirms the Rights and the REIT’s authority to continue issuing one new Right for each Unit issued. The initial exercise price of the Rights is \$100 (the “**Exercise Price**”), subject to appropriate anti-dilution adjustments.

The issue of the Rights is not initially dilutive. Upon a “Flip-in Event” (as hereinafter defined) occurring and the Rights separating from the attached Units, reported earnings per Unit on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Rights Exercise Privilege. The Rights will separate from the Units to which they are attached and will become exercisable at the time (the “**Separation Time**”) that is: (i) the close of business on the eighth trading day after the earliest of (A) the date of the first public announcement by the REIT or an “Acquiring Person” (as hereinafter defined) of facts indicating that a person has become an Acquiring Person (the “**Unit Acquisition Date**”), (B) the date of the commencement of or first public announcement of the intent of any person to commence a take-over bid other than a “Permitted Bid” (as hereinafter

defined) or a “Competing Permitted Bid” (as hereinafter defined), and (C) the date upon which a Permitted Bid ceases to be such; or (ii) such later date as may be determined by the Trustees acting in good faith. From and after the Separation Time and prior to the Expiration Time, each Right (other than those held by the Acquiring Person) will permit the holder to purchase Units with a total market value equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (i.e., at a 50% discount). Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the Unit Acquisition Date will become null and void upon the occurrence of a Flip-in Event.

Acquiring Person. The acquisition by a person (an “**Acquiring Person**”) of 20% or more of the outstanding Units (including Units held by affiliates and associates of such person and persons acting jointly or in concert with such person), other than the REIT and any of its subsidiaries, underwriters or members of banking or selling groups acting in connection with a distribution of securities by way of a prospectus or private placement or by way of a Permitted Bid or other certain limited circumstances and exempt transactions described in the Rights Plan, is referred to as a “**Flip-in Event**”. Exempt transactions include: (i) acquisitions or redemptions by the REIT which reduces the outstanding number of Units, (ii) specified acquisitions (including pursuant to a distribution reinvestment plan, a temporary step in an acquisition transaction by the REIT, specified prospectus and private placement offerings, business transactions requiring Unitholder approval and acquisitions in which the Board has waived the application of the Rights Plan under permitted circumstances, (iii) acquisitions as a result of a Unit split, distribution or other action by the REIT resulting in an issuance to all similar holders on a *pro rata* basis, and (iv) acquisitions of Units upon the exercise or exchange of Convertible Securities acquired pursuant to one of the foregoing transactions.

A person is not deemed to beneficially own Units deposited or tendered pursuant to a permitted lock-up agreement or otherwise deposited or tendered pursuant to any take-over bid made by such person, such person’s affiliates and associates or persons acting jointly or in concert with such person, until such deposited or tendered Units have been either taken up or paid for.

Certificates and Transferability. Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Units. Prior to the Separation Time, Rights will not be transferable separately from the attached Units. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Units.

Permitted Bid Requirements. The requirements of a Permitted Bid include the following:

- (i) the take-over bid must be made by means of a take-over bid circular;
- (ii) the take-over bid must be made to all holders of Units, other than the bidder;
- (iii) the take-over bid must contain, and the take-up and payment for securities tendered or deposited thereunder must be subject to, irrevocable and unqualified conditions that (A) no Units and/or Convertible Securities shall be taken up or paid for pursuant to the take-over bid prior to the close of business on the date that is no earlier than the earlier of (1) the date 105 days following the date of the take-over bid and (2) the last day of the initial deposit period that the offeror must allow securities to be deposited under the take-over bid pursuant to NI 62-104; and (B) no Units and/or Convertible Securities shall be taken up or paid for pursuant to the take-over bid unless, at the date referred to in (A) above, more than 50% of the Units held by Independent Unitholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
- (iv) the take-over bid contains an irrevocable and unqualified provision that, unless the take-over bid is withdrawn, Units and/or Convertible Securities may be deposited pursuant to such take-over bid at any time prior to the close of business on the date of first take-up or payment for Units and/or Convertible Securities and that any Units and/or Convertible Securities deposited pursuant to the take-over bid may be withdrawn until taken up and paid for; and
- (v) the take-over bid must contain an irrevocable and unqualified provision that if, on the date on which Units and/or Convertible Securities may be taken up or paid for, more than 50% of the Units held by Independent Unitholders have been deposited or tendered pursuant to the take-over bid and not withdrawn, the bidder will make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of Units and/or Convertible Securities for not less than 10 business days from the date of such public announcement.

The Rights Plan defines “**Independent Unitholders**” as being holders of Units other than any Acquiring Person or the bidder, affiliates or associates of any Acquiring Person or the bidder, persons acting jointly or in concert with any Acquiring Person or the bidder and any employee benefit plan, Unit purchase plan, deferred profit sharing plan and any other similar plan or trust for the benefit of employees of the REIT or a subsidiary of the REIT, unless the beneficiaries of such plan or trust direct the manner in which the Units are to be voted or direct whether the Units are to be tendered pursuant to a take-over bid.

The Rights Plan provides for measures when a competing take-over bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid or another Competing Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except for the minimum deposit period in respect of which the competing take-over bid must contain, and the take-up and payment for securities tendered or deposited thereunder must be subject to, irrevocable and unqualified conditions that no Units and/or Convertible Securities will be taken up or paid for pursuant to the competing take-over bid prior to the close of business on the last day of the minimum initial deposit period that such take-over bid must remain open for deposits of securities thereunder pursuant to NI 62-104 after the date of the take-over bid constituting the Competing Permitted Bid.

Redemption. The Trustees acting in good faith may, with the prior consent of the Unitholders or the holders of Rights, as the case may be, at any time prior to the occurrence of a Flip-in Event, determine to redeem all, but not less than all, of the outstanding Rights at a redemption price of \$0.0001 per Right, subject to appropriate anti-dilution adjustments.

Waiver. The Trustees acting in good faith may, with the prior consent of the Unitholders or the holders of Rights, as the case may be, determine, at any time prior to the occurrence of a Flip-in Event that may occur by reason of an acquisition of Units otherwise than pursuant to a take-over bid made by means of a take-over bid circular to all holders of record of Units and otherwise than in the circumstances set forth in the following paragraph, to waive the application of the Flip-in Event provisions to such Flip-in Event.

The Trustees acting in good faith may determine, at any time prior to the occurrence of a Flip-in Event that may occur by reason of a take-over bid made by take-over bid circular sent to all holders of record of Units, to waive the application of the Flip-in Event provisions to such Flip-in Event, provided that if the Trustees do so, they shall be deemed to have waived the application of the Flip-in Event provisions to any other Flip-in Event occurring by reason of any take-over bid made by take-over bid circular to all holders of record of Units which is made prior to the expiry of any take-over bid (as the same may be extended from time to time) in respect of which such waiver is, or is deemed to have been, granted.

The Trustees acting in good faith may also waive the application of the Flip-in Event provisions to a Flip-in Event where the Acquiring Person became such by inadvertence if at the time of waiver the person is no longer an Acquiring Person.

Ownership Exemptions. The Rights Plan includes clear exemptions for investment managers, trust companies, statutory bodies, pension fund administrators and Crown agents designed to prevent the occurrence of a Flip-in Event solely by virtue of the customary activities of such persons, so long as any such person does not propose to make a take-over bid either alone or jointly with others.

Supplement and Amendments. The REIT may make amendments to the Rights Plan to (i) correct any clerical or typographical error, (ii) maintain the validity of the Rights Plan as a result of changes in law or regulation or (iii) provided that such action would not materially adversely affect the interests of the holders of Rights generally, make any changes which the Trustees acting in good faith deem necessary or desirable. In the case of (ii) or (iii), such amendments are effective, but subject to the subsequent consent of the Independent Unitholders or holders of Rights, as the case may be.

The REIT may, with the prior consent of the Independent Unitholders expressed by majority vote, at any time before the Separation Time or, if after the Separation Time, with the prior consent of holders of Rights expressed by majority vote, amend, vary, rescind or delete any provision of the Rights Plan and the Rights (whether or not such action would materially adversely affect the interests of holders of Rights generally).

Certain amendments require the consent of AST Trust Company (Canada), as rights agent under the Rights Plan, and any amendment made by the REIT to the Rights Plan by supplement or otherwise shall be subject to the prior approval of any governmental or regulatory authority having jurisdiction over the REIT, including without limitation any requisite approval of stock exchanges on which the Units are listed.

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