2021

SUSTAINABILITY SUPPLEMENT

GRI and SASB Indicators

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1.0 INTRODUCTION

H&R REIT (H&R) is publishing its third annual Sustainability Supplement, reflecting 2021 performance.

Brightly Software (Previously Energy Profiles Limited) has tracked and reported on utility use and emissions for the majority of H&R's office properties since 2013. H&R has been reporting to the Carbon Disclosure Project (CDP) since 2016, reflecting 2015 performance onwards.

H&R is reporting on select Global Reporting Initiative (GRI) indicators, as well as select Sustainability Accounting Standards Board (SASB) indicators.

For the 2021 reporting period, H&R updated their reporting boundary to follow the 'Operational Control' approach, as defined by the GHG Protocol, to align with recent industry trends and the latest reporting guidance for real estate organizations. Under the operational control approach, 100% of emissions are reported from operations in which it or one of its subsidiaries have operational control. Previously, H&R reported their equity share of emissions at partially owned properties under the financial control approach.

1.1 CDP 2021 HIGHLIGHTS (2020 PERFORMANCE)

2

H&R REIT scored second among 11 Canadian REITs.

10.3%

Reduction in total market-based emissions in 2020 vs. 2019 (CDP 2021 Reporting).

67%

Data coverage increased from 22% in 2018 to 65% in 2020 with coverage of 67% for 2021 (CDP 2022).

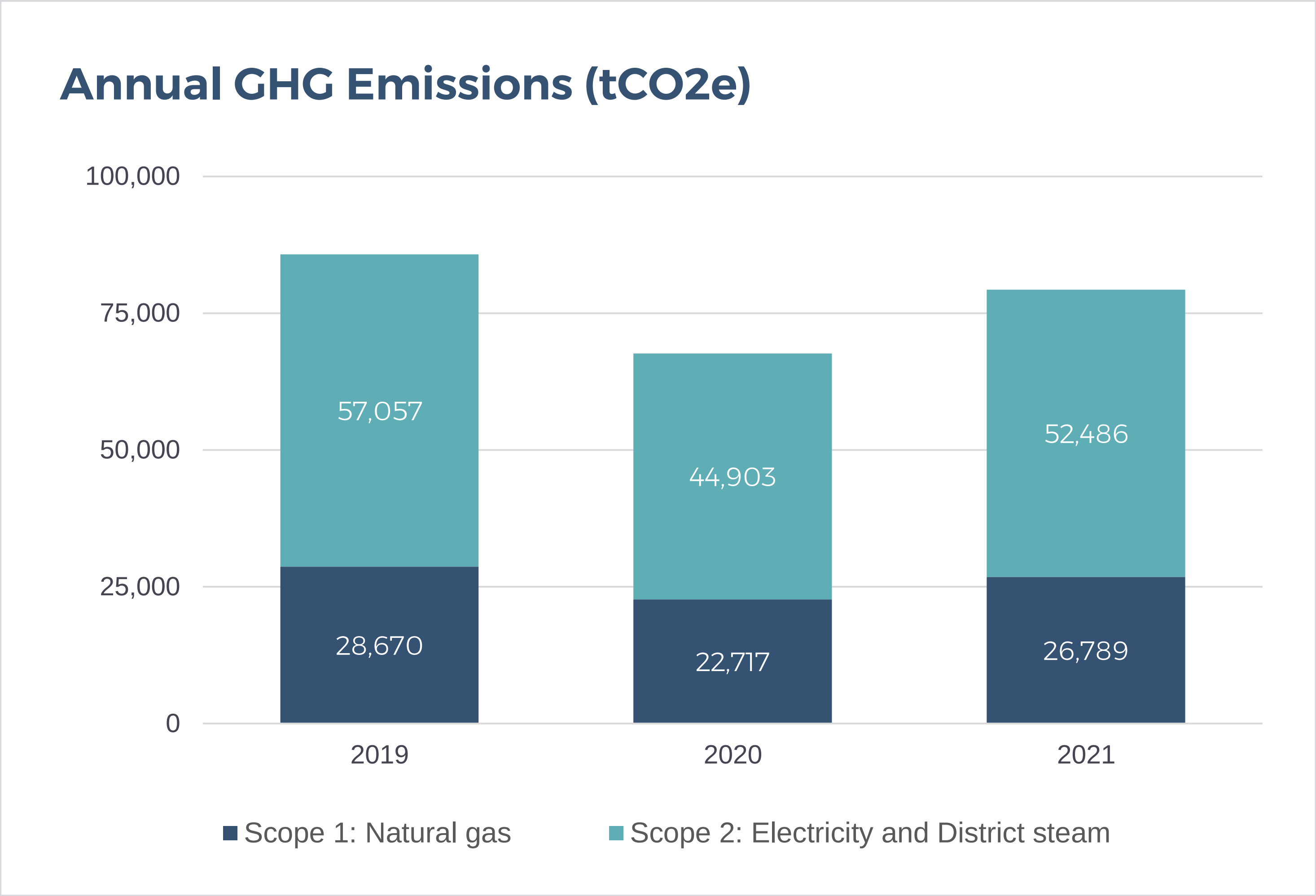
CDP submissions up to and including 2022 (2021 data) were prepared using H&R's previous organizational boundary approach, under which H&R reported their equity share of partially owned properties. Following the reporting boundary updates, H&R will be requesting an amendment to the 2022 CDP submission to supply 2021 data under the operational control approach.

Any changes to 2021 data resulting from the updated control boundary are noted below.

The following figure shows 2020 vs. 2019 direct – natural gas combustion (Scope 1) emissions and indirect – electricity and district steam (Scope 2) emissions Greenhouse Gas (GHG) emissions reported to CDP, along with values for the 2021 reporting period.

Values for 2021 (CDP 2022 submission) have been updated following the organization boundary change to reflect operational control. Under the previous organizational boundary, 2021 scope 1 and 2 emissions were 23,784 tCO2e and 48,675 tCO2e, respectively.

H&R has engaged KPMG LLP (KPMG) to provide limited assurance over selected Scope 1 and 2 data for GHG emissions in this report for the year ended December 31, 2021. The scope of KPMG's engagement and their assurance report can be found in the Appendix.



*Reported prior to the change in organizational boundary

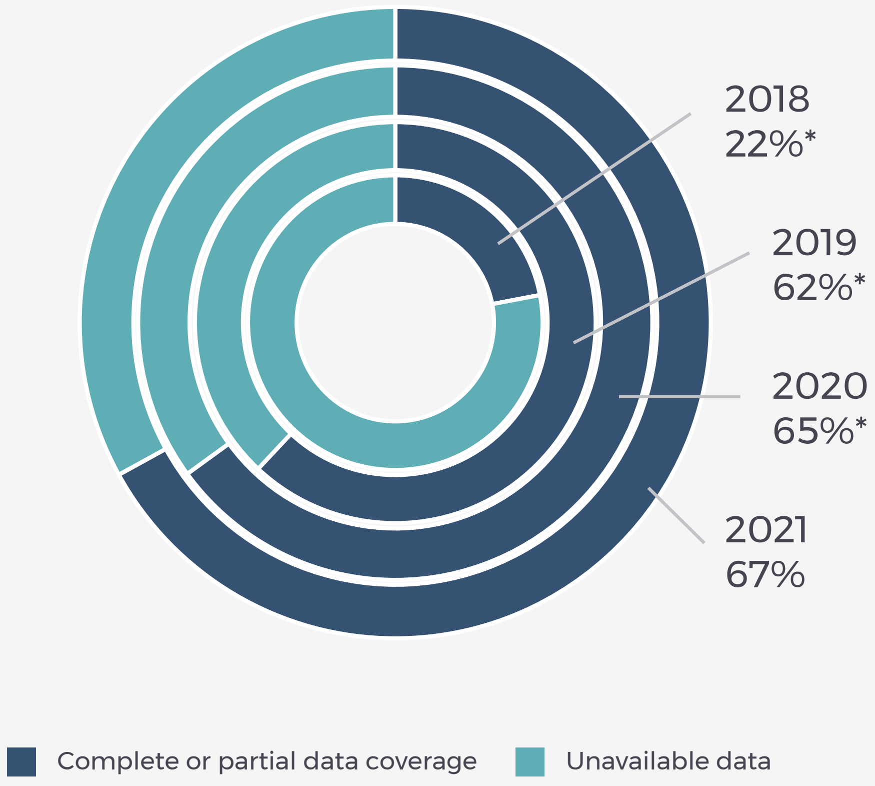
In 2020 H&R scored better than all but one of 11 Canadian REITs in 2021 CDP Reporting. To further illustrate progress, H&R achieved a 10.3% reduction in 2020 market-based emissions compared to 2019 (65% of the portfolio's gross leasable area, "GLA"). Properties directly managed by H&R and tracked on H&R Utility Tracker (approximately 22% of H&R's portfolio by GLA) achieved a 12.1% reduction in normalized emissions intensity (2020 vs. 2019).

In 2020, H&R expanded their reporting boundary to report utility consumption and emissions wherever H&R has control over utility use and/or has access to utility data. The result was an increase in data coverage[1] from 22% of 2018 usage (CDP 2019 Reporting) to 62% of 2019 usage (CDP 2020 Reporting), and 65% of 2020 usage (CDP 2021 Reporting).

As a direct result of the change in organizational boundary outlined above, 2021 data coverage was reduced from what would have been 71% under the historical consolidation approach, to 67% under operational control.

The figure illustrates H&R REIT's utility data coverage from 2018 to present.

H&R REIT Utility Data Coverage



*Reported prior to the change in organizational boundary

*Data coverage excludes H&R's minority interest in ECHO Realty LP which consists of 236 properties as of November 30, 2021

1. Complete or partial, as per SASB definitions.

1.2 GLOBAL REPORTING INITIATIVE (GRI) – DISCLOSURE APPROACH

The GRI standards are widely recognized and adopted standards for sustainability reporting globally. H&R has adopted the GRI to serve as a framework in keeping with industry best practices and to track and report on progress going forward.

GRI indicators can be disclosed in three ways:

- In accordance with GRI Standards: Core Level
- In accordance with GRI Standards: Comprehensive Level
- Using selected Standards with a GRI-referenced claim

In order to claim that reporting is 'in accordance with GRI Standards', mandatory requirements and disclosures specified in the GRI Standards must be met. H&R has opted to report 'using selected Standards with a GRI-refenced claim'.

1.3 SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) – DISCLOSURE APPROACH

The SASB Foundation is a not-for-profit, independent standards-setting organization. SASB publishes industry specific sustainability accounting standards. Supplementing GRI reporting with select indicators from the SASB Real Estate Sustainability Accounting Standard allows H&R to focus in on metrics most relevant to real estate investments.

1.4 DISCLOSURES – GRI

GRI 102-1 Name of the organization: H&R REIT

GRI 102-2 Activities, brands, products, and services:

H&R REIT has ownership interests in a North American portfolio of high-quality office, retail, industrial and residential properties comprising over 29.5 million square feet as of December 31, 2021.

GRI 102-3 Location of headquarters

3625 Dufferin Street, Suite 500, Toronto, Ontario, M3K 1N4

GRI 102-5 Ownership and legal form

H&R REIT (TSX: HR.UN) is one of Canada's largest fully internalized real estate investment trusts with total assets of approximately $10.5 billion as of December 31, 2021.

GRI 102-7 Scale of the organization

i. Total number of employees: 479 (as of December 31, 2021)
ii. Total number of operations: H&R's 2021 Annual Report, Management's Discussion and Analysis: Overview
iii. Net sales (for private sector organizations) or net revenues (for public sector organizations): H&R's 2021 Annual Report, Management's Discussion and Analysis: Results of Operations
iv. Total capitalization (for private sector organizations) broken down in terms of debt and equity: H&R's 2021 Annual Report, Management's Discussion and Analysis: Liabilities and Unitholders' Equity
v. Quantity of products or services provided: H&R's 2021 Annual Report, Management's Discussion and Analysis: Overview

GRI 102-12 External initiatives:

BOMA BEST Building Management Rating System
ENERGY STAR Portfolio Manager through Natural Resources Canada
Carbon Disclosure Project (CDP)
Global Real Estate Sustainability Benchmark (GRESB)

GRI 102-13: Membership of associations:

Building Owners and Managers Association Canada (BOMA Canada, BOMA Toronto)
Real Property Association of Canada (REALPAC)
Canada Green Building Council (CaGBC)

2.0 GREENHOUSE GAS (GHG) EMISSIONS

2.1 DISCLOSURES

The following table summarizes H&R's GHG emissions for the period of January 1, 2021 to December 31, 2021. Scope 1 (direct – natural gas combustion), Scope 2 (indirect – electricity and district steam) and Scope 3 (indirect – water, waste, and separately metered or submetered tenant-controlled areas) emissions are reported. Net market-based emissions account for the purchase of Renewable Energy Credits (RECs), Green Natural Gas (biogas) Certificates and Carbon Offsets, while location-based emissions do not.

Table 1: 2021 GHG Emissions by Asset Class and Scope

Asset Class	GHG Emissions (tCO2e)							
	Scope 1	Scope 2 Location-based	Scope 2 Market-based	Scope 3	Carbon Offsets	Green Natural Gas	Total Location-based	Total Market-based
Office	13,266	27,092	27,092	6,565	-2,357	0	46,923	44,566
Residential (Apartments)	147	3,682	3,773	397	0	0	4,226	4,317
Retail (Shopping Centres, Regional Malls)	9,850	18,487	17,733	2,916	0	-49	31,253	30,450
Other Retail	1,289	2,680	2,680	876	0	0	4,845	4,845
Industrial	2,236	546	546	12,144	0	0	14,926	14,926
TOTAL	**26,789**	**52,486**	**51,823**	**22,898**	**-2,357**	**-49**	**102,174**	**99,105**

Ref: GRI 305-1, 305-2, 305-3

The following table summarizes H&R's emissions intensity for 2021.

Table 2: 2021 GHG Emissions Intensity by Asset Class and Scope

Asset Class	Effective GLA (sq.ft.)	Intensity (tCO_2e/1,000 ft^2)					
		Scope 1	Scope 2 Location-based	Scope 2 Market-based	Scope 3	Total Location-based	Total Market-based
Office	9,895,749	1.34	2.74	2.74	0.66	4.74	4.50
Residential (Apartments)	6,831,438	0.02	0.54	0.55	0.06	0.62	0.63
Retail (Shopping Centres, Regional Malls)	8,781,671	1.12	2.11	2.02	0.33	3.56	3.47
Other Retail	3,998,464	0.32	0.67	0.67	0.22	1.21	1.21
Industrial	17,015,423	0.13	0.03	0.03	0.71	0.88	0.88
TOTAL	**46,522,744**	**0.58**	**1.13**	**1.11**	**0.49**	**2.20**	**2.13**

Ref: GRI 305-4

The table below summarizes emissions by portfolio segment and scope.

Table 3: 2021 GHG Emissions by Portfolio Segment and Scope

Portfolio Segment	GHG Emissions (tCO2e)							
	Scope 1	Scope 2 Location-based	Scope 2 Market-based	Scope 3	Carbon Offsets	Green Natural Gas	Total Location-based	Total Market-based
Canada	26,029	47,726	46,972	20,494	-2,357	-49	94,249	91,089
US	761	4,760	4,851	2,404	0	0	7,925	8,015
TOTAL	**26,789**	**52,486**	**51,823**	**22,898**	**-2,357**	**-49**	**102,174**	**99,105**

The table below summarizes scope 3 emissions by asset class and category.

Table 4: 2021 Scope 3 GHG Emissions by Asset Class and Category

Asset Class	Scope 3 GHG Emissions (tCO2e)				
	Tenant Electricity	Tenant Gas	Water	Waste	Total
Office	5,225	692	83	565	6,565
Residential (Apartments)	0	0	397	0	397
Retail (Shopping Centres, Regional Malls)	719	1,981	114	102	2,916
Other Retail	252	554	32	37	876
Industrial	2,122	9,932	9	81	12,144
TOTAL	**8,319**	**13,159**	**635**	**785**	**22,898**

2.1.1 YEAR-OVER-YEAR PERFORMANCE

H&R's like-for-like GHG market-based emissions decreased by 2.5% in 2021 compared to 2020; equivalent to taking 556 passenger vehicles off the road[2].

The following table summarizes the like-for-like percentage change in GHG emissions for H&R's properties for which data was available for 2020 and 2021 (67% of the portfolio's GLA).

The COVID-19 pandemic has caused a significant reduction in GHG emissions for office and retail buildings since early 2020. In 2021, emissions were broadly similar to 2020 levels with variations based on asset class and region, related to differing tenant types and public health interventions.

H&R is reporting on waste data for the first time in 2021. As a result, GHG emissions associated with waste have not been included in the like-for-like comparison below.

Table 5: Like-for-like Percentage Change in GHG Emissions by Asset Class

Asset Class	Data Coverage – Partial	2020 Emissions (tCO2e)		2021 Emissions (tCO2e)		Difference	
		Total Location-based	Total Market-based	Total Location-based	Total Market-based	Location-based	Market-based
Office	83.7%	48,287	46,799	46,358	44,002	-4.0%	-6.0%
Residential (Apartments)	98.3%	3,599	3,686	4,226	4,317	17.4%	17.1%
Retail (Shopping Centres, Regional Malls)	87.4%	30,396	30,061	31,151	30,348	2.5%	1.0%
Other Retail	49.5%	4,797	4,797	4,808	4,808	0.2%	0.2%
Industrial	39.3%	15,535	15,535	14,845	14,845	-4.4%	-4.4%
TOTAL	**67.4%**	**102,614**	**100,878**	**101,389**	**98,320**	**-1.2%**	**-2.5%**

Ref: IF-RE-130a.3

2. Greenhouse Gas Emissions from a Typical Passenger Vehicle (United States Environmental Protection Agency, 2018)

2.2 DISCLOSURE NOTES – GRI

GRI 305-1, 305-2, 305-3: Direct, energy indirect, and other indirect GHG emissions

a) GHG emissions in metric tons of CO_2 equivalent
   - See Table 1.
   - Carbon Offsets were purchased to offset 1,488 MTCO2e GHG emissions at 25 Sheppard Avenue West, 375.75 MTCO2e GHG emissions at 145 Wellington, and 493.13 MTCO2e GHG emissions at 320 Front in 2021.
   - Carbon Offsets were purchased to offset 1,488 MTCO2e GHG emissions at 25 Sheppard Avenue West in 2020.

   Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent.
   - Scope 1 emissions are emissions generated at H&R properties from natural gas combustion for space heating, water heating and, in some cases, cooking.
   - Emissions from refrigerants, diesel fuel used for back-up generation, and gasoline for fleet vehicle use are outside of the scope of this report.

   Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent.
   - Scope 2 emissions are emissions from energy consumed at H&R properties but generated elsewhere. Electricity and district steam are reported.

   If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent.
   - Green Electricity Certificates were purchased for 507 MWh of green electricity in 2020 and 1,216 MWh of green electricity in 2021 at Park Place Shopping Centre and are accounted for in the reported market-based Scope 2 emissions.
   - Market-based emission factors in the United States are higher than corresponding location-based factors.

   Gross other indirect (Scope 3) GHG emissions in metric tons of CO_2 equivalent.
   - Scope 3 emissions are reported for submetered tenant electricity consumption, water and waste consumption at H&R properties. Where tenant-controlled utility data is available through mandatory energy benchmarking programs, the portion of consumption related to tenant in-suite use is separated and reported as Scope 3.

b) Gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all..
   - CO_2, CH_4 and N_2O are included in the reported emissions.

c) Biogenic CO_2 emissions in metric tons of CO_2 equivalent.
   - See Table 1; Green Natural Gas (biogas) Certificates were purchased for 396 GJ of green natural gas in 2020 and 950 GJ of green natural gas in 2021 at Park Place Shopping Centre. Biogenic CO_2 emissions totalled 20.5 tCO_2 in 2020 and 49.2 tCO_2 in 2021 – these emissions are excluded from the reported market-based totals.

d) Base year for the calculation, if applicable, including:
   - The base year for reporting is 2020.
     i. the rationale for choosing it;
        - In order to provide a year-over-year performance comparison, 2020 has been selected as the base year.
     ii. emissions in the base year;
        - See table 5
     iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
        - Property acquisitions and divestments by H&R REIT.
        - Properties or accounts owned in the base year, but previously excluded from scope.

- Corrections to historical data based on availability of more accurate information.
- Updates to published emission factors.
- Adjustments for acquisitions / divestments are treated using the 'Same-year, Pro-rata'[3] approach, meaning that buildings only owned for a portion of the reporting year (2021) are included in all historical years for the same period. Utility use, waste, emissions, and 'effective' gross leasable area are all adjusted proportionately for the period of ownership in 2021.
- In 2021, H&R updated their reporting boundary to follow the 'Operational Control' consolidation approach, where 100% of emissions are reported for activities under H&R's operational control. Previously, H&R reported an equity share of partially owned properties. Base year emissions have been re-calculated to reflect the updated organizational boundary.

e) Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

<u>Emission Factors Canada</u>

- Electricity and Natural Gas: Canada's Greenhouse Gas Inventory 1990-2019 (NRCan, 2021)
- Steam: 2021 EPL Enwave Study (EPL, 2022)
- Water: Canada's Greenhouse Gas Inventory 1990-2019 (NRCan, 2021) and Greenhouse
- Gas and Energy Co-Benefits of Water Conservation (Maas, 2009)

<u>Emission Factors USA</u>

- Electricity – location-based: EPA eGRID 2019 (US EPA, 2021)
- Electricity – market-based: 2019 Green-e® Residual Mix Emissions Rates (2019 Data) (Green-e, 2021)
- Natural Gas: AP-42: Compilation of Air Emissions Factors, Supplement D (US EPA, 1998)
- Water: Energy consumption for water use cycles in different countries: A review (Wakeel et al, 2016)

<u>Global Warming Potentials</u>

- IPCC's Fourth Assessment Report—Errata (IPCC 2012).

f) Consolidation approach for emissions; whether equity share, financial control, or operational control.
- H&R reports using the operational control approach.
- Operational control is determined for each property and utility account. The GHG
- Protocol4 defines operational control as "having full authority to introduce and implement operating policies at the operation."
- Under this approach, H&R reports emissions for properties and operations where H&R or their agents, i.e., the property managers, are responsible for managing utility consumption.
- In cases where H&R has partial ownership of a property where it is deemed to have operational control, emissions are reported for the entire property/operation.

g) Standards, methodologies, assumptions, and/or calculation tools used.
- Energy use, water use, waste and GHG emissions are reported as per the GHG Protocol[4].

3. Base year recalculation methodologies for structural changes - Appendix E to the GHG Protocol Corporate Accounting and Reporting Standard – Revised Edition (World Resources Institute, 2005)
4. The GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute, 2004)

- Location-based emissions are calculated by multiplying utility consumption values by applicable regional emission factors.
- Market-based emissions are calculated in accordance with the GHG Protocol Scope 2 Guidance[5,6].
- Best efforts are made to collect actual utility consumption from utility bills for all
- properties/accounts. When gaps exist in verifiable utility data, consumption is estimated based on a linear regression of available utility data and actual weather data. In the case of non-weather dependent accounts, historical consumption is assumed to be equal to recent year consumption. 97% of reported 2021 emissions are based on actual utility bills.
- Scope classification (summarized below) of emissions under H&R's operational control remains consistent with the financial control approach historically applied, with treatment outlined as follows:
    - Office properties:
        - Fuel, steam and electricity use (not submetered) is reported under Scope 1/2, unless the usage of tenant-controlled spaces can be explicitly dissociated from emissions of other areas (e.g., via submetering).
        - Where tenant submetering exists, electricity use is reported as Scope 3.
    - Residential properties:
        - Fuel and electricity use associated with base-building consumption and common areas managed by H&R is reported under Scope 1/2.
        - Directly metered in-suite tenant use (e.g., fuels and electricity billed directly to tenants) is considered Scope 3.
    - Enclosed retail properties:
        - Fuel and electricity use associated with base-building consumption and common areas managed by H&R is reported as Scope 1/2.
        - Directly metered in-suite tenant use (e.g., fuels and electricity billed directly to tenants) is considered Scope 3.
        - Where whole-building data is available through mandatory energy benchmarking programs, the portion of consumption that relates to tenant in-suite use is separated and reported under Scope 3.
    - Other Retail & Industrial:
        - Fuel and electricity use associated with common areas and exterior lighting managed by H&R is reported as Scope 1/2.
        - Directly metered in-suite tenant use (e.g., fuels and electricity billed directly to tenants) is considered Scope 3.
- Emissions from refrigerants and diesel fuel used for back-up generation are outside of the scope of this report.
- Upstream scope 3 emissions from purchased goods and services, capital goods, fuel-and energy-related activities, transportation and distribution, business travel, employee commuting, and leased assets are outside of the scope of this report as reliable data cannot currently be obtained.
- Downstream scope 3 emissions from transportation and distribution, processing, use, and end-of-life treatment of sold products, franchises, and, investments are outside of the scope of this report as reliable data cannot currently be obtained.

5. GHG Protocol Scope 2 Guidance – An amendment to the GHG Protocol Corporate Standard (World Resources Institute, 2015)
6. As per the GHG Protocol Scope 2 Guidance, where available, 'Residual Mix Emission Rates' should be applied to electricity not purchased via contractual instruments (e.g. RECs) to avoid double counting of renewable energy attributes. Residual Mix factors are not published for Ontario, where H&R has purchased RECs. As such, the provincial factors have been used in place of Residual Mix factors for the purposes of this report.

- Emissions are reported for trash that is sent to landfill only. No emissions are reported for recycled or composted waste.
- All calculations are completed using H&R Utility Tracker, an Energy Management Information System (EMIS) managed by Brightly Software, based on data available to Brightly as of July 14, 2022.

GRI 305-4: GHG emissions intensity

a) GHG emissions intensity ratio for the organization.
   - See Table 2.

b) Organization-specific metric (the denominator) chosen to calculate the ratio.
   - Square feet of Gross Leasable Area (GLA) is the denominator for intensity calculations.

c) Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
   - Direct (Scope 1), energy indirect (Scope 2) and other indirect (Scope 3) emissions are included in the intensity ratio.

d) Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.).
   - CO2, CH4 and N2O are included in the reported emissions.

2.3 DISCLOSURE NOTES – SASB

IF-RE-130a.3.

Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector.

- See Table 5; while IF-RE-130a.3 refers to energy, H&R has reported GHG emissions here using the same guidance.
- Like-for-like savings are reported for properties with full or partial data coverage (whole building or base building coverage) for both 2020 and 2021: 67% of portfolio floor area.

3.0 ENERGY USE

3.1 DISCLOSURES

The following table summarizes H&R's energy use for 2021. Energy consumption from all utility types has been converted from consumption units to equivalent kilowatt-hours (ekWh).

Table 6: 2021 Energy Use by Asset Class and Utility Type

Asset Class	Effective GLA (sq.ft.)	Energy Use (ekWh)			
		Electricity	Natural Gas	Steam	Total
Office	9,895,749	136,567,046	75,169,651	2,700,915	214,437,612
Residential (Apartments)	6,831,438	9,874,027	789,488	0	10,663,515
Retail (Shopping Centres, Regional Malls)	8,781,671	79,976,319	63,617,821	0	143,594,140
Other Retail	3,998,464	17,190,772	9,946,181	0	27,136,953
Industrial	17,015,423	81,581,940	66,234,325	0	147,816,265
TOTAL	**46,522,744**	**325,190,104**	**215,757,465**	**2,700,915**	**543,648,484**

Ref: GRI 302-1, 302-3, IF-RE-130a.2

The following table summarizes H&R's energy use intensity for 2021.

Table 7: 2021 Energy Use Intensity by Asset Class and Utility Type

Asset Class	GLA (sq.ft.)	Intensity (ekWh/sq.ft.)			
		Electricity	Natural Gas	Steam	Total
Office	9,895,749	13.8	7.6	0.3	21.7
Residential (Apartments)	6,831,438	1.4	0.1	0.0	1.6
Retail (Shopping Centres, Regional Malls)	8,781,671	9.1	7.2	0.0	16.4
Other Retail	3,998,464	4.3	2.5	0.0	6.8
Industrial	17,015,423	4.8	3.9	0.0	8.7
TOTAL	**46,522,744**	**7.0**	**4.6**	**0.1**	**11.7**

Ref: GRI 302-1, 302-3

The following table summarizes data coverage, i.e., the percentage floor area for which utility data is reported for each asset class. In cases where H&R reports landlord-controlled utilities but does not have access to tenant utility data, 'partial' data coverage is reported.

Table 8: Energy Data Coverage by Asset Class

Asset Class	Data Coverage (% of GLA)		
	H&R Operational Control	Partial or Complete	Complete
Office	100.0%	83.7%	83.7%
Residential (Apartments)	100.0%	98.3%	0.0%
Retail (Shopping Centres, Regional Malls)	100.0%	87.4%	27.4%
Other Retail	100.0%	49.5%	13.1%
Industrial	100.0%	39.3%	35.9%
TOTAL	**100.0%**	**67.4%**	**37.2%**

Ref: IF-RE-130a.1

The following table summarizes renewable energy purchases for 2021.

Table 9: Renewable Energy by Asset Class

Asset Class	Energy Use (ekWh)				% Renewable
	Grid	Renewable Electricity	Biofuels		
Office	214,437,612	0	0	214,437,612	0.0%
Residential (Apartments)	10,663,515	0	0	10,663,515	0.0%
Retail (Shopping Centres, Regional Malls)	142,114,186	1,215,840	264,114	143,594,140	1.0%
Other Retail	27,136,953	0	0	27,136,953	0.0%
Industrial	147,816,265	0	0	147,816,265	0.0%
TOTAL	**542,168,530**	**1,215,840**	**264,114**	**543,648,484**	**0.3%**

Ref: IF-RE-130a.2

3.1.1 YEAR-OVER-YEAR PERFORMANCE

H&R's like-for-like electricity use decreased by 3.7% in 2021 compared to 2020; equivalent to the electricity use of 1,396 single-family homes in Ontario[7].

The following table summarizes the like-for-like percentage change in energy use and intensity for H&R's properties for which data was available for 2020 and 2021 (67% of the portfolio's GLA). Overall utility use (all utility types) decreased by 2.7%.

The COVID-19 pandemic has caused a significant reduction in office and retail building energy use since early 2020. In 2021, emissions were broadly similar to 2020 levels with variations based on asset class and region related to differing tenant types and public health interventions.

Table 10: Like-for-like Percentage Change in Energy Use and Intensity by Asset Class

Asset Class	Data Coverage – Partial	Effective GLA (sq.ft.)	2020		2021		Difference
			Energy (ekWh)	Intensity (ekWh/sq.ft.)	Energy (ekWh)	Intensity (ekWh/sq.ft.)	
Office	83.7%	8,279,463	225,626,190	27.3	214,437,612	25.9	-5.0%
Residential (Apartments)	98.3%	6,713,074	8,910,892	1.3	10,663,515	1.6	19.7%
Retail (Shopping Centres, Regional Malls)	87.4%	7,671,063	148,610,149	19.4	143,594,140	18.7	-3.4%
Other Retail	49.5%	2,263,073	27,008,270	11.9	27,136,953	12.0	0.5%
Industrial	39.3%	8,245,835	148,750,047	18.0	147,816,265	17.9	-0.6%
TOTAL	**67.4%**	**33,172,508**	**558,905,547**	**16.8**	**543,648,484**	**16.4**	**-2.7%**

Ref: IF-RE-130a.3

7. OEB Report: Defining Ontario's Typical Electricity Customer (Ontario Energy Board, 2018)

3.2 DISCLOSURE NOTES – GRI

302-1 Energy consumption within the organization

a) Total fuel consumption within the organization from **non-renewable sources**, in joules or multiples, and including fuel types used.
- See Table 9; energy is reported in equivalent kilowatt hours (ekWh).

b) Total fuel consumption within the organization from **renewable sources**, in joules or multiples, and including fuel types used.
- See Table 9; green electricity and natural gas was purchased for Park Place Shopping Centre and is reported in equivalent kilowatt hours (ekWh).

c) In joules, watt-hours or multiples, the total:
   i. electricity consumption
   ii. heating consumption **Not applicable**
   iii. cooling consumption
   iv. steam consumption
   - See Table 6; energy is reported in equivalent kilowatt hours (ekWh).

d) In joules, watt-hours or multiples, the total:
   i. electricity sold
   ii. heating sold
   iii. cooling sold
   iv. steam sold
   - There were no energy sales in 2020 or 2021.

e) Total energy consumption within the organization, in joules or multiples.
- See Table 6; energy is reported in equivalent kilowatt hours (ekWh).

f) Standards, methodologies, assumptions, and/or calculation tools used.
- See GRI 305-1/2/3 g.

g) Source of the conversion factors used:
The factors used to convert consumption units to ekWh are from the following sources:
- Natural gas: Natural Gas: A Primer (NRCan, 2015)
- Steam: EPL Study for Enwave Corporation (EPL, 2022)
- Enwave Deep Lake Water Cooling: EPL Study for Enwave Corporation (EPL, 2022)

302-3 Energy intensity

a) Energy intensity ratio for the organization.
- See Table 7.

b) Organization-specific metric (the denominator) chosen to calculate the ratio.
- Square feet of Gross Leasable Area (GLA) is the denominator for intensity calculations.

c) Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.
- Heating fuel, electricity and steam are reported where data is available to H&R. In some cases where utilities are billed to tenants, data is not available to H&R. These utilities are considered outside of H&R's control.

d) Whether the ratio uses energy consumption within the organization, outside of it, or both.
- Energy use within buildings owned by H&R is included in intensity figures.

3.3 DISCLOSURE NOTES – SASB

IF-RE-130a.1.

Energy consumption data coverage as a percentage of total floor area, by property subsector.

- See Table 8.
- Utility use is reported for spaces where H&R has operational control. Additionally, utility use is reported for properties required to report to mandatory energy benchmarking programs, e.g. in Ontario, Quebec, and New York City.
- Utility use is not reported for vacant-unit retail, residential or industrial accounts that H&R takes control of intermittently. Due to the short-term nature of H&R's control over these accounts, consumption is considered immaterial. For office properties and properties reporting to mandatory energy benchmarking programs, consumption associated with vacant spaces is captured and reported within whole-building totals.
- Complete data coverage is reported for properties where H&R has control of the total energy use of a property, which is the case at most office properties, as well as for properties required to report to mandatory energy benchmarking programs.
- Partial data coverage is reported for properties where H&R has control over base building/common area consumption only. This is the case for most residential and retail properties.
- No data coverage is reported for properties where tenants have operational control and are not required to report to mandatory energy benchmarking programs as data is proprietary to tenants.

IF-RE-130a.2.

(1) Total energy consumed by portfolio area with data coverage,
- See Table 8.

(2) percentage grid electricity, and,
- See Table 9.

(3) percentage renewable, by property subsector
- See Table 9; renewable Energy Credits (RECs) purchased at Park Place Shopping Centre are reported here.

IF-RE-130a.3.

Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector.

- See Table 10; like-for-like savings are reported for properties with full or partial data coverage (whole building or base building coverage) for both 2020 and 2021: 67% of portfolio floor area.

4.0 WATER USE

4.1 DISCLOSURES

The following table summarizes H&R's water use and data coverage for 2021.

Table 11: 2021 Water Use and Data Coverage by Asset Class and Scope

Asset Class	Effective GLA (sq.ft.)	Water Use (m^3)	Intensity (l/sq.ft.)	Data Coverage		
				H&R-paid accounts	Partial or Complete	Complete
Office	9,895,749	317,286	32.1	100.0%	83.1%	83.1%
Residential (Apartments)	6,831,438	1,091,991	159.8	100.0%	98.3%	98.3%
Retail (Shopping Centres, Regional Malls)	8,781,671	363,326	41.4	100.0%	86.5%	27.4%
Other Retail	3,998,464	82,582	20.7	100.0%	53.4%	13.1%
Industrial	17,015,423	233,098	13.7	100.0%	46.9%	46.9%
TOTAL	**46,522,744**	**2,088,283**	**44.9**	**100.0%**	**70.2%**	**55.6%**

Ref: GRE 303-3, IF-RE-140a

4.1.1 YEAR-OVER-YEAR PERFORMANCE

H&R's like-for-like water use decreased by 2% in 2021 compared to 2020; equivalent to the annual household water use of 303 people[8].

The following table summarizes the like-for-like percentage change in water use and intensity for H&R's properties for which data was available for 2020 and 2021 (70% of the portfolio's GLA).

The COVID-19 pandemic has caused a significant reduction in office and retail building water use since early 2020. In 2021, water use was broadly similar to 2020 levels with variations based on asset class and region related to differing tenant types and public health interventions.

Table 12: Like-for-like Percentage Change in Water and Intensity by Asset Class

Asset Class	Data Coverage – Partial	Effective GLA (sq.ft.)	2020		2021		Difference
			Water Use (m^3)	Intensity (l/sq.ft.)	Water Use (m^3)	Intensity (l/sq.ft)	
Office	83.1%	8,279,463	368,198	44.47	317,286	38.32	-13.8%
Residential (Apartments)	98.3%	6,713,074	1,031,807	153.70	1,091,991	162.67	5.8%
Retail (Shopping Centres, Regional Malls)	86.5%	7,671,063	328,408	42.81	363,326	47.36	10.6%
Other Retail	53.4%	2,263,073	90,568	40.02	82,582	36.49	-8.8%
Industrial	46.9%	8,245,835	311,190	37.74	233,098	28.27	-25.1%
TOTAL	**70.2%**	**33,172,508**	**2,130,171**	**64.21**	**2,088,283**	**62.95**	**-2.0%**

Ref: IF-RE-140a.3

8. How much water do I use at home each day? (U.S. Geological Survey)

4.2 DISCLOSURE NOTES – GRI

303-3 Water withdrawal

a) Total **water withdrawal** from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:
   i. Surface water;
   ii. Groundwater;
   iii. Seawater;
   iv. Produced water;
   v. Third-party water.
   - See Table 11; water is sourced from municipal suppliers (third-party water).

b) Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:
   - Not reported.

c) A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:
   i. Freshwater (≤1,000 mg/L Total Dissolved Solids);
   - See Table 11.
   ii. Other water (>1,000 mg/L Total Dissolved Solids);
   - Not applicable.

d) Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.
   - See GRI 305-1/2/3 g

4.3 DISCLOSURE NOTES – SASB

IF-RE-140a.1.

Water withdrawal data coverage as a percentage of:

(1) total floor area
   - See Table 11.
   - See Disclosure notes for IF-RE-130a.1.
   - In some cases, water use at Quebec properties is not reported as it is charged as part of property tax and is not metered by municipalities.

IF-RE-140a.2.

(1) Total water withdrawn by portfolio area with data coverage
   - See Table 11.

IF-RE-140a.3.

Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector.
   - See Table 12; like-for-like saving are reported for office, industrial and other retail properties. Increases in water use are reported for residential and enclosed retail properties. Properties included in the report accounts for full or partial data coverage (whole building or base building coverage) for both 2020 and 2021: 70% of portfolio floor area.

5.0 WASTE DATA

5.1 DISCLOSURES

The following table summarizes H&R's waste generation for 2021. 2021 is the first year for which H&R has compiled and reported on waste data for properties wherever H&R manages waste collection and is able to access diversion reports.

Table 13: 2021 Waste Generation by Scope

Asset Class	Effective GLA (sq.ft.)	Hazardous Waste (tonne)	Non-Hazardous Waste (tonne)	Intensity (kg/sq.ft.)
Office	6,945,152	0	271	0.04
Residential (Apartments)	0	0	0	0.00
Retail (Shopping Centres, Regional Malls)	76,980	0	50	0.64
Other Retail	217,328	0	18	0.08
Industrial	826,896	0	39	0.05
TOTAL	**8,066,356**	**0**	**378**	**0.05**

Ref: GRI 306-3

5.2 DISCLOSURE NOTES – GRI

306-3 Waste generated

a) Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.
   - See Table 13.

b) Contextual information necessary to understand the data and how the data has been compiled.
   - Waste is reported for H&R managed properties where H&R has direct access to waste hauler reports or invoices.
   - Waste generated at properties and sent to landfill is reported according to the GHG Protocol.
   - Waste reported is defined as materials sent to landfill. It does not include materials sent to recycling, composting or waste-to-energy facilities.
   - Reported data is sourced from waste hauler reports or invoices. The data collected and provided by H&R was reported as received, with missing months estimated based on available data from the applicable property.

HR REIT

APPENDIX

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT

To the management of H&R REIT LP ('H&R REIT' or the 'Entity')

We have undertaken a limited assurance engagement with respect to the Key Performance Indicators presented in the table below, that, based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that they have not been properly prepared and presented, in all material respects, based on the applicable criteria (as defined below).

Key Performance Indicator	Results
Scope 1 Greenhouse Gas ('GHG') Emissions	26,789 tCO_2e
Scope 2 GHG Emissions (location-based)	52,486 tCO_2e
Scope 2 GHG Emissions (market-based)	51,823 tCO_2e

Collectively, the "subject matter information" in H&R REIT's 2021 Sustainability Report (the "Report") for the year-ended December 31, 2021.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

MANAGEMENT'S RESPONSIBILITIES

There are no mandatory requirements for the preparation, publication, or review of the subject matter information. As such, H&R REIT applies the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (the GHG Protocol) of the World Resource Institute and the World Business Council for Sustainable Development (the "applicable criteria").

Management is responsible for determining the appropriateness of the use of the applicable criteria and also for ensuring that ensuring that the Entity complies with the applicable laws and regulations. Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error.

PRACTITIONER'S RESPONSIBILITIES

Our responsibility is to express a limited assurance conclusion on the subject matter information based on evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*. This standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the subject matter information is properly prepared and presented, in all material respects, as the basis for our limited assurance conclusion.

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT

PRACTITIONER'S RESPONSIBILITIES, CONT'D.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the subject matter information.

Our engagement included, amongst others, the following procedures performed:

- Inquiries with relevant staff at the corporate level as well as third-party service providers to understand the data collection and reporting processes for the subject matter information;
- Assessment of the suitability, application and disclosure of the applicable criteria in respect of the subject matter information;
- Where relevant, performance of walkthroughs to understand the design of internal controls relating to data collection and reporting of the subject matter information;
- Comparisons of the reported data for the subject matter information to underlying data sources on a sample basis;
- Inquiries regarding key assumptions and the re-performance of calculations on a sample basis; and,
- Review of the presentation of the subject matter information to determine whether the presentation is consistent with our overall knowledge of, and experience with, the GHG emissions performance of the Entity.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our conclusion.

INDEPENDENCE, QUALITY CONTROL AND COMPETENCE

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies *Canadian Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT

KPMG

SIGNIFICANT INHERENT LIMITATIONS

Non-financial information, such as that contained in the Report, is subject to more inherent limitations than financial information, given the qualitative characteristics of the underlying subject matter and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability.

CONCLUSION

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the subject matter information of H&R REIT's for the year-ended, December 31, 2021, is not properly prepared and presented, in all material respects, based on the applicable criteria.

SPECIFIC PURPOSE OF SUBJECT MATTER INFORMATION

The subject matter information has been prepared and presented in accordance with the applicable criteria. As a result, the subject matter information may not be suitable for another purpose.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

November 10, 2022

Toronto, Canada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