



H&R REAL ESTATE INVESTMENT TRUST

**NOTICE OF ANNUAL MEETING
OF UNITHOLDERS**
to be held June 15, 2023

and

MANAGEMENT INFORMATION CIRCULAR

April 25, 2023

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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/HRREIT2023 on June 15, 2023 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, 2022 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; and
- (e) to act upon such other matters as may properly come before such Meeting or any adjournment thereof.

The management information circular dated April 25, 2023, (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 April 17, 2023 as the record date for determining those Unitholders entitled to receive notice of and vote at the Meeting.

The Meeting will be held in a virtual-only format again by way of live audio webcast. This will give an opportunity for registered Unitholders and duly appointed proxyholders to attend the Meeting, ask questions and vote, regardless of their geographic location. Unitholders will need to visit www.virtualshareholdermeeting.com/HRREIT2023 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 15, 2023. 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/HRREIT2023 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 (collectively, the “**Meeting Materials**”) to Unitholders over the Internet resulting in lower costs and a reduction in the environmental impact of the Meeting. Under notice-and-access, Unitholders will continue to receive a proxy or voting instruction form enabling them to vote at the Meeting, however instead of a paper copy of the Meeting Materials, including the Circular, Unitholders will receive a notice with information on how they may access the Meeting Materials, including the Circular, electronically. On or about May 15, 2023, the REIT intends to mail Unitholders of record as of April 17, 2023 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 TSX Trust Company toll

free at 1-888-433-6443. The Meeting Materials can be viewed online at the following internet address: www.meetingdocuments.com/TSXT/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 13, 2023 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof.

If you have any questions or need assistance completing your form of proxy, please contact the REIT's strategic advisor and proxy solicitation agent, Laurel Hill Advisory Group, at 1-877-452-7184 (toll-free within North America) or at 1-416-304-0211 (outside of North America) or by email at assistance@laurelhill.com.

DATED at Toronto, Ontario this 25th day of April, 2023.

BY ORDER OF THE TRUSTEES OF
H&R REAL ESTATE INVESTMENT TRUST
“LARRY FROOM”
LARRY FROOM
Chief Financial Officer
H&R Real Estate Investment Trust

H&R REAL ESTATE INVESTMENT TRUST MANAGEMENT INFORMATION CIRCULAR

INTRODUCTION

This management information circular dated April 25, 2023 (the “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 15, 2023 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 or Laurel Hill Advisory Group (“Laurel Hill”). The costs of solicitation will be borne by the REIT. The REIT has also engaged Laurel Hill to provide the following services in connection with the Meeting: reviewing and making recommendations with respect to this Circular; recommending corporate governance best practices where applicable; liaising with proxy advisory firms; developing and implementing Unitholder communication strategies; providing general advice with respect to the Meeting and proxy protocol; reporting and reviewing the tabulation of Unitholder proxies and the solicitation of Unitholder proxies including contacting Unitholders by telephone. In connection with these services, Laurel Hill is expected to receive a fee of up to \$75,000, in addition to certain out-of-pocket expenses. The information contained herein is given as at April 25, 2023, except where otherwise indicated.

FORWARD-LOOKING STATEMENTS

Certain information in this 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, including without limitation, statements relating to the REIT’s Transformational Strategic Repositioning Plan. 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 (real property ownership; current economic environment; credit risk and tenant concentration; lease rollover risk; interest rates and other debt-related risks; development risks; residential rental risk; capital expenditure risk; currency risk; liquidity risk; risks associated with disease outbreaks; cyber security risk; financing credit risk; ESG and climate change risk; coownership interest in properties; general uninsured losses; joint arrangements and investment risk; dependence on key personnel and succession planning; potential acquisition, investment and disposition opportunities and joint venture arrangements; potential undisclosed liabilities associated with acquisitions; competition for real property investments; and potential conflicts of interest) and securities of the REIT (prices of REIT securities; availability of cash for distributions; credit ratings; ability to access capital markets; tax risk; additional tax risk applicable to Unitholders; dilution; Unitholder liability; the right to redeem REIT Units; investment eligibility of REIT Units; the Senior Debentures; 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 assumptions relating to the general economy, including the effects of increased inflation; the debt markets continuing to provide access to capital at a reasonable cost, notwithstanding rising interest rates; and assumptions concerning currency exchange and interest rates; and the assumptions made in connection with

the anticipated benefits of the REIT's Transformational Strategic Repositioning Plan. 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 April 25, 2023 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 and Ratios

The REIT's audited annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). However, the REIT's management uses certain measures and ratios, including funds from operations ("FFO"), Same-Asset property operating income (cash basis), net asset value ("NAV") per Unit and the REIT's proportionate share, which do not have a meaning recognized or standardized under IFRS or Canadian Generally Accepted Accounting Principles ("GAAP"). These non-GAAP financial measures and ratios should not be construed as an alternative to financial measures calculated in accordance with GAAP. Further, the REIT's method of calculating such measures and ratios may differ from the methods of other real estate investment trusts or other issuers, and accordingly may not be comparable. The REIT uses such measures and ratios to better assess its underlying performance and provides these additional measures so that investors may do the same. For information on the most directly comparable GAAP measures, composition of the measures, a description of how the REIT uses these measures, an explanation of how these measures provide useful information to investors and a reconciliation of the measures to the most directly comparable GAAP measures, refer to the "Non-GAAP Measures and Non-GAAP Ratios" section on page 50 of the REIT's management discussion and analysis as at and for the year ended December 31, 2022, available at www.hr-reit.com and on the REIT's profile on SEDAR at www.sedar.com, which is incorporated by reference herein.

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/HRREIT2023 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 15, 2023. 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/HRREIT2023 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, 2022 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 15, 2023 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 15, 2023.

Registered Unitholders and Non-Registered Unitholders with questions about notice-and-access can call the REIT's transfer agent, TSX Trust Company, 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 TSX Trust Company toll free at 1-888-433-6443 or via e-mail to tsxt-fulfilment@tmx.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 13, 2023, a request for paper copies should be sent so that it is received by TSX Trust Company no later than the end of business on June 2, 2023. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at their discretion, without notice.

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 13, 2023 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at their discretion, without notice.

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 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) 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.** If a Non-Registered Unitholder wishes to appoint a proxyholder (who is not required to be a Unitholder) to attend and act on such Non-Registered Unitholder’s behalf at the Meeting, such Non-Registered Unitholder must create an eight-character Appointee Identification Number and provide their appointee with the **EIGHT CHARACTER APPOINTEE IDENTIFICATION NUMBER** and the **EXACT NAME** used for the appointment. Appointees can only be validated at the Meeting using the **EIGHT CHARACTER APPOINTEE IDENTIFICATION NUMBER** and **EXACT NAME** that is entered by a Non-Registered Unitholder. **IF A NON-REGISTERED UNITHOLDER DOES NOT CREATE AN EIGHT CHARACTER APPOINTEE IDENTIFICATION NUMBER, THEIR APPOINTEE WILL NOT BE ABLE TO ACCESS THE MEETING.**

A Non-Registered Unitholder who wants to revoke their voting instructions must contact their 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.

The REIT may use Broadridge’s QuickVote™ service to assist Non-Registered Unitholders with voting. The REIT’s strategic advisor and proxy solicitation agent, Laurel Hill Advisory Group, may contact certain NOBOs to conveniently obtain their voting instructions, directly over the telephone.

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, the management representatives designated in the form of proxy (or voting instruction form) will vote the Units and/or Special Voting Units in accordance with the following recommendations of the board of Trustees (the “Board”):

FOR the election of the persons to be nominated by management as Trustees (see “Matters to be Acted Upon by Unitholders – Election of Trustees”);

FOR the appointment of auditors and the authorization of the Trustees to fix the remuneration of the auditors (see “Matters to be Acted Upon by Unitholders – Appointment of Auditors”); and

FOR the non-binding, advisory resolution on the REIT’s approach to executive compensation (see “Matters to be Acted Upon by Unitholders – Say-on-Pay Resolution”).

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 April 25, 2023, 266,014,787 Units and 13,013,698 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 April 17, 2023, 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 matter coming before the Meeting or any adjournment thereof shall be decided by the majority of the votes duly cast on the matter. 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. A copy of the Declaration of Trust may be viewed under the REIT’s profile on SEDAR at www.sedar.com or on the REIT’s website at <https://www.hr-reit.com/>.

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; and
- the non-binding, advisory resolution on the REIT’s approach to executive compensation (the “**Say-on-Pay Resolution**”);

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 April 17, 2023) 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 13, 2023 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

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 or Laurel Hill, the REIT’s Unitholder communications advisor and proxy solicitation agent. You may contact Laurel Hill at 1-877-452-7184 (toll-free within North America) or at 1-416-304-0211 (outside of North America) or by email at assistance@laurelhill.com.

Q: What proxy or voting instruction form should I use?

A: Registered Unitholders should vote on the form of proxy accompanying the Circular. Non-Registered Unitholders should vote on the form of proxy or voting instruction form, as applicable, provided by their Intermediary and follow the instructions provided with such form.

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 Executive Chairman 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 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 13, 2023 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 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.

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 the Say-on-Pay Resolution, 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 April 25, 2023, there were 266,014,787 Units outstanding and 13,013,698 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 their 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 and the Compensation, Environmental, Social & Governance and Nominating Committee (“**CESG&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.

PRINCIPAL HOLDERS OF UNITS AND SPECIAL VOTING UNITS

As of April 25, 2023, 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 13,013,698 Special Voting Units, representing 100% of the Special Voting Units, or 4.67% 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” their election, the Trustee will be required to immediately tender their 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 their 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 their 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 Jennifer A. Chasson, Donald E. Clow, Mark Cowie, S. Stephen Gross, Brenna Haysom, Thomas J. Hofstedter, Juli Morrow and Marvin Rubner. Except for Brenna Haysom who is a resident of the United States, each Trustee is a resident Canadian, and except for Donald E. Clow who was appointed on March 13, 2023 to fill the vacancy left by the retirement of Ronald C. Rutman, all were elected by Unitholders to hold office for a term expiring at the close of the Meeting. All of the current Trustees will be nominated by management for election as Trustees at the Meeting. In addition, Leonard Abramsky and Lindsay Brand (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 in recent 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 for women to represent at least 30% of the Trustees. Women currently comprise 37.5% of the Board (three of eight). If all of the nominees for Trustee listed below are elected at the Meeting, 40% (four of ten) of the Trustees will be women, surpassing the 30% Canada Club’s aim for better gender balance at the Board level as well as exceeding the REIT’s target of 30% women on the Board. 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 Leonard Abramsky, Lindsay Brand, Jennifer A. Chasson, Donald E. Clow, Mark Cowie, S. Stephen Gross, Brenna Haysom, Thomas J. Hofstedter, Juli Morrow and Marvin Rubner as Trustees to hold office until the close of the 2024

Highlights of the Board of Trustees

- Experienced Board with skills relevant to all aspects of the REIT’s business
- Independent Lead Trustee
- 8 of 10 trustees are independent (assuming election of all nominees)
- Individual and majority voting policy
- Women will represent 40% of the Board (assuming election of nominees), surpassing the 30% target set out in the REIT’s diversity policy
- Trustees are subject to 10-year term limits (subject to the Board’s ability to waive such limit)
- Significant Board renewal, refreshment and expansion (assuming election of nominees, only two of the ten Trustees served on the Board prior to 2020, and all eight independent Trustees will have been elected or appointed since 2020)
- Annual assessment of effectiveness of the Board, each committee and each Trustee
- Minimum Unit ownership policy applicable to all Trustees
- Board interlock and overboarding policies

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 by management for election as a Trustee at the Meeting; their municipality of residence; their age; all other positions and offices currently held by him or her with the REIT; their 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; their attendance at Board and committee meetings during fiscal 2022 (if applicable); and the voting results for their election at the annual meeting of Unitholders of the REIT held on June 15, 2022 (the “**2022 Meeting**”), if applicable.

Leonard Abramsky Age: 60 Toronto, ON, Canada <i>Proposed Independent Nominee</i>	Mr. Abramsky is a real estate investor and advisor. He has over 38 years of experience in the commercial real estate industry. Mr. Abramsky is currently the President of The Dunloe Group Inc., a Toronto-based real estate investment company. In his current role, he actively oversees investments in private equity, real estate assets and private debt. Along with founding The Dunloe Group Inc., Mr. Abramsky was Managing Partner of Brookfield Financial Corp. (“ BFIN ”). From 2005 to 2018, he held positions of increasing responsibility with BFIN in a number of areas including the active trading and financing of all forms of commercial property (with a particular focus on retail assets) and overseeing the global expansion of the firm to 9 countries and 15 offices. During this time, he also served on the board of directors of Rouse Properties Inc., a United States public retail company which was privatized by Brookfield in 2016. Mr. Abramsky is a trustee of First Capital REIT (TSX:FCR.UN) where he also serves as a member of the audit and compensation committees. Mr. Abramsky is also a trustee of Dream Residential REIT (TSX:DDR.U), where he also serves as the chair of the governance, compensation and environmental committee and a member of the audit committee. Mr. Abramsky presently serves as Chair and member of the Investment Committee of the Jewish Foundation of Greater Toronto. He is former Co-Chair of the 2020 Annual UJA Campaign.						
Principal Occupation							
President of The Dunloe Group Inc.							
Board/Committee Membership N/A							
Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾							
Calculation Date	No. of Units	No. of RSUs	Value of Units⁽³⁾	Value of RSUs⁽³⁾	Total Accumulated Value of Equity Holdings	Unit Ownership Guideline⁽⁴⁾	Meets Unit Ownership Guidelines?⁽⁴⁾
April 17, 2023	Nil	Nil	Nil	Nil	Nil	Nil	Not Applicable Until June 2028

Lindsay Brand Age: 36 Toronto, ON, Canada <i>Proposed Independent Nominee</i>	Lindsay Brand most recently served as the Chief Investment Officer of TSX-listed Dream Unlimited Corp., and Dream Hard Asset Alternatives Trust (now Dream Impact Trust) from May 2018 to February 2021. Prior to this, Ms. Brand served as the VP of Investments of TSX-listed Dream Unlimited Corp. and Dream Hard Assets Alternatives Trust (now Dream Impact Trust) from August 2014 to August 2018. In addition, Ms. Brand served as the Senior Analyst for Dream Global REIT (which was purchased by Blackstone in 2019) from April 2011 to May 2013. Ms. Brand originally joined Dream Office REIT in 2011 when it was one public company and over the 10 years she spent at the Dream Group of Companies, she participated in the growth of five public companies. In her role as Chief Investment Officer, Ms. Brand led over \$2 billion of acquisitions and structured over \$3 billion of development partnerships. Prior to the Dream Group of Companies, Ms. Brand was employed by Canadian Imperial Bank of Commerce holding positions in their Real Estate Commercial Banking Group and their Corporate Development Group. Ms. Brand holds a Bachelor of Arts & Honours Business of Administration (HBA) from the Richard Ivey School of Business in London, Ontario. In addition, Ms. Brand holds a Masters of Science in Real Estate Development from Columbia University in New York City. Ms. Brand is currently a trustee of True North Commercial REIT (TSX:TNT.UN) and a member of the audit committee. She is also a trustee of the Jewish Foundation of Greater Toronto, a member of the Canadian Advisory Committee and finance committee for Neuchatel Junior College and a member of the programs committee for NAIOP.						
Principal Occupation							
Real Estate Executive and Investor							
Board/Committee Membership N/A							
Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾							
Calculation Date	No. of Units	No. of RSUs	Value of Units⁽³⁾	Value of RSUs⁽³⁾	Total Accumulated Value of Equity Holdings	Unit Ownership Guideline⁽⁴⁾	Meets Unit Ownership Guidelines?⁽⁴⁾
April 17, 2023	1,262	Nil	\$15,700	Nil	\$15,700	Nil	Not Applicable Until June 2028

Jennifer A. Chasson	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.							
Age: 53								
Toronto, ON, Canada								
Trustee Since: 2021								
Independent	Principal Occupation							
	President of Springbank Capital Corp.							
	Board/Committee Membership⁽¹⁾				Attendance			
	Board			5 of 5			100%	
	Audit (Chair)			4 of 4			100%	
	Total			9 of 9			100%	
	Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾							
	Calculation Date	No. of Units	No. of RSUs	Value of Units⁽³⁾	Value of RSUs⁽³⁾	Total Accumulated Value of Equity Holdings	Unit Ownership Guideline⁽⁴⁾	Meets Unit Ownership Guidelines? ⁽⁴⁾
	April 17, 2023	2,275	15,923	\$28,301	\$198,082	\$226,383	\$495,000	Not Applicable Until June 2026
	April 29, 2022	2,275	7,815	\$29,075	\$99,876	\$128,950		
	Voting Results at the 2022 Meeting							
	Votes For				Votes Withheld			
	# REIT and Special Voting Units		%		# REIT and Special Voting Units		%	
	159,606,100		96.30%		6,138,608		3.70%	

Donald E. Clow Age: 61 Halifax, NS, Canada Trustee Since: 2023 <i>Independent</i>	Mr. Clow is currently a strategic advisor to Crombie REIT and President of Rockcliff Ventures Inc. Mr. Clow was President and CEO of Crombie REIT from 2009 until 2023. Crombie REIT is a Canadian Real Estate Investment Trust that owns and operates 290 grocery anchored plazas, grocery stores, retail related industrial and mixed-use residential properties across Canada totaling over 18 million square feet with an enterprise value of approximately \$6 billion, a market capitalization of approximately \$3 billion and a urban mixed-use development pipeline of approximately \$5- 7 billion. Prior to joining Crombie REIT, Mr. Clow held the position of President, ECL Developments Ltd, the real estate development subsidiary of Empire Company Ltd. Before Empire he was President and minority owner of Southwest Properties Ltd., a residential and commercial real estate development company in Halifax. Mr. Clow was named Waterstone's Most Admired CEO in Canada (Mid-Market) in 2023. Mr. Clow has been inducted into Atlantic Canada's Top 50 CEOs Hall of Fame. Mr. Clow is a member of the Nova Scotia Sports Hall of Fame as a member of the 1981 Acadia Axemen Football team. Mr. Clow graduated from Acadia University with a BBA, earned his CA (now CPA) designation and was designated a Fellow Chartered Accountant (now FCPA) in 2002. In addition to leadership programs at the Harvard Business School and the Ivey School of Business, he is a graduate of the DEP at the Rotman School of Business and is a member of WPO and CEO. Mr. Clow was a trustee of Granite REIT from 2016-2019, a governor on Acadia University's Board of Governors from 2012 to 2021 and is a Director on the Board of the QEII Health Sciences Centre Foundation.							
	Principal Occupation							
	Strategic Advisor to Crombie REIT and President of Rockcliff Ventures Inc							
	Board/Committee Membership⁽¹⁾⁽⁵⁾				Attendance			
	Board			N/A			N/A	
	Audit			N/A			N/A	
	CESG&N			N/A			N/A	
	Investment (Chair)			N/A			N/A	
	Total			N/A			N/A	
	Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾							
	Calculation Date	No. of Units	No. of RSUs	Value of Units⁽³⁾	Value of RSUs⁽³⁾	Total Accumulated Value of Equity Holdings	Unit Ownership Guideline⁽⁴⁾	Meets Unit Ownership Guidelines? ⁽⁴⁾
	April 17, 2023	23,000	8,071	\$286,120	\$100,403	\$386,523	\$495,000	Not Applicable Until March 2028

<div>Mark M. Cowie</div> <div>Age: 66</div> <div>Toronto, ON, Canada</div> <div>Trustee Since: 2021</div> <div>Independent</div>	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 ⁽¹⁾⁽⁵⁾				Attendance			
	Board		5 of 5		100%			
	Investment		3 of 3		100%			
	Total		8 of 8		100%			
	Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽²⁾							
	Calculation Date	No. of Units	No. of RSUs	Value of Units ⁽³⁾	Value of RSUs ⁽³⁾	Total Accumulated Value of Equity Holdings	Unit Ownership Guideline ⁽⁴⁾	Meets Unit Ownership Guidelines? ⁽⁴⁾
	April 17, 2023	87,970	15,923	\$1,094,347	\$198,082	\$1,292,429	\$495,000	Yes
	April 29, 2022	87,970	7,815	\$1,124,257	\$99,876	\$1,224,132		
	Voting Results at the 2022 Meeting							
	Votes For				Votes Withheld			
	# REIT and Special Voting Units		%		# REIT and Special Voting Units		%	
	164,602,801		99.31%		1,141,907		0.69%	

S. Stephen Gross	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.							
Age: 52								
Toronto, ON, Canada								
Trustee Since: 2021								
Independent	Principal Occupation							
	Principal at Initial Corporation							
	Board/Committee Membership ⁽¹⁾⁽⁵⁾				Attendance			
	Board		5 of 5		100%			
	CESG&N		N/A		N/A			
	Investment (Chair)		3 of 3		100%			
	Total		8 of 8		100%			
	Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽²⁾							
	Calculation Date	No. of Units	No. of RSUs	Value of Units ⁽³⁾	Value of RSUs ⁽³⁾	Total Accumulated Value of Equity Holdings	Unit Ownership Guideline ⁽⁴⁾	Meets Unit Ownership Guidelines? ⁽⁴⁾
	April 17, 2023	6,300	15,923	\$78,372	\$198,082	\$276,454	\$495,000	Not Applicable Until June 2026
	April 29, 2022	6,300	7,815	\$80,514	\$99,876	\$180,390		
	Voting Results at the 2022 Meeting							
Votes For				Votes Withheld				
# REIT and Special Voting Units		%		# REIT and Special Voting Units		%		
164,617,322		99.32%		1,127,387		0.68%		

<div>Brenna Haysom</div> <div>Age: 46</div> <div>Warwick, NY, United States</div> <div>Trustee Since: 2020</div> <div>Independent</div>	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 and Compensation 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		5 of 5			100%		
	CESG&N		4 of 4			100%		
	Total		9 of 9			100%		
	Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽²⁾							
	Calculation Date	No. of Units	No. of RSUs	Value of Units ⁽³⁾	Value of RSUs ⁽³⁾	Total Accumulated Value of Equity Holdings	Unit Ownership Guideline ⁽⁴⁾	Meets Unit Ownership Guidelines? ⁽⁴⁾
	April 17, 2023	10,000	27,352	\$124,400	\$340,259	\$464,659	\$495,000	Not Applicable Until June 2025
	April 29, 2022	10,000	18,699	\$127,800	\$238,973	\$366,773		
	Voting Results at the 2022 Meeting							
	Votes For				Votes Withheld			
	# REIT and Special Voting Units		%		# REIT and Special Voting Units		%	
	161,261,643		97.30%		4,483,066		2.70%	

Thomas J. Hofstedter	Mr. Hofstedter attended the University of Toronto and became a member of The Institute of Chartered Accountants in 1978. Mr. Hofstedter 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. Hofstedter was head of H&R Development’s commercial division.									
Age: 69										
Toronto, ON, Canada	Principal Occupation									
	Executive Chairman and Chief Executive Officer of the REIT									
Trustee Since: 1996	Board/Committee Membership ⁽¹⁾⁽⁵⁾						Attendance			
	Board		5 of 5		100%					
	Investment		N/A		N/A					
	Total		5 of 5		100%					
Non-Independent	Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽²⁾									
	Calculation Date	No. of Units ⁽⁶⁾	No. of RSUs	No. of PSUs	Value of Units ⁽⁶⁾	Value of RSUs ⁽³⁾	Value of PSUs ⁽³⁾	Total Accumulated Value of Equity Holdings ⁽⁶⁾	Unit Ownership Guideline ⁽⁴⁾	Meets Unit Ownership Guidelines? ⁽⁴⁾
	April 17, 2023	4,756,180	218,840	218,840	\$59,166,879	\$2,722,370	\$2,722,370	\$64,611,619	\$3,600,000	Yes
	April 29, 2022	4,656,028	212,033	212,033	\$59,504,038	\$2,709,782	\$2,709,782	\$64,923,601		
	Voting Results at the 2022 Meeting									
	Votes For					Votes Withheld				
	# REIT and Special Voting Units			%		# REIT and Special Voting Units			%	
	154,313,125			93.10%		11,431,583			6.90%	

Juli Morrow Age: 70 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				5 of 5 100%			
	Total				5 of 5 100%			
	Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽²⁾							
	Calculation Date	No. of Units	No. of RSUs	Value of Units⁽³⁾	Value of RSUs⁽³⁾	Total Accumulated Value of Equity Holdings	Unit Ownership Guideline⁽⁴⁾	Meets Unit Ownership Guidelines?⁽⁴⁾
	April 17, 2023	31,423	27,352	\$390,902	\$340,259	\$731,161	\$360,000	Yes
	April 29, 2022	27,733	26,501	\$354,428	\$338,683	\$693,111		
	Voting Results at the 2022 Meeting							
Votes For				Votes Withheld				
# REIT and Special Voting Units		%		# REIT and Special Voting Units		%		
162,311,678		97.93%		3,433,030		2.07%		

<div>Marvin Rubner</div> <div>Age: 66</div> <div>Toronto, ON, Canada</div> <div>Trustee Since: 2020</div> <div>Independent</div>	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.							
	Principal Occupation							
	Manager and Founder, YAD Investments Limited (a private investment corporation)							
	Board/Committee Membership ⁽¹⁾					Attendance		
	Board		5 of 5		100%			
	Audit		4 of 4		100%			
	Investment		3 of 3		100%			
	Total		12 of 12		100%			
	Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽²⁾							
	Calculation Date	No. of Units	No. of RSUs	Value of Units ⁽³⁾	Value of RSUs ⁽³⁾	Total Accumulated Value of Equity Holdings	Unit Ownership Guideline ⁽⁴⁾	Meets Unit Ownership Guidelines? ⁽⁴⁾
	April 17, 2023	Nil	27,352	Nil	\$340,259	\$340,259	\$495,000	Not Applicable Until June 2025
	April 29, 2022	Nil	18,699	Nil	\$238,973	\$238,973		
	Voting Results at the 2022 Meeting							
Votes For				Votes Withheld				
# REIT and Special Voting Units		%		# REIT and Special Voting Units		%		
161,505,706		97.44%		4,239,002		2.56%		

Notes:

- (1) The Audit Committee is currently comprised of Ms. Chasson (Chair) and Messrs. Clow and Rubner. The CESG&N Committee is currently comprised of Ms. Haysom (Chair), Mr. Clow, who joined the CESG&N Committee effective March 13, 2023, and Mr. Gross, who joined the CESG&N Committee effective June 15, 2022. The Investment Committee is currently comprised of Mr. Gross (Chair) and Mr. Clow, who joined the Investment Committee effective March 13, 2023, Messrs. Cowie, Hofstedter, who rejoined the Investment Committee effective March 13, 2023 and Mr. Rubner.
- (2) 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.
- (3) Value rounded to the nearest whole number and calculated based on the closing price of the Units on the TSX on April 17, 2023, the Record Date, of \$12.44 per Unit and on April 29, 2022 of \$12.78 per Unit (as reported in the Management Information Circular dated

April 29, 2022 for the 2022 Meeting). The value of each RSU (as defined herein) is equal to the value of a Unit. Each PSU (as defined herein) is valued on the basis of vesting at 100% and is equal to the value of a Unit. The numbers of RSUs and PSUs have been rounded to the nearest whole number.

- (4) See “Corporate Governance – Minimum Unit Ownership Guidelines”.
- (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”.
- (6) As at April 25, 2023, Mr. Hofstedter’s “No. of Units”, “Value of Units” and “Total Accumulated Value of Equity Holdings” included 1,012,742 Class B limited participation partnership units of H&R Portfolio Limited Partnership (“**HRLP Exchangeable Units**”) indirectly owned by Mr. Hofstedter, which are economically equivalent to Units, and are exchangeable at any time on a 1:1 basis for Units.

Each member of the Board is expected to attend all meetings, with the average rate of attendance for 2022 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. 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.

Following the Meeting, assuming all of the Trustees nominated above are elected, the Board intends to reconstitute its committees such that the Audit Committee will be comprised of Ms. Chasson (Chair) and Haysom and Messrs. Clow and Rubner, the ESG&N Committee will be comprised of Ms. Haysom (Chair) and Brand, and Messrs. Gross and Clow, and the Investment Committee will be comprised of Messrs. Cowie (Chair), Abramsky, Hofstedter and Clow.

Skills Matrix

The Board is comprised of individuals that have demonstrated skills in one or more of the following areas:

- **Executive Management** – Experience founding or acting in a key senior management role within an organization.
- **Strategic Insight/Leading Growth** – Experience driving strategic insight and direction to encourage innovation and conceptualize key trends to continuously challenge the organization to sharpen its vision while achieving significant growth.
- **Real Estate** – Experience in the commercial, retail, industrial or residential real estate industries, real estate property development and management, regulatory requirements, construction and sustainable/green development practices and a strong knowledge of markets, business challenges and real estate finance.
- **Business Leadership** – Experience in senior leadership roles as part of an organization’s management team or board.
- **Corporate Finance and Capital Markets** – Experience with corporate finance, debt and equity capital markets, public company reporting and continuous disclosure obligations, investor relations and related activities in public capital markets, either domestically or internationally.
- **Financial Accounting and Reporting** – Experience in financial accounting and reporting obligations and practices.
- **Tax Acumen** – Experience with and knowledge of tax implications and tax treatment of real estate business operations and development.
- **Internal Financial/Accounting Controls** – Experience designing or implementing policies and procedures to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.

- **Mergers and Acquisitions** – Senior leadership experience in transactions involving private and/or public companies.
- **Legal** – Experience with and knowledge of the legal and regulatory regimes associated with carrying on business in Canada and/or abroad, including in particular, in connection with the business of the REIT.
- **Human Resource Management** – Experience in and a thorough understanding of succession planning, talent development and retention and compensation programs, including executive compensation.
- **Corporate Governance** – Experience with corporate governance practices and principles at an organization with a current governance mindset.
- **Environmental & Social** – Experience in and a thorough understanding of environmental liability, impacts and remediation requirements, and social and governance issues such as principles of wellness, equity, diversity and inclusivity of employees, health and safety considerations, purpose and presence in the community at large, among others.

The following skills matrix illustrates the relevant skills possessed by each nominee Trustee. The skills matrix can be used to evaluate and guide the development of the Board, assist in the recruiting process and identify areas for training or education.

Area of Expertise	Abramsky	Brand	Chasson	Clow	Cowie	Gross	Hayson	Hofstedter	Morrow	Rubner
Executive management	X	X	X	X	X	–	X	X	–	X
Strategic insight / leading growth	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	–	–
Financial accounting and reporting	X	–	X	X	–	–	X	X	–	X
Tax acumen	–	–	X	X	–	X	–	–	–	–
Internal financial / accounting controls	–	–	X	X	–	–	–	X	–	–
Mergers and acquisitions	X	X	X	X	X	–	X	X	–	–
Legal	X	–	–	X	–	X	–	–	X	X
Human resource management	X	–	–	X	–	–	X	–	–	–
Corporate Governance	X	X	–	X	–	X	X	X	–	–
Environmental & social	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 2023 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 CESG&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 CESG&N Committee to discuss their specific concerns.

Following the review by the CESG&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.

LETTER TO UNITHOLDERS

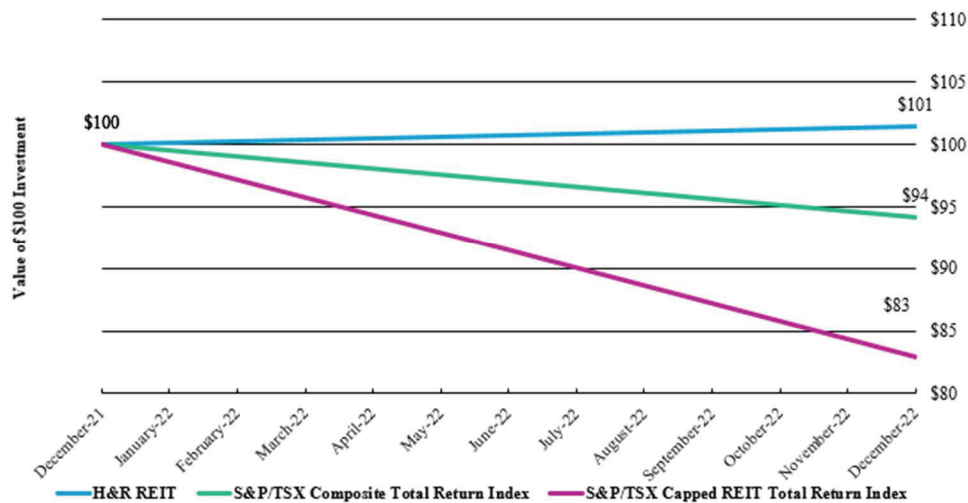
Dear fellow Unitholders:

2022 was a very important year for the REIT. Despite the volatility in the capital markets and the impacts across the industry, our teams accomplished many significant milestones aligned with our simplification strategy through capital recycling, unit buy backs, an increase in distributions and a renewed focus on our investor communication program. Through these actions, we have enhanced our geographical exposure, asset mix, and tenant diversification, enhanced our balance sheet with reduced leverage, driving strong operating and financial results, while also strengthening relationships with the investment community.

Transformational Strategic Repositioning Plan

The Transformational Strategic Repositioning Plan (the “Plan”) announced in October 2021 was developed to align the REIT with investor demand and preferences for a simplified, growth-oriented company. The REIT is pleased with its progress towards its goal of being a leading owner, operator and developer of high growth U.S. sunbelt and gateway city residential properties, and well-located industrial properties. Since announcing the Plan, the Units have outperformed, outperforming the S&P/TSX Capped REIT Index by 17%.

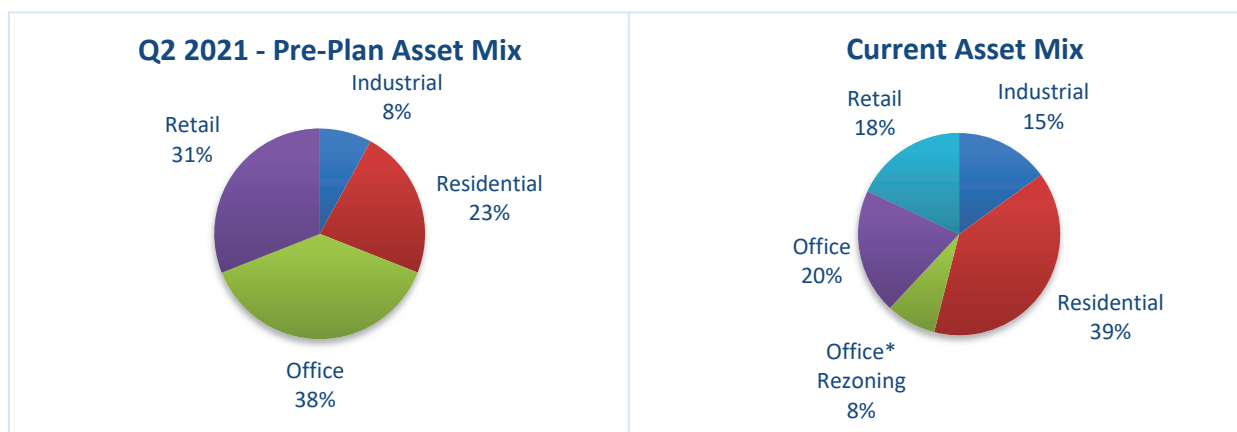
Further, during the one-year period from December 31, 2021 to December 31, 2022, the total cumulative return for \$100 invested in Units was \$101, as compared to \$94 for the S&P/TSX Capped REIT Index and \$83 for the S&P/TSX Composite Index. Reproduced below is a graph which illustrates the cumulative total Unitholder return (inclusive of the reinvestment of cash distributions into Units) for the period.



Since the Plan was launched following Q2 2021, the REIT has successfully reduced its asset mix of office and retail properties to 28% (of which 8% is being held for future rezoning opportunities) and 15%, respectively, while growing residential assets to 39% and industrial properties to 15%. This has resulted in a concentration of 54% in Residential and Industrial (58% including properties under development). This repositioning was achieved through \$1.67 billion in strategic transactions announced in August 2021, including (i) the sale of The Bow office complex in Calgary, Alberta (ii) the sale of the Bell office campus in Mississauga, Ontario, (iii) the spinout of the REIT’s enclosed mall portfolio into Primaris REIT in December 2021, (iv) the strategic sale of \$463 million of non-core properties in 2022 and (v) the recently completed \$277 million sale of the REIT’s 160 Elgin Street office property in Ottawa, Ontario.

The REIT's asset mix prior to the launch of the Plan following Q2 2021 and the REIT's current asset mix, after giving effect to the sale of 160 Elgin Street, in each case based on the fair value of the REIT's investment properties including developments, is reflected below:

Fair Value of Investment Properties



*Office Properties going through the rezoning and reintensification process to be converted into multipurpose properties, predominantly Residential.

Since inception in late 2014, Lantower Residential has grown to over \$3.2 billion in assets as of December 31, 2022 (\$4.5 billion including equity accounted investments, at the REIT's proportionate share). As at December 31, 2022, the residential portfolio consisted of 24 properties comprising 8,164 residential rent units at the REIT's ownership interest. As at December 31, 2022, after giving effect to the recent sale of 160 Elgin Street, the REIT's residential segment accounts for approximately 40% of the fair value of the REIT's investment properties including developments up from 1% at the end of 2014.

Board Renewal and Refreshment

As part of the Board's ongoing efforts to respond to Unitholder feedback, the Board has undergone significant Board renewal, refreshment and expansion. As a result, all eight of the REIT's independent Trustee nominees have been appointed since 2020, bringing fresh perspective and energy and deep real estate industry expertise. As a result of the changes to the Board since 2017, assuming the election of all of management's nominees, the average length of tenure of the REIT's independent Trustees will have been reduced from 15 years to approximately 1.5 years.

The Board's newest appointee, Donald Clow, recently retired as CEO of Crombie REIT, where he oversaw a strategy that delivered consistent growth and superior unitholder returns, while achieving record occupancy levels and significantly strengthening the balance sheet. Subsequent to his addition to the Board, Mr. Clow was appointed Independent Lead Trustee. In addition, as part of the REIT's ongoing Unitholder engagement and Board renewal process, the Board identified Leonard Abramsky and Lindsay Brand as additional, independent nominees to the Board. Mr. Abramsky is a real estate investor and advisor with a long track record in the Canadian REIT industry and is currently President of The Dunloe Group Inc., a Toronto-based real estate investment company. Ms. Brand is a real estate executive and investor who previously served as Chief Investment Officer of Dream Unlimited Corp. and Dream Impact Trust, among other roles, and brings a fresh perspective to the Board.

As a further result of the Board's renewal process, the Board's Committees have been revamped as well, with Jennifer Chasson chairing the Audit Committee and Brenna Haysom chairing the Compensation, Environmental, Social & Governance and Nominating Committee. Assuming all of the Trustees to be nominated by management are elected, the Board intends to reconstitute its committees such that the Audit Committee will be comprised of Ms. Chasson (Chair) and Haysom and Messrs. Clow and Rubner, the CESG&N Committee will be comprised of Ms. Haysom (Chair) and Brand, and Messrs. Gross and Clow, and the Investment Committee will be comprised of Messrs. Cowie (Chair), Abramsky, Hofstedter and Clow.

We are proud of the Board we have assembled and believe that the Trustees to be nominated by management at the Meeting will continue to steward Unitholders' investment in the REIT over the long-term and continue overseeing execution on the Plan.

Environmental, Social and Governance (ESG)

As one of Canada's largest real estate investment trusts, the REIT strives to lead by example within the industry. The REIT has always viewed sustainability as its responsibility to its Unitholders in terms of transparency, to its employees in terms of collaboration and opportunity, to its tenants in terms of providing healthy working and living environments and to its communities in which the REIT's employees live and the REIT does business.

In furtherance of the foregoing, the REIT, with oversight from the Board, 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 and risk management processes. The REIT is proud to have shared its third annual Sustainability Report in the fall of 2022, highlighting ESG initiatives and accomplishments for the 2021 calendar year. Recognizing the importance of ESG to the REIT, in 2023 the Compensation, Governance and Nominating Committee was renamed the Compensation, Environmental, Social & Governance and Nominating Committee to better reflect its mandate and responsibilities.

The Board of Trustees has ultimate oversight for risk management and receives updates on ESG-related issues, including climate change. The Board of Trustees has delegated the responsibility of overseeing ESG management including climate change and resilience to the CESG&N Committee. Significant and emerging risks, including those related to climate change, are escalated to the Audit Committee, which also oversees environmental compliance. Both the Audit Committee and the CESG&N Committee are comprised exclusively of independent Trustees.

See "Corporate Governance – Environmental, Social & Governance ("ESG")" and "Corporate Governance – Board Oversight of ESG Risk and Cyber Security" below for a further description of the REIT's and Board's approaches to ESG and risks associated therewith.

Diversity

In 2023, we amended our diversity policy for Board composition to increase our target proportion of women Trustees to at least 30%, reflecting our commitment to gender diversity at the Board level. Currently, three of the eight Trustees (37.5%) 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, four of ten (40%) of the Trustees will be women, surpassing the 30% Canada Club's aim for better gender balance at the Board level.

The REIT is also proud to have been recognized again by the Globe & Mail's Report on Business Magazine's "Women Lead Here" benchmark for the fourth consecutive year in 2023. This achievement is reflective of the REIT's commitment to diversity throughout the organization. Women represent approximately 40% of the REIT's Tier 1 and 2 Executives, 44% of the REIT's Tier 3 Executives and 37% of the REIT's overall workforce as at December 31, 2022.

In addition to the importance of gender diversity at the Board and executive level, the Board and management recognize the importance of other facets of diversity, as set out in the REIT's diversity policy. 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 self-identifies as a person with a disability and one of the ten Trustees (10%) will be a person who self-identifies as a racial, ethnic or visible minority.

Report on Compensation

On behalf of the CESG&N Committee and the Board, we are also pleased to provide you with our annual report on the REIT's overall executive compensation program. The REIT continues to monitor and evolve its 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 (89% 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. We note that the CEO’s compensation has been commensurate with the REIT’s performance in recent years, having gone down (both in terms of total reported compensation and total realized compensation) in down years, and increasing in years in which the REIT has performed well.

In 2022, the REIT continued to focus on execution of the Plan, and the REIT’s short-term incentive plan (“**STIP**”) and long-term incentive plans (“**LTIP**”) for the CEO, President and CFO have been designed to align with these goals. While in past years FFO was used as a metric, this year, the STIP for the CEO and CFO is focused on three equally weighted, objective measures, including NAV per Unit growth, growth of NOI in the residential segment and 1-year absolute total Unitholder return, each of which are designed to reflect progress on the Plan and a focus on increasing unit value. The STIP for the President is focused on operational and growth targets relating to the REIT’s residential segment for which he has primary responsibility.

CEO compensation reflects a performance-oriented approach that aligns with both short- and long-term performance achievements. For the CEO, performance units (“**PSU**”) comprise half of the LTIP and are 100% performance-based and at-risk with the balance in restricted units (“**RSU**”) that are time-based. For the 2020 awards that vested in 2023, and the outstanding 2021 award that will vest in 2024, the performance metrics are based on the REIT’s total unitholder returns (“**TR**”) relative to our peers and the S&P/TSX Capped REIT Index. The PSUs awarded in 2022 and 2023 are based on three equally weighted performance measures, being the two relative TR measures and a third measure relating to growth of the REIT’s residential segment, reflecting its key importance to the REIT’s long term strategy.

Both the 2018 and 2019 PSU awards vested at 0%, reflecting the underperformance of the REIT’s TR relative to our peers and the S&P/TSX Capped REIT Index over the performance period, while the 2020 PSU award vested at 54%, representing the REIT’s improved performance relative to the peer group during that performance period. We believe that the vesting of the 2018 and 2019 PSU awards at 0%, and the 2020 PSU award at 54% (representing a total of \$800,000 of annual target compensation to the CEO, as of the respective grant dates of each of the awards) reflects the focus and commitment of the Board on pay for performance and at-risk compensation, and that our compensation program is working as intended.

As a result of strong financial performance and unit holder return, the 2022 STIP award calculation generated a STIP 143% of target for the CEO. In reviewing the REIT’s operational performance and strategic execution, the CESG&N Committee determined that this was appropriate and did not apply any adjustment factor. Further details are explained under “Short-Term Incentives (STIP)”.

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 for the past five years as well as a five-year lookback of CEO compensation.

CEO Compensation Element	2022	2021	2020	2019	2018
Salary	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
STIP (range of 0-200% of target)	\$1,716,000	\$800,000	\$800,000	\$1,050,000	\$1,341,000
LTIP – RSUs	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
LTIP - PSUs (range of 0-150% of target)	\$800,000	\$800,000	\$800,000	\$800,000 ⁽¹⁾	\$800,000 ⁽¹⁾
LTIP - Options	\$0	\$0	\$0	\$0	\$0
Total reported compensation ⁽¹⁾	\$4,516,000	\$3,600,000	\$3,600,000	\$3,850,000	\$4,141,000
Total realized and realizable compensation ⁽²⁾	\$4,475,689	\$4,172,053	\$3,313,001	\$2,998,741	\$3,184,682
<i>Variable at-risk compensation (% of total)</i>	73%	67%	67%	69%	71%
<i>Performance-based long-term incentives (% of LTIP)</i>	50%	50%	50%	50%	50%

Notes:

- (1) Total compensation as reported in the Summary Compensation Table includes salary, bonus paid, grant value of Unit-based awards and option based awards and all other compensation.
- (2) Total realized and realizable compensation reflects the salary, bonus paid, payout of Unit-based awards, gains realized from exercise of options, and the value of unvested Unit-based awards. Specifically, the total includes:
 - a. PSU payouts - the 2018 and 2019 PSU awards each vested at 0% on the respective vesting dates in 2021 and 2022, resulting in a nil payout to the CEO in respect of both the 2018 PSU awards and the 2019 PSU awards, and the 2020 PSU awards vested at 54% on the vesting date in 2023, at a dollar value of \$13.11 on the March 4, 2023 vesting date. The 2020 PSU award was settled in Units.
 - b. RSU payouts - the Unit-based awards amounts for 2018, 2019 and 2020 (included in total realized compensation) represent the dollar value of RSUs settled upon vesting on February 23, 2021, February 24, 2022 and March 4, 2023, respectively, 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, which was \$13.34 on February 23, 2021, \$12.89 on February 24, 2022 and \$13.11 on March 4, 2023. The 2020 RSU award was settled in Units.
 - c. The current value for the unvested RSUs and PSUs granted in 2021 and 2022 (included in total realizable compensation) has been calculated based on the closing price for the Units on the TSX on December 31, 2022 of \$12.11 per Unit and assuming vesting of the PSUs at 100%.
 - d. As at December 31, 2022 and the date hereof, none of Mr. Hofstedter's options are in-the-money.

Consistent with the increasing importance of Lantower Residential as part of the REIT's strategy, Mr. Lapointe and Ms. Watson, both based in the U.S., are Named Executive Officers for the purposes of this Circular. Execution of the Plan, with the REIT's growing exposure to U.S. residential real estate assets as described above, increases the importance of attracting and retaining talent in the U.S. Currently, 57% of the REIT's employees are based in the United States and as at December 31, 2022, 59.5% of the REIT's real estate assets are located in the United States. The U.S. represents a different executive compensation market as compared to Canada, with higher compensation levels. The CESG&N Committee is satisfied that the compensation provided to the REIT's U.S.-based executives is competitive in those markets to allow the REIT to retain key executives and talent.

We are committed to a compensation framework that incentivizes our executives and prioritizes value creation for Unitholders through the use of performance measures and significant at-risk components for our CEO, President and CFO. We continue to monitor and evolve this framework to reflect the REIT's performance and changing market circumstances and believe that it is working as intended.

Sincerely,

"BRENNNA HAYSOM"

BRENNNA HAYSOM

Chair of the CESG&N Committee

"DONALD CLOW"

DONALD CLOW

Independent Lead Trustee

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, 80% of the Trustees will be independent (8 of 10) Independent Lead Trustee
Term limits	<ul style="list-style-type: none"> Trustees may serve until any such Trustee has been serving for 10 years since their initial election, subject to the Board's ability to waive such requirements. In accordance with this policy, in 2021 two Trustees retired and four new Trustees were elected (of which three are currently on the Board) With the appointment of Mr. Clow in March 2023, and the nominations of Mr. Abramsky and Ms. Brand, all eight of the proposed independent Trustees, and eight of ten Trustees overall, will have been elected or appointed since 2020, reflecting significant board refreshment over the past three years, assuming election of all management nominees
Trustee tenure	<ul style="list-style-type: none"> Average tenure of independent Trustees (assuming election of all individuals under the heading "Matters to be Acted Upon by Unitholders – Election of Trustees") of 1.5 years
Diversity initiatives	<ul style="list-style-type: none"> The REIT has adopted a diversity policy with a target for women to represent at least 30% of the Trustees. 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, 40% (4 of 10) of the Trustees will be women, surpassing the 30% Canada Club's aim for better gender balance at the Board level As of December 31, 2022, 40% of the REIT's Tier 1 and 2 Executives and 44% of the REIT's Tier 3 Executives are women. Overall, 37% of the REIT's workforce are women Additionally, 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 self-identifies as a person with a disability and one of the ten Trustees (10%) will be a person who self-identifies as a racial, ethnic or visible minority
Environmental initiatives	<ul style="list-style-type: none"> The REIT has a sustainability policy The REIT has reported to the Carbon Disclosure Project (CDP) since 2016 Since 2020, the REIT has opted to report on select Global Reporting Initiative indicators, as well as select Sustainability Accounting Standards Board (SASB) indicators. Both frameworks provide the REIT the capacity to benchmark its performance within the REIT industry, ensuring transparency
Environmental & Social Risk	<ul style="list-style-type: none"> The Board has ultimate oversight over E&S risk, and has delegated responsibility for certain E&S risk related matters to the CESG&N Committee and the Audit Committee
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
Risk oversight	<ul style="list-style-type: none"> Board and committee oversight of risk by the Audit Committee and CESG&N Committee
Overboarding policy	<ul style="list-style-type: none"> The REIT has adopted a policy around overboarding. See "Board Interlocks / Overboarding"
Annual assessments	<ul style="list-style-type: none"> The CESG&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
Unitholder Rights	
Annual elections	<ul style="list-style-type: none"> Trustees are elected annual for a term ending at the next annual meeting of Unitholders
Voting standard	<ul style="list-style-type: none"> Individual voting by a majority of votes cast annually
Advance Notice Policy	<ul style="list-style-type: none"> The REIT has Advance Notice Provisions in its Declaration of Trust. See "Proxy Matters – Advance Notice Provisions"

Dual-class Units	▪	No
Unitholder Rights Plan	▪	The REIT has a unitholder rights plan, last approved by Unitholders at the 2021 meeting
Compensation Highlights		
Independent advisor	▪	The REIT retains the services of an independent advisor to advise the Board on compensation practices
Say-on-pay vote	▪	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
Minimum unit ownership	▪	The REIT's minimum unit ownership policy requires all of the REIT's named executive officers and each Trustee to, directly or indirectly, own or have control or direction over a minimum number of Units, with the CEO at 5x base salary and Trustees at 3x total annual retainer (cash and Unit-based awards)
Post-employment Unit ownership	▪	The CEO must hold Units equal to 1x base salary for one year following the date of resignation or retirement to encourage decisions that support the creation of sustainable long-term value
Options	▪	The REIT does not intend to issue option awards for the foreseeable future and has not issued options to executives and employees since 2016 and to Trustees since 2013

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” their election, the Trustee will be required to immediately tender their 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 their 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 their 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.

Board Interlocks / Overboarding

The REIT has adopted a process around the annual evaluation of Trustee independence. The Board considers it to be good governance to avoid interlocking Board memberships. Accordingly, the Board has adopted a policy which provides that no more than two Trustees can sit on the same public company board without the consent of the CESG&N Committee. The CESG&N Committee also reviews any interlocks as part of its annual evaluation of Trustee independence. As at the date of this Circular, there are no interlocking board memberships among the Trustees. Among the nominees for election as Trustees, Mr. Abramsky is a trustee of Dream Residential Real Estate Investment Trust (TSX: DRR.U) and First Capital Real Estate Investment Trust (TSX: FCR.UN), Ms. Brand is a trustee of True North Commercial Real Estate Investment Trust (TSX: TNT.UN) and Ms. Haysom is a director of Apollo Commercial Real Estate Finance Inc. (NYSE: ARI).

The Board assessed best practice guidelines regarding director overboarding published by certain institutional shareholder service providers. Accordingly, to be consistent with such guidelines, the REIT's policy further provides that non-executive Trustees may serve on up to five outside public company boards, Trustees who are executive officers of

another public company may serve on up to one outside public company board, and the Executive Chairman of the REIT cannot serve on more than two additional outside public company boards. The Board will continue to assess on a regular basis whether the foregoing limitations should be modified or amended.

In addition, each member of the Audit Committee may hold no more than three audit committee memberships at once for TSX-listed companies. A Trustee who has demonstrable financial experience (e.g. experience as a former chief financial officer) may hold no more than four audit committee memberships at once for TSX-listed companies.

Minimum Unit Ownership Guidelines

The Board believes that meaningful Unit ownership by the REIT's named executive officers and Trustees is a key element of strong corporate governance. The Board believes that long-term equity ownership further aligns the interests of Trustees and executives with our Unitholders and also enables them to share in the long-term growth and success of the REIT.

The REIT has a minimum Unit ownership policy that applies to all Trustees and named executive officers.

- Each non-executive Trustee is required to directly or indirectly, own or have control or direction over Units with an aggregate market value equal to at least three times their base annual retainer, and three times the value of grants of RSUs during the year. Each Trustee has five years from the date of their appointment or election to meet the ownership policy. A Trustee is not permitted to sell any Units or settle for cash any vested RSUs until they have met their minimum ownership guideline. The value of RSUs held by each Trustee is included in meeting the minimum Unit ownership, as vesting of RSUs held by a Trustee accelerates automatically upon retirement of a Trustee.
- The Chief Executive Officer is required to, directly or indirectly, own or have control or direction over Units with an aggregate market value equal to at least five times his annual salary (inclusive of the value of RSUs, which are time-vesting, but exclusive of PSUs, which are subject to performance conditions).
- The Chief Financial Officer is required to, directly or indirectly, own or have control or direction over Units with an aggregate market value equal to at least two times his annual salary (inclusive of the value of RSUs, which are time-vesting, but exclusive of PSUs, which are subject to performance conditions).
- Each Named Executive Officer, other than the CEO and CFO, is required to, directly or indirectly, own or have control or direction over Units with an aggregate market value equal to at least one times their annual salary (inclusive of the value of RSUs, which are time-vesting, but exclusive of PSUs, which are subject to performance conditions). The remaining Named Executive Officers will have three years from the date they become a Named Executive Officer to reach the minimum required level of Unit ownership.

The following table sets out how each Named Executive Officer of the REIT met the minimum Unit ownership requirements, as at April 17, 2023, the Record Date, to the extent applicable. For details on how each Trustee met the minimum Unit ownership requirements, see "Matters to be Acted Upon by Unitholders – Election of Trustees".

Name	Minimum Value: Unit Ownership Requirement	Market Value of Units Beneficially Owned or Controlled or Directed, Directly or Indirectly⁽¹⁾	Market Value of RSUs Beneficially Owned or Controlled or Directed, Directly or Indirectly⁽¹⁾	Meets Minimum Unit Ownership Requirements?
Thomas J. Hofstedter ⁽²⁾	\$3,600,000	\$59,166,879	\$2,722,370	Yes
Philippe Lapointe ⁽³⁾	\$845,000	Nil	\$7,599,944	Yes
Larry Froom	\$1,750,000	\$1,823,144	\$1,346,481	Yes
Robyn Kestenberg	\$700,000	\$1,496,569	\$1,452,631	Yes
Emily Watson ⁽³⁾	\$552,500	Nil	\$450,365	Not Applicable Until 2025

Notes:

- (1) Market value of the Units and RSUs is based on the closing price for the Units on the TSX on April 17, 2023, the Record Date, of \$12.44 per Unit and does not include the value of any PSUs that are held by the applicable officer.
- (2) Includes 1,012,742 HRLP Exchangeable Units indirectly owned by Mr. Hofstедter, which are economically equivalent to Units, and exchangeable at any time on a 1:1 basis for Units. As reported under “Matters to be Acted Upon by Unitholders – Election of Trustees” above, Mr. Hofstедter’s holdings consist of \$46,568,369 in Units (\$59,166,879 inclusive of the 1,012,742 HRLP Exchangeable Units) and \$2,722,370 in RSUs.
- (3) Mr. Lapointe’s and Ms. Watson’s salaries are paid in U.S. dollars and their unit ownership requirement has been translated into Canadian dollars at the average exchange rate for 2022 (\$1.30).

Post-employment Unit Ownership Policy

The REIT has implemented a post-employment ownership requirement for the CEO to ensure that the CEO makes decisions that are in the long-term interest of the REIT. The CEO is required to maintain Units equal to 1x base salary (currently \$1,200,000) for one year following resignation or retirement.

Retention and Clawback Policies

Each Named Executive Officer 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 Officer or 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 and is not a member of management. Trustees may serve until any such Trustee has been serving for 10 years since their initial election or appointment, subject to the Board’s ability to waive such limit. Only two of the current Trustees served on the Board prior to 2020 (including the REIT’s CEO and Executive Chairman who is not currently subject to the retirement guideline and term limit), and assuming the election of all Trustees to be nominated by management, all eight of the independent Trustees will have been elected or appointed since 2020.

Committee Peer Review, Board Evaluation/Assessments and Nominations of Trustees

The CESC&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 (attached hereto as Schedule C), the performance of the committees to their respective charters and the performance of the Trustees to their expected competencies and skills. This annual written evaluation includes a peer review of the other Trustees as well. Results are compiled into a report on an anonymous basis in order to encourage full feedback, and for discussion with the CESC&N Committee who will then take the necessary steps to ensure that individual Trustees are performing effectively.

The CESC&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 CESC&N Committee must ensure that the new candidates have the time and resources required to perform the duties of a Trustee.

The CESG&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 CESG&N Committee are Brenna Haysom (Chair), Donald Clow and Stephen Gross, all of whom are independent Trustees. Following the Meeting, assuming all of the Trustees to be nominated by management are elected, the Board intends to reconstitute the CESG&N Committee such that it will be comprised of Brenna Haysom (Chair), Lindsay Brand, Donald Clow and Stephen Gross.

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' and Committees' 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. In addition, certain of the Trustees are legal or accounting professionals who attend conferences, professional development seminars and other continuing education sessions throughout the year.

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. The REIT maintains a Trustee portal accessible to all Trustees where materials relating to past meetings are posted, including Trustee and Committee meeting minutes and resolutions.

8. The REIT's policies, constating documents and disclosure documents are posted on the REIT's website and made available to all new Trustees to familiarize themselves with the REIT's practices.
9. Subject to prior approval by the CESG&N Committee, the REIT reimburses the Trustees for the fees and expenses incurred to attend certain conferences or other events that are important for enhancing their knowledge for serving on the Board.

The Board and Committees receive presentations on topical issues when making key business decisions, during strategic planning meetings and in response to Trustee requests. Trustees also attend external conferences and seminars. Trustees identify educational needs through the Board and Committee process and the Board assessments. Management arranges internal presentations for the Board after consulting with the Trustees, and notifies Trustees of pertinent conferences, seminars and other educational opportunities.

Trustees are also encouraged to seek continuing education opportunities that will allow them to enhance their skills and knowledge outside of the REIT's continuing education program.

In 2023, four of the Trustees attended the REIT's investor day at its Lantower Residential head office and participated in property tours of certain of the REIT's properties in Dallas, Texas.

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 Hofstедter 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, six of the eight Trustees (75%) are independent (Mses. Chasson and Haysom and Messrs. Cowie, Clow, Gross and Rubner). 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, eight of the ten Trustees (80%) will be independent (Messrs. Abramsky, Cowie, Clow, Gross and Rubner and Mses. Brand, Chasson and Haysom).

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 Lead Trustee

The Independent Lead Trustee is a duly elected member of the Board of Trustees and is appointed as Independent Lead Trustee by the Board of Trustees. The current Independent Lead Trustee is Donald Clow. The Independent Lead Trustee is expected to provide assistance to the Executive Chairman in providing leadership to the Trustees. Among other things, Mr. Clow is generally responsible for calling and overseeing separate meetings of the independent Trustees, if necessary, administering the Trustees' relationship with management, providing leadership to the Board, setting the "tone" for the Trustees to foster effective, ethical and responsible decision-making and strong governance practices, and performing such other responsibilities as may be designated by a majority of the independent Trustees from time to time.

Chief Executive Officer and Senior Management Succession Process

The CESG&N Committee has the responsibility to ensure that the REIT has a succession strategy for the REIT's Chief Executive Officer and other members of senior management. Accordingly, the CESG&N Committee is required to review the REIT's Chief Executive Officer and senior management 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 CESG&N Committee only. In accordance with its charter, the CESG&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 CESG&N Committee believe that succession planning is of paramount importance to the REIT. To that end, the CESG&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 CESG&N Committee will consider internal candidates as well as external candidates. External candidates would be identified through various means including hiring an executive search firm and discussion with industry contacts. The CESG&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 CESG&N Committee periodically discusses succession planning with the CEO to review and update the succession plan as needed. At present, the 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 CESG&N Committee is currently focused on the event of the CEO's unexpected departure. In this regard, both the CEO and the CESG&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).

Ethical Business Conduct

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.

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:

- (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 Vice-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.

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.

As of the date of this Circular, no material change reports have been filed pertaining to any departures from the Code.

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.

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.

Related Party Transactions and Conflicts of Interest

The Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders, similar to those contained in the *Canada Business Corporations Act*, that require each Trustee or officer of the REIT to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT or the fact that such person is a director or officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. A Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to their remuneration as a Trustee, officer, employee or agent of the REIT or any affiliate of the REIT or one for indemnity under the provisions of the Declaration of Trust or the purchase of liability insurance. Furthermore, pursuant to the Trustees’ Mandate, the independent Trustees have the specific responsibility to approve any related party transactions involving Trustees or officers of the REIT, and any Trustee with an interest in the related party transaction shall abstain from any vote to approve any such related party transaction.

From time to time, special committees of the Board may be appointed to consider special issues and in particular, any issues that may involve related party transactions. A special committee of the Board may retain outside advisors at the REIT’s expense in appropriate circumstances. No material decision or decision involving a potential conflict of interest can be approved by the Board without the approval of the independent Trustees. There were no transactions in 2022 that required the creation of a special committee of the Board.

Diversity – Board and Executive Representation

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 ESG&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 addition, Trustees have an opportunity to annually evaluate the effectiveness of the Trustee selection and nomination process, including compliance with the diversity policy, through the Board’s annual evaluation process.

In furtherance of the REIT’s goals regarding gender diversity on the Board, the REIT has adopted a target for women to represent at least 30% of the Trustees, which is currently the case, as currently 37.5% (three of eight) of the Trustees are women. 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, four of the ten Trustees (40%) will be women, surpassing 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 to the importance of gender diversity at the Board and executive level, the Board and management recognize the importance of other facets of diversity, as set out in the REIT's diversity policy. 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 self-identifies as a person with a disability¹ and one of the ten Trustees (10%) will be a person who self-identifies as a racial, ethnic or visible minority. The CESG&N Committee considers these and other factors when identifying potential candidates for nomination as Trustees and endeavours to continue expanding and enhancing the diversity of the REIT's Board. In furtherance of the foregoing, the Board instructs any search firm retained to assist in identifying candidates for nomination as Trustees to include diverse candidates that are diverse in ways other than gender diversity.

The REIT has been recognized with a spot on the Women Lead Here list for the fourth consecutive year in 2023, published by the Globe & Mail Report on Business, representing the REIT's commitment to diversity throughout the organization. Women represent approximately 40% of the REIT's Tier 1 and 2 Executives, 54% of the REIT's Tier 3 Executives and 38% of the REIT's overall workforce as at December 31, 2022. 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 representation level of women 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 CESG&N Committee is responsible for annually reviewing the diversity policy and assessing its effectiveness in promoting a diverse Board. The CESG&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 CESG&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.

Environmental, Social & Governance ("ESG")

As one of Canada's largest real estate investment trusts, the REIT strives to lead by example within the industry and be a part of the ever-changing journey to a more sustainable future. 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, with oversight from the Board, 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. Furthermore, as a result of the emphasis the REIT places on ESG initiatives, in 2023 the Compensation, Governance and Nominating Committee was renamed the Compensation, Environmental, Social & Governance and Nominating Committee to better reflect its mandate and responsibilities.

The REIT is proud to have shared its third annual Sustainability Report in the fall of 2022, highlighting ESG initiatives and accomplishments for the 2021 calendar year in accordance with Global Reporting Initiative (GRI) Standards, and the report includes indicators from the Sustainability Accounting Standards Board (SASB) Real Estate sub-sector. The REIT's third annual Sustainability Report outlines the REIT's ESG framework, in a consistent and efficient manner, and the REIT's commitment to drive sustainable performance and improvement. The REIT

¹ "Persons with disabilities" is defined as meaning persons who have a long term or recurring physical, mental, sensory, psychiatric or learning impairment and who: (i) consider themselves to be disadvantaged in employment by reason of that impairment, or (ii) believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment. This definition also includes persons whose functional limitations owing to their impairment have been accommodated in their current job or workplace.

continues to work alongside Brightly Software (previously Energy Profiles Limited) to benchmark the REIT's performance within the REIT industry, ensuring transparency and continuous improvement year-over-year.

A detailed listing of the REIT's key programs and initiatives is set out in the REIT's management's discussion and analysis for the year ended December 31, 2022 and Annual Information Form for the year ended December 31, 2022, each available at www.hr-reit.com and on the REIT's profile on SEDAR at www.sedar.com.

The Board bears overall responsibility for ESG oversight at the REIT and has delegated the oversight of individual components to each Committee of the Board. Each of the Committees and the Board receive regular updates on various ESG topics and initiatives. The following outlines the ESG related responsibilities of the Board and its three Committees:

Board Responsibilities

- Oversight of the REIT's overall ESG strategy to ensure it is aligned with and incorporated into the REIT's business strategy and that budgetary items related to ESG are incorporated into the REIT's budgets.
- Oversight of climate change strategy, including related risks and opportunities associated with the REIT's business and portfolio.
- Approves the annual Sustainability Report, as well as ESG matters disclosed in the MD&A, Annual Information Form, Management Information Circular and Annual Report.

Audit Committee Responsibilities

Oversight of:

- ESG metrics, performance indicators and disclosures
- ESG-related disclosure controls and procedures
- Integration of ESG in enterprise risk management including climate and other sustainability and ESG risks, along with monitoring and mitigation strategies
- Ethics compliance
- Whistleblower complaints
- Compliance with ESG regulations including climate, environment, human rights, and supply chain
- ESG-related litigation risks

CESG&N Responsibilities

Oversight of:

- ESG board expertise and education
- ESG in board recruitment
- Board assessments
- Board diversity
- ESG matters of interest to Unitholders and stakeholders
- Integration of specific ESG responsibilities as appropriate into Committee mandates and the Trustees' Mandate
- Unitholder proposals on ESG
- ESG in annual disclosures and the alignment to expectations of proxy advisors and regulators
- ESG factors, goals and metrics in executive compensation
- Talent management, including recruitment, succession planning and development
- Executive and management level expertise in ESG
- Corporate culture

Investment Committee Responsibilities

Oversight of:

- ESG matters in respect of acquisitions, dispositions, and developments that are reviewed by the Investment Committee, with particular attention to ESG risks and policy requirements, as well as project costs associated with ESG compliance, if applicable
- ESG assessment of future joint venture partners with mitigation strategies
- To the extent submitted to the Investment Committee for review and approval, ESG monitoring of the REIT's portfolio with particular attention to the ability to influence environmental and climate change risks

The Board has also delegated certain day-to-day responsibilities, including coordinating with the REIT's ESG consultants and preparing reports on ESG matters, to the Sustainability Committee, comprised of members of management, including among others, the REIT's President, CFO, Executive Vice President, Office & Industrial,

Executive Vice President, Finance and Vice President of Sustainability & Special Projects, as well as members from the REIT's sustainability consultant, Brightly Software.

Please see the REIT's 2022 Annual Report and the REIT's 2022 Sustainability Report for additional information on ESG at the REIT.

Board Oversight of ESG Risk and Cyber Security

Pursuant to the Trustees' Mandate, the Board is responsible for identifying the principal risks of the business and ensuring these risks are being appropriately managed. The Board periodically discusses with management the REIT's guidelines and policies with respect to risk assessment, risk management, and major strategic, financial and operational risk exposures, and the steps management has taken to monitor and control any exposure resulting from such risks. The Board relies upon the CEO, President and CFO to supervise day-to-day risk management, each of whom provides reports directly to the Board and certain Committees, as appropriate.

The Board of Trustees has ultimate oversight for risk management and receives updates on ESG-related issues, including climate change. The Board of Trustees has delegated the responsibility of overseeing ESG management including climate change and resilience to the CESG&N Committee. Significant and emerging risks, including those related to climate change, are escalated to the Audit Committee, which also oversees environmental compliance. Both the Audit Committee and the CESG&N Committee are comprised exclusively of independent Trustees. The Audit Committee and CESG&N Committee report to the Board as needed on risks and opportunities relating to ESG and other matters. The Board therefore bears ultimately responsibility for responding to ESG risks and opportunities. See also "Corporate Governance – Environmental, Social & Governance ("ESG")" above.

Further, as part of its annual reporting process, management reviews the key risks applicable to the REIT and discusses them with the Board before reporting to Unitholders in the REIT's MD&A and annual information form. These risks inform the development of the REIT's business plans and budgets, which are ultimately approved by the Board.

Cyber security continues to be an area of increasing focus as reliance on digital technologies to conduct business operations has grown significantly. The introduction of hybrid work from home arrangements for many of the REIT's employees as a result of the pandemic has heightened the importance of cyber security risk management. Cyber attacks can include but are not limited to intrusions into operating systems, cyber extortion, social engineering fraud, theft of personal or other sensitive data and/or cause disruptions to normal operations. Such cyber attacks could compromise the REIT's confidential information as well as that of the REIT's employees, tenants and third parties with whom the REIT interacts and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage.

As a result, the REIT has developed a cyber security program focused across a spectrum of preventative protective and detective measures. These measures include, but are not limited to, active monitoring of security events, security awareness programs for employees, regular vulnerability testing performed by both internal and external parties, establishing and maintaining a robust disaster recovery program, implementation of a formal incident response program and enhancing email security. The REIT continues to evolve its security tactics and defenses in response to emerging threats and in response to the challenges presented by the COVID-19 pandemic. The REIT also follows certain protocols when it engages technology vendors concerning data security and access control. In addition, the Audit Committee periodically receives a report from the REIT's Director of Information Systems of the REIT regarding the REIT's information systems and security and safeguards that are currently in place.

During 2022, there were no reported incidents with respect to cyber security or privacy breaches.

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. In March 2023, the REIT hosted an investor day and property tour at Lantower Residential's head office in Dallas, Texas that included several Trustees and members of senior management to facilitate feedback from the investor community.

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. The Lead Independent Trustee meets with Unitholders on a regular basis over the course of the year to solicit feedback on key issues of focus for Unitholders.

Unitholders, employees and other interested parties may communicate directly with the Board through the Independent Lead Trustee by writing to:

Independent Lead Trustee of the Board of Trustees
H&R Real Estate Investment Trust
Suite 500, 3625 Dufferin Street, Toronto, Ontario M3K 1N4
Email: dclow@hr-reit.com

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 CESG&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, and the Board has determined not to increase the annual salary of the CEO for 2023
Performance oriented	<ul style="list-style-type: none"> Approximately 70% of the CEO's compensation and approximately 60% of the CFO'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 and CFO's variable at-risk compensation vest at the end of three years, with the possibility of half (comprised of PSUs) vesting at 0%
Absolute performance	<ul style="list-style-type: none"> STIP for the CEO and CFO includes pre-defined performance objectives determined by the CESG&N Committee that align with the REIT's strategic direction
Relative performance	<ul style="list-style-type: none"> PSUs are paid out based on the REIT's total return ("TR") on a relative basis to the REIT's pre-defined peer groups, the parameters of which are determined by the CESG&N Committee
Market competitive	<ul style="list-style-type: none"> Compensation is positioned to be competitive with the REIT's pre-defined peer groups and within the geographic regions in which the REIT does business (particularly the United States)
CESG&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
Governance oversight	<ul style="list-style-type: none"> The CESG&N Committee oversees the REIT's compensation program by approving senior management compensation-related matters
Advice from an external, independent advisor	<ul style="list-style-type: none"> The CESG&N Committee retained WTW (formerly Willis Towers Watson) as its independent advisor
Cap on incentive opportunity	<ul style="list-style-type: none"> STIP awards for the CEO and CFO have a maximum payout of 200% of the target award and the PSUs will have a maximum performance multiplier of 150% 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, as reflected by the vesting at 0% of the 2018 and 2019 PSU awards
Minimum unit ownership guidelines	<ul style="list-style-type: none"> The REIT has a minimum unit ownership guideline in place for all named executive officers: 5x base salary for the CEO, 2x base salary for the CFO and 1x base salary for the other named executive officers
Post-employment Unit ownership	<ul style="list-style-type: none"> The CEO must hold Units equal to 1x base salary for one year following the date of resignation or retirement to encourage decisions that support the creation of sustainable long-term value
Prohibition on Hedging and Equity Monetization	<ul style="list-style-type: none"> The REIT has a robust anti-hedging policy in place for trustees, officers and employees of the REIT and its subsidiaries
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 and has not issued options to executives and employees since 2016 and to Trustees since 2013 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

2022 NAMED EXECUTIVE OFFICERS (NEOS)

For 2022, 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 – Executive Chairman and Chief Executive Officer
2. Philippe Lapointe – President
3. Larry Froom – Chief Financial Officer
4. Robyn Kestenberg – Executive Vice President, Office & Industrial
5. Emily Watson – Chief Operating Officer, Lantower Residential

COMPENSATION GOVERNANCE

Composition and Role of the CESG&N Committee

The CESG&N Committee currently consists of Brenna Haysom (Chair), Donald Clow and Stephen Gross, all of whom are independent Trustees. Ms. Haysom's academic and professional experience are in the areas of executive management, finance, and corporate governance, Mr. Clow's academic and professional experience are in the areas of executive management, real estate and finance, and Mr. Gross's academic and professional experience are in the areas of law, real estate and finance. Prior to his retirement on March 13, 2023, Ronald C. Rutman served as Chair of the CESG&N Committee, and his academic and professional experience was in the areas of real estate and finance. All members of the CESG&N Committee are knowledgeable and experienced in the area of executive compensation and the combination of these experiences and skills are key components for the oversight of the REIT's executive compensation and governance, and assist the CESG&N Committee in fulfilling its obligations to the REIT and its Unitholders. For more information on the skills and experiences of each CESG&N Committee member, please refer to the Trustee profiles and Trustee skills matrix under the heading "Matters to be Acted Upon by Unitholders – Election of Trustees".

The CESG&N Committee's charter, which is available on the REIT's website, provides specific guidance on the responsibilities and duties relating to executive compensation including:

- Reviewing and approving annually corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluating the Chief Executive Officer's performance in light of those goals and objectives and setting the Chief Executive Officer's compensation level based on this evaluation;
- Reviewing and approving annually 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 CESG&N Committee;
- Reviewing and making recommendations to the Trustees annually with respect to the appointment of officers of the REIT;
- Reviewing and making recommendations to the Trustees annually with respect to the compensation of the Trustees;
- Reviewing, administering and making recommendations to the 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;
- Reviewing succession planning for executive officers; and
- Reviewing annually the disclosure of executive compensation required by securities laws to be included in the REIT's management information circular.

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

The CESG&N Committee welcomes input and recommendations from the REIT's management and its independent compensation advisor, WTW, but is fully independent both in composition and decision-making. Members of management and WTW attend meetings of the CESG&N Committee at the request of the CESG&N Committee.

OVERSIGHT OF RISK AND STRATEGIC PLANNING - COMPENSATION

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 CESG&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 significant emphasis on long-term compensation and variable compensation relative to short-term and fixed compensation, the incorporation of a broad range of performance metrics (including both absolute and relative measures) in the REIT's STIP and LTIP for the CEO and CFO, and the use of caps on incentive opportunities. Other risk-mitigating features of the REIT's 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 NAV per Unit through ongoing active management of the REIT's assets and the development and construction of projects. 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 and developing real property investments include, (i) risks associated with financial matters, including refinancing indebtedness, access to capital, capital expenditures, 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, development 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 CESG&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.

The Board has determined that the REIT's compensation policies and practices do not encourage excessive or inappropriate risk-taking behavior. As described above and elsewhere in this Circular, the REIT has adopted a number of practices that are aligned with best governance practices and serve to ensure that the compensation program does not encourage excessive risk-taking.

RESULTS OF THE 2022 "SAY-ON-PAY" VOTE

A non-binding "say-on-pay" advisory vote was held at the 2022 Meeting and was approved with 89.40% of votes cast in favour. The Say-on-Pay Resolution will be considered by Unitholders at the Meeting, providing Unitholders with a non-binding, advisory vote on the REIT's current compensation practices. See "Matters to be Acted Upon by Unitholders – Say-on-Pay Resolution" for a description of the REIT's approach to say-on-pay, including the Board's consideration of the voting results in respect of the Say-on-Pay Resolution and process in the event that a significant number of Unitholders oppose the resolution.

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 CESG&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 Lantower Residential, in the case of Ms. Watson) are required to be restated and such restatement discloses materially poorer financial results than the original statements; or (ii) in the opinion of the CESG&N Committee, acting reasonably, there has been material injury to the REIT's (or of Lantower Residential's, in the case of Ms. Watson) 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 CESG&N Committee first retained WTW as its independent advisor and the relationship has continued in each subsequent year. WTW does not provide any services to management. During 2022, WTW provided advice on the following:

- Compensation philosophy and peer group development
- The market competitiveness of Named Executive Officer compensation, including advice on typical market incentive design
- Governance trends and best practices
- Pay-for-performance analyses
- Payouts under the REIT's STIP and LTIP

The following table summarizes fees (including HST) paid to WTW in 2021 and 2022:

Description	2022 Fees	2021 Fees
Executive Compensation-Related Fees	\$110,988	\$133,180
All Other Fees	0	0

The information and advice provided by WTW are factors that will be considered when making decisions regarding executive compensation; however, the CESG&N Committee and Board will not rely exclusively on this information and their decisions will reflect a number of factors and considerations. The CESG&N Committee regularly assesses the independence of the REIT's compensation consultant(s) and in 2022, confirmed that WTW's work has not raised any conflicts of interest.

WTW has continued to advise the CESG&N Committee in 2023 as the CESG&N Committee monitors its executive compensation programs.

COMPENSATION PHILOSOPHY

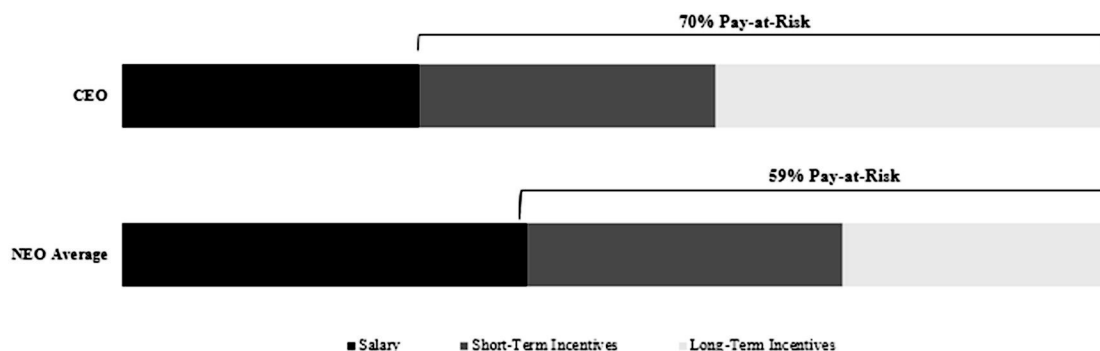
The REIT's executive compensation program is designed to support its business strategy by rewarding executives for successfully executing the REIT's strategy in light of current market conditions. In making decisions on compensation-related matters, the CESG&N Committee seeks to achieve the following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

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. 70% of CEO total compensation and an average of 59% 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 as part of its compensation mix since 2016 and has no intention of granting any options for the foreseeable future. The weightings of these compensation elements are designed to place greater emphasis on incentive (at-risk) pay rather than fixed pay. In addition, the LTIP generally represents the largest component of target incentive compensation for the CEO and CFO, with 50% of LTIP granted in the form of PSUs.

The CESG&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 objectivesPerformance considers specific financial, operational, strategic and/or individual objectives as well as relative performance to the REIT’s peersThe CESG&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 UnitholdersPayout value (including accrued distribution equivalents) is based on the Unit price at vesting
		PSUs	3-year cliff vesting and at-risk	<ul style="list-style-type: none">Align executives with multi-year performance relative to peer companiesFor 2020 and 2021 PSUs, number of units (including accrued distribution equivalents) vested is based on TR relative to select peers and the S&P/TSX Capped REIT Index over the performance periodFor 2022 PSUs, number of units (including accrued distribution equivalents) vested is based on TR relative to select peers and the S&P/TSX Capped REIT Index, and growth of the REIT’s residential segment, in each case over the performance periodPayout value (including accrued distribution equivalents) is 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's base salary has remained unchanged over the past three years and the CFO's base salary has only increased once in the past three years (which increase was less than 3%), representing the first increase in the CFO's base salary since 2016, with, in each case, 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	2022 Base Salary	2021 Base Salary	2020 Base Salary	% Average Annual Change Since 2020
Tom Hofstedter <i>Executive Chairman & Chief Executive Officer</i>	\$1,200,000	\$1,200,000	\$1,200,000	0%
Philippe Lapointe ⁽¹⁾ <i>President</i>	\$845,000 (US\$650,000)	\$625,000 (US\$500,000)	\$670,000 (US\$500,000)	15.00%
Larry Froom <i>Chief Financial Officer</i>	\$875,000	\$850,000	\$850,000	1.47%
Robyn Kestenberg <i>Executive Vice President, Office & Industrial</i>	\$700,000	\$656,705	\$647,000	4.10%
Emily Watson ⁽¹⁾ <i>Chief Operating Officer, Lantower Residential</i>	\$552,500 (US\$425,000)	\$482,813 (US\$386,250)	\$502,500 (US\$375,000)	6.67%

Note:

- (1) Mr. Lapointe's and Ms. Watson's salaries are paid in U.S. dollars and have been translated into Canadian dollars at the average exchange rate for the respective period (\$1.30 for 2022, \$1.25 for 2021 and \$1.34 for 2020). Their % Average Annual Change since 2020 has been calculated using their U.S. dollar base salaries.

2. Short-Term Incentives (STIP)

The CESG&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, President and CFO, with clear and objective performance measures to ensure transparency and clarity of awards. The Named Executive Officers other than the CEO, President and CFO receive a STIP based on their achievement of operational and strategic objectives, and based on the recommendation of the CEO and CFO, and President (with respect to employees of Lantower Residential) as to their performance in a given year, but do not have formalized performance targets. The STIP awards for the Named Executive Officers other than the CEO, President and CFO are set out in the "Summary Compensation Table" below.

For the CEO and CFO, the payout range of the formalized STIP is 0% at minimum and 200% at maximum, as a percentage of target. The target award for the CEO was 100% of base salary (\$1,200,000) while the target award for the CFO was 75% of base salary (\$656,250). The following table outlines the target performance measures and weightings of the STIP for the fiscal year ended December 31, 2022 as well as the actual performance for the year. After giving effect to the performance and reviewing the REIT's performance against its strategic objectives, the CESG&N Committee determined not to include an adjustment factor, and accordingly the CEO received an award at 143% of target (\$1,716,000) and the CFO received an award of 143% of target (\$938,438).

Performance Measure	Indicative Weighting	Performance Measurement for 2022 (Base – Target – Maximum)			Actual 2022 Performance	Resulting Payout Factor	Performance Multiplier
Net Asset Value (NAV) per Unit ⁽¹⁾ Growth	33%	2.0%	3.5%	5.0%	21%	200%	66.7%
1-Year Absolute Total Unitholder Return	33%	0.0%	5.0%	10.0%	1.5%	30%	10.0%
Growth of Residential Segment (growth of Lantower Residential NOI)	33%	5.0%	7.0%	9.0%	18%	200%	66.7%
CESG&N Committee Adjustment Factor	Overall award: +/- 30%						Nil
Total (as a % of target award)							143%

Note:

(1) NAV per Unit is a non-GAAP ratio. Please refer to the “Non-GAAP Financial Measures and Ratios” section of this Circular.

Having regard to the achievement of the performance criteria in alignment with the REIT’s Transformational Strategic Repositioning Plan, and the consideration of operational and strategic achievements during the financial year ended December 31, 2022, the CESG&N Committee believes the STIP awards paid to the CEO and CFO reflect their performance in the year and are appropriate.

The President has a formalized STIP program based on achievement of certain objective financial and operational goals in the REIT’s Lantower Residential segment, for which the President has primary responsibility. The President’s STIP is paid out on a quarterly basis over the fiscal year, depending on the achievement of three equally weighted performance metrics in respect of each quarter. The three, equally weighted metrics consist of (1) growth in Same-Asset net operating income (cash basis); (2) growth in Lantower Residential net asset value, excluding the REIT’s Jackson Park property which is managed by the REIT’s joint venture partner; and (3) excluding properties in lease-up, overall Lantower Residential portfolio occupancy exceeding a pre-determined threshold. All three metrics were achieved in all four quarters of 2022, resulting in an aggregate bonus payment to the President of US\$700,000 (C\$910,000). See “Summary Compensation Table” below.

3. Long-Term Incentives (LTIP)

For the CEO and CFO, the LTIP consists of an equal weight of PSUs and RSUs under the REIT’s existing Unit compensation incentive plan (the “**Incentive Unit Plan**”). The REIT has not granted any options to the Named Executive Officers or any other employees since 2016 and has no intention of granting options for the foreseeable future. The CESG&N Committee considers the LTIP mix for the other Named Executive Officers at the time of each grant, which for 2022 consisted of RSUs.

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 1.88% of the REIT’s outstanding Units as of December 31, 2022. As of December 31, 2022, 235,189 Units had been issued pursuant to the Incentive Unit Plan (0.09% of the Units outstanding as of that date), 316,182 Units were issuable upon vesting of PSUs granted but not yet vested (0.12% of the issued and outstanding Units issued and outstanding as of that date) assuming vesting at 100% and 1,616,588 Units were issuable upon vesting of RSUs granted but not yet vested (0.61% of the issued and outstanding Units issued and outstanding as of that date). Accordingly, as of December 31, 2022 an aggregate of 1,932,770 Units (0.73% of the Units issued and outstanding as of that date) were issuable under outstanding grants of Incentive Units (as defined herein) and 2,832,041 Units (1.07% 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 CESG&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 applicable vesting period following the grant.

The 2020 RSU grants to the Messrs. Hofstedter and Froom and Ms. Kestenberg vested on March 4, 2023 and were settled at a value of \$13.11 per RSU. Ms. Watson, who joined the REIT's subsidiary Lantower Residential in April 2020, was issued RSUs in 2020 that will vest in October 2023. Mr. Lapointe does not have any RSUs awards vesting in 2023.

ii. PSU Awards

The CESG&N Committee has granted PSUs to the CEO and CFO 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 150% 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. In the 2022 Circular, the REIT announced changes to the vesting criteria in respect of PSU awards. Having regard to the fact that the 2020 PSUs were more than two-thirds of the way through their performance period and the 2021 PSUs were more than one-third through, the CESG&N Committee determined to retain the previously set performance vesting criteria for the 2020 PSUs and 2021 PSUs, particularly as the STIP was revised to reflect new performance criteria. The performance multiplier for the 2020 PSUs (and 2021 PSUs) 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
- Artis Real Estate Investment Trust
- First Capital Real Estate Investment Trust
- RioCan Real Estate Investment Trust
- SmartCentres Real Estate Investment Trust

The Select Performance Peers were chosen from the REIT's Canadian Real Estate Peer Group, having regard to real estate investment trusts that are more similar in nature to the REIT both in respect of business (e.g. real estate investment trusts that are not exposed solely to 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:

$$\begin{array}{c}
 \text{Base Salary} \times \text{Target PSU Award} \times \left[\begin{array}{l} \text{50\% Weighting} \\ \text{3 Year Relative TR (CAGR) vs.} \\ \text{S\&P/TSX Capped REIT Index} \end{array} + \begin{array}{l} \text{50\% Weighting} \\ \text{3 Year Relative TR (CAGR) vs. Select} \\ \text{Performance Peers} \end{array} \right] \\
 \begin{array}{l} \text{0\% - 200\% Payout Range} \\ \text{(up to +/- 5 percentage points vs.} \\ \text{median index performance)} \end{array} \quad \begin{array}{l} \text{0\% - 200\% Payout Range} \\ \text{(up to +/- 5 percentage points vs.} \\ \text{median peer performance)} \end{array}
 \end{array}$$

Summary of PSU Award Payouts

2020 PSU Award Payout

The following table summarizes the payout calculations for the 2020 PSU award, which had a three-year performance period from 2020 to 2022 and was settled in 2023. The 2020 PSU award vested at 54%.

Performance Measure	Indicative Weighting	Relative Performance Measurement for 2020 - 2022 (Base – Target – Maximum)			Actual 2020-2022 Total Unitholder Return	Resulting Payout Factor	Performance Multiplier
3 Year Relative Total Unitholder Return (relative TR) against a select group of performance peers ⁽¹⁾	50%	-7.5%	-2.5%	2.5%	-4%	70%	35%
3 Year Relative Total Unitholder Return (relative TR) against S&P/TSX Capped REIT Index	50%	-5.9%	-0.9%	4.1%	-4%	38%	19%
Total (as a % of target award)							54%

Note:

- (1) Relative TR was assessed against the median of a peer group consisting of Allied Properties Real Estate Investment Trust, Artis Real Estate Investment Trust, First Capital Real Estate Investment Trust, RioCan Real Estate Investment Trust and SmartCentres Real Estate Investment Trust. The REIT used this subset of the Canadian Real Estate Peer Group to assess its relative TR performance, as their business operations were 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.

2019 PSU Award Payout

The following table summarizes the payout calculations for the 2019 PSU award, which had a three-year performance period from 2019 to 2021 and was settled in 2022. The 2019 PSU award vested at 0% and, accordingly, the CEO and CFO did not receive any payments in respect of such PSU award:

Performance Measure	Indicative Weighting	Relative Performance for 2019 - 2021 (Base – Target – Maximum)			Actual 2019-2021 Total Unitholder Return	Resulting Payout Factor	Performance Multiplier
3 Year Relative Total Unitholder Return (relative TR) against a select group of performance peers ⁽¹⁾	50%	5.1%	10.1%	15.1%	-1.8%	0%	0%
3 Year Relative Total Unitholder Return (relative TR) against S&P/TSX Capped REIT Index	50%	7.9%	12.9%	17.9%	-1.8%	0%	0%
Total (as a % of target award)							0%

Note:

- (1) Relative TR was assessed against the median of a peer group consisting of Allied Properties Real Estate Investment Trust, Artis Real Estate Investment Trust, Cominar Real Estate Investment Trust, First Capital Real Estate Investment Trust, RioCan Real Estate Investment Trust and SmartCentres Real Estate Investment Trust.

2018 PSU Award Payout

The following table summarizes the payout calculations for the 2018 PSU award, which had a three-year performance period from 2018 to 2020 and was settled in 2021. The 2018 PSU award vested at 0% and, accordingly, the CEO and CFO did not receive any payments in respect of such PSU award:

Performance Measure	Indicative Weighting	Relative Performance for 2018 - 2020 (Base – Target – Maximum)			Actual 2018-2020 Total Unitholder Return	Resulting Payout Factor	Performance Multiplier
3 Year Relative Total Unitholder Return (relative TR) against a select group of performance peers ⁽¹⁾	50%	-8.1%	-3.1%	1.9%	-8.7%	0%	0%
3 Year Relative Total Unitholder Return (relative TR) against S&P/TSX Capped REIT Index	50%	-0.7%	4.3%	9.3%	-8.7%	0%	0%
Total (as a % of target award)							0%

Note:

- (1) Relative TR was 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.

2022 PSU Grants

The performance multiplier for the PSUs awarded in February 2022 is based on the REIT's relative TR measured against the two equally-weighted performance peer groups noted above in respect of the 2020 and 2021 PSUs. In addition, the 2022 PSUs also include growth of the REIT's residential segment as a third performance metric, in order to align with the REIT's Transformational Strategic Repositioning Plan pursuant to which the residential is targeted to grow to 75% of the REIT's portfolio.

The following formula describes the vesting of the 2022 PSU awards following the three-year period:

$$\begin{array}{c}
 \text{Base Salary} \times \text{Target PSU Award} \times \left[\begin{array}{ccc}
 \begin{array}{c} 33.3\% \text{ Weighting} \\ \text{3 Year Relative TR (CAGR) vs.} \\ \text{S\&P/TSX Capped REIT Index} \\ 0\% - 150\% \text{ Payout Range} \end{array} & + & \begin{array}{c} 33.3\% \text{ Weighting} \\ \text{3 Year Relative TR (CAGR) vs. Select} \\ \text{Performance Peers} \\ 0\% - 150\% \text{ Payout Range} \end{array} & + & \begin{array}{c} 33.3\% \text{ Weighting} \\ \text{Growth in Residential Segment} \\ 0\% - 150\% \text{ Payout Range} \end{array}
 \end{array} \right]
 \end{array}$$

B. Unit Option Plan

A description of the terms of the REIT's unit option plan which was established in 1996, as amended and restated from time to time (the "Unit Option Plan") can be found in Schedule B to this Circular.

Effective March 31, 2023, the Unit Option Plan was amended to decrease the aggregate number of Units that may be issued pursuant to grants under the Unit Option Plan to 11,000,000 (representing 4.14% of the outstanding Units as of December 31, 2022), resulting in the voluntary cancellation of 6,723,110 options previously available for grant as at December 31, 2022. As of December 31, 2022, there were options to acquire up to 10,313,443 Units outstanding (representing 3.88% of the outstanding Units as of that date) and (following the amendment noted above) up to 686,557 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 in Schedule B to this Circular) (representing 0.26% of the outstanding Units as of that date). As of the date of this Circular, there were options to acquire up to 8,805,638 Units outstanding and 2,194,362 Units available for grants of options under the Unit Option Plan (representing 3.31% and 0.82% respectively, of the outstanding Units as of the date of this Circular).

As previously noted, the REIT has not granted any options since 2016 and has no intention of granting any options for the foreseeable future.

4. Pension, Benefits & Perquisites

The REIT does not maintain a pension or similar plan in respect of its employees or the Named Executive Officers. Named Executive Officers participate in benefit programs (including matching certain contributions to non-company retirement plans) that are available to all employees. However, benefits and perquisites are not a significant element of compensation for the Named Executive Officers.

PEER GROUPS

The CESG&N Committee works with WTW to develop appropriate peer groups for executive compensation benchmarking purposes and regularly evaluates and updates these peer groups to ensure they continue to serve as appropriate benchmarks. 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 previously considered 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.

Canadian Real Estate Peer Group

- Allied Properties Real Estate Investment Trust
- Artis Real Estate Investment Trust
- Chartwell Retirement Residences
- CT 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
- Kinross Gold Corporation
- Lululemon Athletica Inc.
- MEG Energy Corp.
- Methanex Corporation
- Ovintiv Inc.
- Saputo Inc.
- Stantec Inc.
- Teck Resources Limited
- TMX Group Limited

PAY FOR PERFORMANCE

Compensation under the REIT's 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:

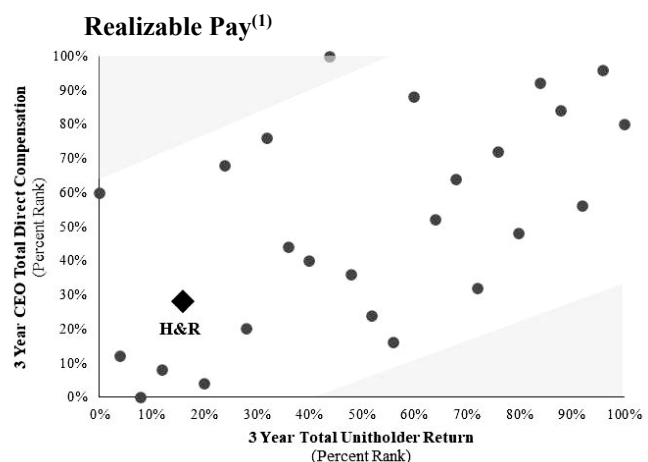
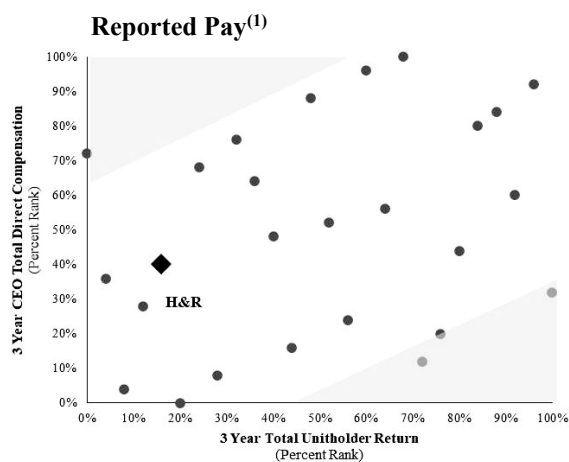
- Multiple years of compensation and performance
- Alignment with the REIT's peers, and
- The value of compensation at the time of grant ("**Reported Pay**") and compensation outcome taking the current Unit price into consideration ("**Realizable Pay**")

Overall, the pay for performance analysis below demonstrates 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

As measured by Total Assets, the REIT is positioned just beneath the 75th percentile of the Canadian Real Estate Peer Group and just above the median of the Canadian General Industry Peer Group described above. Accordingly, given the REIT is larger than most of its Canadian real estate peers, the charts below illustrate the relationship between CEO compensation and TR performance over the period from 2020 to 2022 for the REIT and the organizations in the Canadian General Industry Peer Group in order to provide an additional comparison point. 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 the <i>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 the <i>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 40 th percentile while TR performance is also at the 16 th percentile, which is within the zone of alignment as set out in the chart below	Aligned as CEO realizable compensation is at the 28 th percentile while TR performance is at the 16 th percentile, which is within the zone of alignment as set out in the chart below



Note:

(1) Analysis prepared by WTW.

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, 2022 and the actual value of equity awards that have been paid.

On a weighted average basis over the cumulative period of 2018 to 2022, the REIT's Named Executive Officers Realizable Pay is 8% lower than Reported Pay while a Unitholder's investment has increased by 3%. The CEO's Realizable Pay is 8% lower than Reported Pay.

5-Year Average (2018 - 2022)	Reported Pay ⁽¹⁾⁽²⁾	Realized / Realizable Pay as of December 31, 2022 ⁽³⁾	Value of \$100	
			Executives ⁽⁴⁾	Unitholder ⁽⁵⁾
CEO	\$3,941,400	\$3,628,834	\$92	
All NEOs	\$9,846,456	\$9,024,561	\$92	\$103

Notes:

- (1) Includes the sum of salary, actual STIP payment and the grant date value of PSUs, options and RSUs.
- (2) Reported Pay for 2019 reflects a normalized figure by amortizing the value of Philippe Lapointe's 2019 LTIP grant over the five-year vesting period. In addition, Mr. Lapointe's and Ms. Watson's compensation has also been translated into Canadian dollars from U.S. dollars.
- (3) Realized / Realizable Pay reflects the salary, bonus paid, payout of Unit-based awards, gains realized from exercise of options, and the value of unvested Unit-based awards. Specifically, the total includes:
 - a. PSU payouts - the 2018 and 2019 PSU awards each vested at 0% on the respective vesting dates in 2021 and 2022, resulting in a nil payout to the CEO and CFO in respect of both the 2018 PSU awards and the 2019 PSU awards, and the 2020 PSU awards vested at 54% on the vesting date in 2023, at a dollar value of \$13.11 on the March 4, 2023 vesting date.
 - b. RSU payouts - the Unit-based awards amounts for 2018, 2019 and 2020 (included in total realized compensation) represent the dollar value of RSUs settled upon vesting on February 23, 2021, February 24, 2022 and March 4, 2023, respectively, 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, which was \$13.34 on February 23, 2021, \$12.89 on February 24, 2022 and \$13.11 on March 4, 2023.
 - c. The current value for the unvested RSUs and PSUs granted in 2021 and 2022 (included in total realizable compensation) has been calculated based on the closing price for the Units on the TSX on December 31, 2022 of \$12.11 per Unit and assuming vesting of the PSUs at 100%.
 - d. As at December 31, 2022 and the date hereof, none of the Named Executive Officers' options are in-the-money.
- (4) Reflects the change in value between Realizable Pay and Reported Pay, indexed to a value of \$100 at the beginning of each respective period (2018 to 2022).
- (5) Reflects the cumulative value of a \$100 investment in Units made at the start of each respective period through to December 31, 2022, inclusive of the reinvestment of distributions and assuming that all of the units of Primaris Real Estate Investment Trust ("Primaris REIT") received by Unitholders pursuant to the Primaris Spin-Off were sold at the closing price of \$12.56 on January 5, 2022, the first independent trading day for Primaris REIT, and that the gross proceeds from such sale (assuming no transaction or other costs, fees or expenses were incurred) were reinvested in Units (at the closing price of \$12.74) on that day. See "Performance Graph" below for an alternative analysis of Unitholder value.

The following table also provides a look-back analysis of the grant date value of the PSU awards previously made to the CEO and CFO and the payout values of those PSU awards on settlement, since commencement of the REIT's PSU program:

Name	Performance Period	PSU awards – Original grant date award value (\$)	PSU awards payout value (\$)	Payout value as a percentage of grant date value (%)
Thomas J. Hofstedter <i>Executive Chairman and Chief Executive Officer</i>	2020-2022	\$800,000	\$460,403 ⁽³⁾	58%
	2019-2021	\$800,000	Nil	0%
	2018-2020	\$800,000	Nil	0%
	2017-2019	\$800,000	\$493,969 ⁽¹⁾⁽²⁾	62%
Larry Froom <i>Chief Financial Officer</i>	2020-2022	\$320,000	\$184,157 ⁽³⁾	58%
	2019-2021	\$320,000	Nil	0%
	2018-2020	\$320,000	Nil	0%
	2017-2019	\$320,000	\$197,585 ⁽¹⁾	62%

Notes:

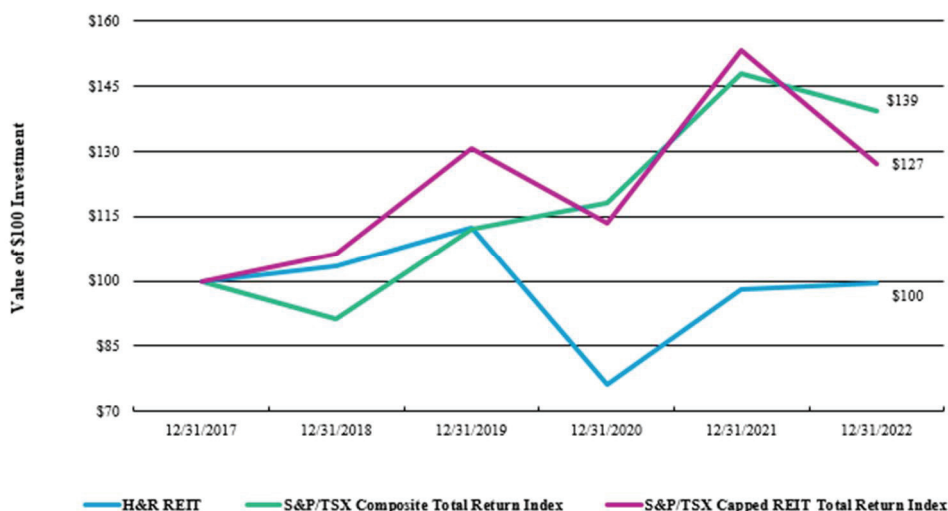
- (1) Includes distribution equivalents on the PSU awards between the grant date and the settlement date and PSUs issued as part of the gross-up of the PSUs in connection with the Primaris Spin-Off.
- (2) This PSU award was settled 100% in Units.
- (3) Includes distribution equivalents on the PSU awards between the grant date and the settlement date.

PERFORMANCE GRAPHS

Reproduced below is a graph which illustrates the cumulative total Unitholder return (inclusive of the reinvestment of cash distributions into Units) for the five-year period from December 31, 2017 to December 31, 2022. 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. On and after January 5, 2022, the trading price of the Units reflects the completion of the Primaris Spin-Off, including the receipt by Unitholders of units of Primaris REIT (TSX symbol: PMZ). Immediately prior to such date, the closing price of the Units on the TSX was \$15.89. Following completion of the Primaris Spin-Off (including the consolidation of units of Primaris on a 4:1 basis), on January 5, 2022, the closing price of the Units on the TSX was \$12.74 and the closing price of the units of Primaris REIT on the TSX was \$12.56. For the purposes of the graph and table below, it has been assumed that, upon completion of the Primaris Spin-Off, all of the units of Primaris REIT received by Unitholders pursuant to the Primaris Spin-Off were sold at the closing price of \$12.56 on January 5, 2022, the first independent trading day for Primaris REIT, and that the gross proceeds from such sale (assuming no transaction or other costs, fees or expenses were incurred) were reinvested

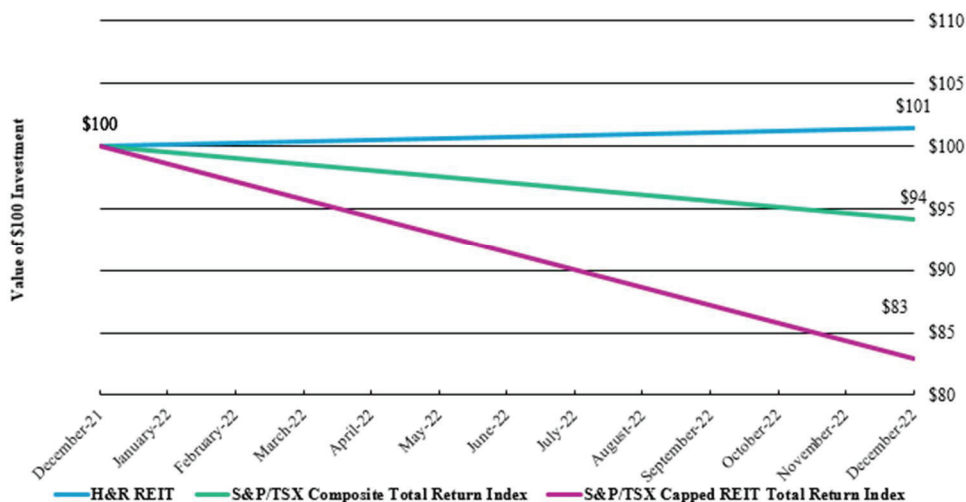
in Units (at the closing price of \$12.74) on that day. During the period, the total cumulative return for \$100 invested in Units was \$100, as compared to \$127 for the S&P/TSX Capped REIT Index and \$139 for the S&P/TSX Composite Index.

Relative Total Return Performance – December 31, 2017 to December 31, 2022



Relative Total Return Performance – December 31, 2021, to December 31, 2022

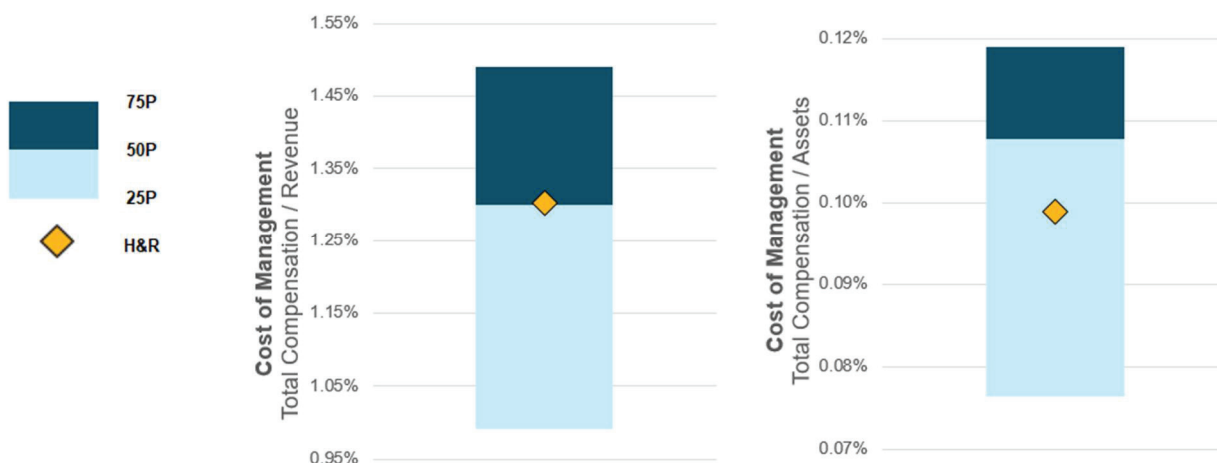
Reproduced below is a graph which illustrates the cumulative total Unitholder return (inclusive of the reinvestment of cash distributions into Units) for the one-year period from December 31, 2021, to December 31, 2022. During the period, the total cumulative return for \$100 invested in Units was \$101, as compared to \$94 for the S&P/TSX Capped REIT Index and \$83 for the S&P/TSX Composite Index.



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 middle range of the group, positioned approximately at the 50th percentile and slightly below the 50th percentile 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, 2022, 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 2022 was not available at the time of the analysis, 2021 TDC was increased by 3% to estimate 2022 TDC and align with the financial values.

The following table sets forth the cost of management ratio for the years ended December 31, 2022, December 31, 2021 and December 31, 2020, 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.

	2022 (\$000)	2021 (\$000)	2020 (\$000)
FFO ⁽¹⁾	341,183	461,365	503,096
Aggregate Named Executive Officer cash compensation (excluding the value of unit and option-based awards)	8,613	6,060	5,392
Cost of Management Ratio	2.52%	1.31%	1.07%
Aggregate Named Executive Officer total compensation (including the value of unit and option-based awards)	12,437	9,624	9,172
Cost of Management Ratio	3.65%	2.09%	1.82%

Note:

- (1) FFO is a non-GAAP financial measure. Please refer to the “Non-GAAP Financial Measures and Ratios” section of this Circular. FFO generated from the properties included in the Primaris Spin-Off was nil in 2022, \$116.4 million in 2021 and \$103.2 million in 2020, while FFO generated from The Bow and 100 Wynford were \$20.5 million in 2022, \$71.2 million in 2021 and \$79.3 million in 2020.
- (2) FFO generated from the properties included in the Primaris Spin-Off was

For the year ended December 31, 2022, 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 higher than the ratio from 2021, reflecting the REIT’s activities in pursuit of its Transformational Strategic Repositioning Plan during the year (including, most notably, the Primaris Spin-Off and the sales of The Bow and 100 Wynford) which resulted in lower FFO. In addition, Named Executive Officer compensation increased over the period as a result of the increased emphasis being placed on Lantower Residential as part of the REIT’s strategy. Executing on the Plan, with the REIT’s growing exposure to U.S. residential real estate assets as described in this Circular, increases the importance of attracting and retaining talent in the U.S. Currently, 57% of the REIT’s employees are based in the United States and as at December 31, 2022, 59.5% of the REIT’s real estate assets are located in the United States. The U.S. represents a different executive compensation market as compared to Canada, with higher compensation levels, as well as variability due to exchange rates.

SUMMARY COMPENSATION TABLE

The following table sets forth all compensation earned by the REIT's Named Executive Officers during the year ended December 31, 2022.

Name and Position	Year	Salary (\$)	Non-equity annual incentive plan compensation (\$)	Unit-based Awards ⁽¹⁾ (\$)	Option- based awards ⁽²⁾ (\$)	Pension Value (\$)	All Other Compensation (\$) ⁽³⁾	Total Compensation (\$)
Thomas J. Hofstedter ⁽⁴⁾ <i>Executive Chairman and Chief Executive Officer</i> Since: 1996	2022	1,200,000	1,716,000	1,600,000	—	—	—	4,516,000
	2021	1,200,000	800,000	1,600,000	—	—	—	3,600,000
	2020	1,200,000	800,000	1,600,000	—	—	—	3,600,000
Philippe Lapointe ⁽⁵⁾ <i>President</i> Since: 2014	2022	845,000	910,000	633,500	—	—	—	2,388,500
	2021	625,000	375,000	—	—	—	—	1,000,000
	2020	670,000	134,000	—	—	—	—	804,000
Larry Froom ⁽⁶⁾ <i>Chief Financial Officer</i> Since: 2006	2022	875,000	938,438	900,000	—	—	—	2,713,438
	2021	850,000	600,000	640,000	—	—	—	2,090,000
	2020	850,000	312,500	640,000	—	—	—	1,802,500
Robyn Kestenberg <i>Executive Vice President, Office & Industrial</i> Since: 2017	2022	700,000	600,000	500,000	—	—	—	1,800,000
	2021	656,705	500,000	325,000	—	—	—	1,481,705
	2020	647,000	300,000	325,000	—	—	—	1,272,000
Emily Watson ⁽⁷⁾ <i>Chief Operating Officer, Lantower Residential</i> Since: 2020	2022	552,500	276,250	190,050	—	—	—	1,018,800
	2021	482,813	100,000	—	—	—	—	582,813
	2020	361,736	117,250	132,700	—	—	—	611,686

Notes:

- On March 3, 2022, the REIT granted an aggregate of 296,854 RSUs and PSUs to the Named Executive Officers. The value of each RSU and PSU granted on the March 3, 2022 grant date under the Incentive Unit Plan was \$12.88. Under IFRS, the value of each RSU and PSU on the grant date was \$12.88, 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 as part of its compensation mix in 2020, 2021 and 2022 and has no intention of granting any options for the foreseeable future.
- The aggregate amount of perquisites and other eligible personal benefits paid to each such Named Executive Officer in each of 2020, 2021 and 2022 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. Hofstedter's Unit-based awards represents the grant date value of PSUs of \$800,000 and RSUs of \$800,000 in each of the years 2020, 2021 and 2022. The 2020 PSUs vested at 54% of target and were settled in March 2023. The 2020 and 2021 PSU awards vested at nil.
- Mr. Lapointe joined the REIT as Chief Operating Officer, Lantower Residential in late 2014. Mr. Lapointe was subsequently promoted to President of Lantower Residential, and then most recently appointed as President of the REIT on May 12, 2022. Mr. Lapointe's employment contract is stated in U.S. dollars. Salary and non-equity annual incentive plan compensation are translated into Canadian dollars at the average exchange rate for the respective fiscal year (\$1.30 for 2022, \$1.25 for 2021 and \$1.34 for 2020). Unit-based awards are translated into Canadian dollars at the exchange rate on their respective grant date (\$1.27 for 2022).
- Mr. Froom's Unit-based awards represents the grant date value of PSUs of \$320,000 and RSUs of \$320,000 in each of the years 2020 and 2021, and the grant date value of PSUs of \$450,000 and RSUs of \$450,000 in 2022. The 2020 PSUs vested at 54% of target and were settled in March 2023. The 2020 and 2021 PSU awards vested at nil.
- Ms. Watson joined the REIT as President of Property Management, Lantower Residential on April 13, 2020 and accordingly the amount shown under "Salary" above represents the *pro rata* portion of her annualized salary of US\$375,000 paid to her in 2020. In October 2021, Ms. Watson was subsequently promoted to Chief Operating Officer of Lantower Residential. Ms. Watson's employment contract is stated in U.S. dollars. Salary and non-equity annual incentive plan compensation are translated into Canadian dollars at the average exchange rate for the respective fiscal year (\$1.30 for 2022, \$1.25 for 2021 and \$1.34 for 2020). Unit-based awards are translated into Canadian dollars at the exchange rate on their respective grant date (\$1.27 for 2022 and \$1.33 for 2020).

OUTSTANDING OPTION-BASED AWARDS AS OF DECEMBER 31, 2022

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⁾
Thomas J. Hofstedter <i>Executive Chairman and Chief Executive Officer</i>	753,424 790,305 4,752,584	— — —	16.84 16.02 13.86	March 10, 2023 January 6, 2025 February 24, 2026	nil
Philippe Lapointe <i>President</i>	nil	nil	nil	nil	nil
Larry Froom <i>Chief Financial Officer</i>	376,712 158,061 1,493,798	— — —	16.84 16.02 13.86	March 10, 2023 January 6, 2025 February 24, 2026	nil
Robyn Kestenberg <i>Executive Vice President, Office & Industrial</i>	171,232 210,747 590,997	— — —	16.84 16.02 13.86	March 10, 2023 January 6, 2025 February 24, 2026	nil
Emily Watson <i>Chief Operating Officer, Lantower Residential</i>	nil	nil	nil	nil	nil

Note:

- (1) Based on the closing price of the Units on the TSX on December 30, 2022 (being the last trading day of the year) of \$12.11 per Unit.

UNIT OPTION GAINS REALIZED UPON EXERCISE DURING 2022

No options were exercised by the Named Executive Officers in 2022, and as such, no option gains were realized upon exercise.

OUTSTANDING UNIT-BASED AWARDS AS OF DECEMBER 31, 2022

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⁾⁽²⁾⁽³⁾	Market or payout value of unit-based awards that have not yet vested (\$) ⁽¹⁾⁽²⁾⁽³⁾	Market or payout value of vested unit-based awards not paid out or distributed (\$)
Thomas J. Hofstedter <i>Executive Chairman and Chief Executive Officer</i>	436,741	5,288,934	nil
Philippe Lapointe <i>President</i>	537,683	6,511,341	nil
Larry Froom <i>Chief Financial Officer</i>	195,622	2,368,982	nil
Robyn Kestenberg <i>Executive Vice President, Office & Industrial</i>	102,798	1,244,884	nil
Emily Watson <i>Chief Operating Officer, Lantower Residential</i>	35,507	429,990	nil

Notes:

- (1) Assuming PSU vesting at 100%.
- (2) Based on the closing price of the Units on the TSX on December 30, 2022 (being the last trading day of the year) of \$12.11 per Unit.
- (3) Included in these numbers are Messrs. Hofstedter's and Froom's 64,294 and 25,717 PSUs, respectively, which vested at 54% of target and were settled in March 2023. Mr. Hofstedter received 35,118 Units on settlement of his 2020 PSUs (inclusive of distribution equivalents accrued subsequent to year end) at a value of \$13.11 on the settlement date and Mr. Froom received a cash payment of \$184,157 on settlement of his 2020 PSUs (inclusive of distribution equivalents accrued subsequent to year end).

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, 2022. The REIT has not granted any options as compensation since 2016 and accordingly no options vested during the financial year ended December 31, 2022:

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 (\$)⁽³⁾⁽⁴⁾	Unit-based awards — Value vested and paid during the year (\$)⁽³⁾⁽⁴⁾	Payout value as a percentage of grant date value (%)
Thomas J. Hofstedter <i>Executive Chairman and Chief Executive Officer</i>	1,716,000	nil	1,600,000 ⁽⁵⁾	748,747	47%
Philippe Lapointe <i>President</i>	910,000	nil	nil ⁽⁶⁾	nil ⁽⁶⁾	n/a
Larry Froom <i>Chief Financial Officer</i>	938,438	nil	640,000 ⁽⁵⁾	299,478	47%
Robyn Kestenberg <i>Executive Vice President, Office & Industrial</i>	600,000	nil	315,000	294,805	94%
Emily Watson <i>Chief Operating Officer, Lantower Residential</i>	276,250	nil	nil ⁽⁶⁾	nil ⁽⁶⁾	n/a

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 February 25, 2019, the REIT granted an aggregate of 49,338 PSUs to Messrs. Hofstedter and Froom. The value of each PSU granted on the February 25, 2019 grant date was \$22.70. The value of the PSUs assumed vesting at 100% of target. Messrs. Hofstedter's and Froom's PSUs, which included an aggregate of approximately 31,982 distribution equivalent PSUs and PSUs issued as part of the gross-up of the PSUs in connection with the Primaris Spin-Off, vested at 0% of target and were settled in February 2022 at nil value.
- (4) On February 25, 2019, the REIT granted an aggregate of 63,214 RSUs, to Messrs. Hofstedter and Froom and Ms. Kestenberg. The value of each RSU granted on the February 25, 2019 grant date was \$22.70. The value of Messrs. Hofstedter's and Froom's and Ms. Kestenberg's RSUs vested and paid in February 2022 was \$12.89 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, representing a difference between the grant date value of the award and the payout value of the award of 94%. An aggregate of approximately 40,977 distribution equivalent RSUs and RSUs issued as part of the gross-up of the RSUs in connection with the Primaris Spin-Off are included in the value of RSUs vested and paid during the year ended December 31, 2022.
- (5) Messrs. Hofstedter's PSU award and RSU award were each valued at \$800,000 on the grant date. Mr. Froom's PSU award and RSU award were each valued at \$320,000 on the grant date.
- (6) None of Mr. Lapointe's or Ms. Watson's RSUs vested during the year ended December 31, 2022.

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, 2022:

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⁾	1,932,770	n/a	2,832,041
Unit Option Plan ⁽²⁾	10,313,443	\$14.62	7,409,667
Total:	12,246,213	n/a	10,241,708

Notes:

- (1) Assuming PSU vesting at 100%. As of December 31, 2022, 235,189 Units had been issued pursuant to the Incentive Unit Plan.
- (2) Effective March 31, 2023, the Unit Option Plan was amended to decrease the aggregate number of Units that may be issued pursuant to grants under the Unit Option Plan to 11,000,000, resulting in the voluntary cancellation of 6,723,110 options previously available for grant as at December 31, 2022. As of the date of this Circular, there were options to acquire up to 8,805,638 Units outstanding and 2,194,362 Units available for grants of options under the Unit Option Plan.

Annual Burn Rate

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	2022	2021 ⁽¹⁾	2020
Options	n/a	n/a	n/a
RSUs	0.18%	0.18%	0.09%
PSUs ⁽²⁾	0.04%	0.04%	0.02%
Total ⁽²⁾	0.22%	0.22%	0.11%

Notes:

- (1) Pursuant to the plan of arrangement effecting the Primaris Spin-Off, the REIT's outstanding Incentive Units were adjusted to reflect the impact of the Primaris Spin-Off by increasing the number of Incentive Units outstanding, to reflect the impact of the Primaris Spin-Off and reflect that upon settlement of Incentive Units holders of Incentive Units would only receive Units rather than (i) Units and (ii) units of Primaris REIT. Pursuant to the plan of arrangement effecting the Primaris Spin-Off, the REIT's outstanding option awards were adjusted to increase the number of Units into which they could be exercised, and the exercise price was adjusted to reflect the impact of the Primaris Spin-Off and reflect that upon the exercise of options, option holders would only receive Units rather than (i) Units and (ii) units of Primaris REIT. Including these adjusted awards, the "burn rate" for 2021 as calculated above for the options, RSUs, PSUs and combined total would be 1.17%, 0.30%, 0.06%, 1.53%, respectively.
- (2) Assuming PSU vesting at 100%.

PENSION PLANS, BENEFITS & PERQUISITES

The REIT does not maintain a pension or similar plan in respect of its employees or the Named Executive Officers. Named Executive Officers participate in benefit programs (including matching certain contributions to non-company retirement plans) that are available to all employees. However, benefits and perquisites were not a significant element of compensation for the Named Executive Officers and, for each of the Named Executive Officers, did not exceed the lesser of (i) \$50,000, and (ii) 10% of the Named Executive Officer's total annual salary for 2022.

EMPLOYMENT AGREEMENTS FOR THE NAMED EXECUTIVE OFFICERS

The employment contracts for the applicable 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 aligns 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, Lapointe and Froom, and for Ms. Kestenberg and Watson 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 ⅓% 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. Additionally, **"Change of Control"** for the purposes of the employment agreements of Mr. Lapointe and Ms. Watson further includes (i) a sale of substantially all of Lantower Residential's assets or a divestiture of the Lantower Residential platform, (ii) an initial public offering of Lantower Residential, or (iii) a spin-off of Lantower Residential or substantially all of its assets to a new entity. **"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 Mr. Hofstedter, who was the President and Chief Executive Officer of the REIT since formation on November 4, 1996 until May 12, 2022, and has since been the Executive Chairman and Chief Executive Officer of the REIT, and Mr. Froom, who has been employed by the REIT since 2003 and was appointed the Chief Financial Officer of the REIT on October 1, 2006, 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 ⁽²⁾	Whole Units (RSUs, PSUs)	Severance ⁽³⁾	Unit Options ⁽²⁾	Whole Units (RSUs, PSUs) ⁽⁴⁾
Thomas J. Hofstedter <i>Executive Chairman and Chief Executive Officer</i>	3 times salary and 136,986 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 136,986 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
Philippe Lapointe <i>President</i>	1.5 times salary and 1.5 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 and 2 times average STIP award received in the last 3 years	N/A	<i>Double trigger:</i> Immediate vesting
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
Robyn Kestenberg <i>Executive Vice President, Office & Industrial</i>	2 times salary and 2 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

Name	Termination Without Cause			Change of Control ⁽¹⁾		
	Severance	Unit Options ⁽²⁾	Whole Units (RSUs, PSUs)	Severance ⁽³⁾	Unit Options ⁽²⁾	Whole Units (RSUs, PSUs) ⁽⁴⁾
Emily Watson <i>Chief Operating Officer, Lantower Residential</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> 1 times salary and 1 times average STIP award received in the last 3 years	N/A	<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 Mr. Hofstedter, 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 definitions noted above. Mr. Lapointe and Ms. Watson do not hold any options, however if options were to be granted, they would vest immediately on a termination without cause and, in the context of a Change of Control, only on a termination or resignation for “good reason”, in each case pursuant to the terms of their respective employment agreements, including the broader Change of Control definitions noted above.
- (3) 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.
- (4) Pursuant to the terms of each employment agreement and subject to the Change of Control definitions noted above.

Assuming a termination without cause and/or Change of Control occurred on December 31, 2022 and all unvested awards were treated as per the provisions outlined in the previous table, the applicable Named Executive Officers would receive the following in connection with such acceleration and exercise:

Name	Termination without Cause ⁽¹⁾	Change of Control ⁽¹⁾
Thomas J. Hofstedter <i>Executive Chairman and Chief Executive Officer</i>	\$10,574,834	\$10,574,834
Philippe Lapointe ⁽²⁾ <i>President</i>	\$8,493,842	\$9,154,675
Larry Froom <i>Chief Financial Officer</i>	\$6,902,577	\$7,809,296
Robyn Kestenberg <i>Executive Vice President, Office & Industrial</i>	\$3,578,217	\$3,578,217
Emily Watson ⁽²⁾ <i>Chief Operating Officer, Lantower Residential</i>	\$1,147,157	\$1,147,157

Notes:

- (1) Based on the closing price of the Units on the TSX on December 30, 2022 (being the last trading day of the year) of \$12.11 per Unit.
- (2) Mr. Lapointe’s and Ms. Watson’s employment contracts are stated in U.S. dollars. The average exchange rate of \$1.30 for 2022 was used in calculating Mr. Lapointe’s and Ms. Watson’s respective termination and Change of Control benefits.

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 Independent Lead Trustee	\$50,000
Annual Additional Retainer for Audit Committee Chair	\$10,000
Annual Additional Retainer for Investment Committee Chair	\$10,000
Annual Additional Retainer for CESG&N Committee Chair	\$10,000

Note:

- (1) Ms. Morrow is entitled to \$20,000 as she does not participate in the Audit Committee, CESG&N Committee or Investment 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 2022 was \$522,500, and the aggregate of all such compensation (including option and unit-based awards) earned by the Trustees in 2022 was \$1,322,500. 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, 2022. As Mr. Hofstedter is a Named Executive Officer of the REIT for the financial year ended December 31, 2022, his 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 (2022) (\$) ⁽²⁾	Total (2021) (\$) ⁽³⁾
Jennifer A. Chasson ⁽⁴⁾⁽⁵⁾	65,000	10,000	100,000	nil	nil	175,000	87,500
Donald Clow ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mark Cowie ⁽⁴⁾	65,000	nil	100,000	nil	nil	165,000	82,500
S. Stephen Gross ⁽⁴⁾⁽⁷⁾	65,000	10,000	100,000	nil	nil	175,000	87,500
Brenna Haysom	65,000	nil	100,000	nil	nil	165,000	165,000
Juli Morrow	20,000	nil	100,000	nil	nil	120,000	120,000
Marvin Rubner	65,000	nil	100,000	nil	nil	165,000	165,000
Ronald C. Rutman ⁽⁵⁾⁽⁸⁾	65,000	60,000	100,000	nil	nil	225,000	225,000
Total:	410,000	80,000	700,000	nil	nil	1,322,500	1,290,000

Notes:

- (1) The value of each RSU granted in 2022 on the grant date was \$12.88, 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 \$12.88, which was the closing price of the Units on the TSX on the day immediately prior to the grant.
- (2) The total for 2022 includes \$132,500 paid to Ashi P. Mathur, who did not stand for re-election at the 2022 Meeting. Accordingly, Mr. Mathur earned a *pro rata* portion of the Trustee annual retainer and attendance fee. Following his retirement, Mr. Mathur's outstanding, unvested Unit-based awards vested, and were subsequently paid out and settled. In 2022, prior to the 2022 Meeting, Mr. Mathur attended 2 of 2 meetings of the Board and 4 of 4 meetings of the CESG&N Committee.
- (3) The total for 2021 includes \$137,500 paid to Robert E. Dickson and \$137,500 paid to Laurence A. Lebovic, each of whom retired and did not stand for re-election at the 2021 Meeting, and \$82,500 paid to Mr. Mathur, who did not stand for re-election at the 2022 Meeting.
- (4) Ms. Chasson and Messrs. Cowie and Gross joined the Board on June 29, 2021 following conclusion of the 2021 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) Following the 2021 Meeting, Ms. Chasson replaced Mr. Rutman as Chair of the Audit Committee and each received a *pro rata* additional retainer for acting as Chair of the Audit Committee.
- (6) Mr. Clow was appointed to the Board and as Independent Lead Trustee on March 13, 2023.
- (7) Following the 2021 Meeting, Mr. Gross replaced Mr. Lebovic as Chair of the Investment Committee and each received a *pro rata* additional retainer for acting as Chair of the Investment Committee.
- (8) Following the 2021 Meeting, Mr. Rutman replaced Mr. Dickson as Chair of the CESG&N Committee and each received a *pro rata* additional retainer for acting as Chair of the CESG&N Committee. On May 12, 2022, Mr. Rutman was appointed the Vice-Chair and Independent Lead Trustee of the REIT. Mr. Rutman retired effective March 13, 2023 and will not stand for re-election at the Meeting. In 2023, prior to his retirement, Mr. Rutman attended 2 of 2 meetings of the Board, 1 of 1 meeting of the Audit Committee and 1 of 1 meetings of the CESG&N Committee.

The aggregate retainers paid to Trustees, as well as the individual compensation for each Trustee in 2022, were consistent with 2021. On February 23, 2021, each Trustee who was then a member of the Board was granted 7,496 RSUs under the Incentive Unit Plan. On March 3, 2022, each Trustee who was then a member of the Board was granted 7,763 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, 2022

As noted above, Trustees have not been granted options since 2013, as commencing in 2014, awards to Trustees are intended to consist solely of RSU grants under the Incentive Unit Plan. As at December 31, 2022, Mr. Rutman (the sole Trustee that held options during the year ended December 31, 2022) held 90,000 vested options with an exercise price of \$16.84. The options were not in-the-money as at December 31, 2022 and expired unexercised on March 10, 2023.

OUTSTANDING UNIT-BASED AWARDS AS OF DECEMBER 31, 2022

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 (#) ⁽¹⁾	Market or payout value of unit-based awards that have not yet vested ⁽¹⁾⁽²⁾ (\$)	Market or payout value of vested unit-based awards not paid out or distributed (\$)
Jennifer A. Chasson	8,049	97,473	nil
Donald Clow ⁽²⁾	N/A	N/A	N/A
Mark Cowie	8,049	97,473	nil
S. Stephen Gross	8,049	97,473	nil
Brenna Haysom	19,258	233,214	nil
Juli Morrow	27,293	330,518	nil
Marvin Rubner	19,258	233,214	nil
Ronald C. Rutman ⁽³⁾	27,293	330,518	nil

Notes:

- (1) Based on the closing price of the Units on the TSX on December 30, 2022 (being the last trading day of the year) of \$12.11 per Unit.
- (2) Mr. Clow was appointed to the Board on March 13, 2023.
- (3) Pursuant to the terms of the Incentive Unit Plan, Mr. Rutman's unvested RSUs immediately vested upon his retirement on March 13, 2023 and were subsequently paid out and settled at a value of \$12.93 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 settlement date.

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, 2022. The REIT has not granted options as compensation since 2016 and has not granted any options to the Trustees since 2013 and accordingly no options vested during the financial year ended December 31, 2022:

Name ⁽¹⁾	Non-equity annual incentive plan compensation — Value earned during the year (\$)	Value gained from Exercised Options during the year (\$)	Unit-based awards — Original grant date award value (\$)	Unit-based awards — Value vested and paid during the year (\$)	Payout value as a percentage of grant date value (%)
Jennifer A. Chasson	nil	nil	nil	nil	n/a
Donald Clow ⁽²⁾	n/a	n/a	n/a	n/a	n/a
Mark Cowie	nil	nil	nil	nil	n/a
S. Stephen Gross	nil	nil	nil	nil	n/a
Brenna Haysom	nil	nil	nil	nil	n/a
Juli Morrow ⁽³⁾	nil	nil	100,000	93,579	94%
Marvin Rubner	nil	nil	nil	nil	n/a
Ronald C. Rutman ⁽³⁾⁽⁴⁾	nil	nil	100,000	93,579	94%

Notes:

- (1) Mr. Mathur did not stand for re-election at the 2022 Meeting. Mr. Mathur's outstanding RSU awards (granted in 2022 at a value of \$12.88 per RSU) immediately vested and were subsequently paid out and settled at a value of \$13.49 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 settlement date. Mr. Mathur's original grant date award value was \$100,000 and the value paid out upon ceasing to be a Trustee was \$105,796, representing a 106% difference between the original grant date award value and the payout value. An aggregate of approximately 80 distribution equivalent RSUs for Mr. Mathur are included in these additional RSUs that vested and were paid upon Mr. Mathur ceasing to be a Trustee. Mr. Mathur's RSUs were settled and paid in cash.
- (2) Mr. Clow was appointed to the Board on March 13, 2023.
- (3) On February 25, 2019, the REIT granted an aggregate of 8,810 RSUs to Mr. Rutman and Ms. Morrow. The value of each RSU granted on the February 25, 2019 grant date was \$22.70. The value of Mr. Rutman's and Ms. Morrow's RSUs vested and paid in February 2022 was \$12.89 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 5,709 distribution equivalent RSUs and RSUs issued as part of the gross-up of the RSUs in connection with the Primaris Spin-Off are included in the value of RSUs vested and paid during the year ended December 31, 2022.
- (4) Pursuant to the terms of the Incentive Unit Plan, Mr. Rutman's unvested RSUs immediately vested upon his retirement on March 13, 2023 and were subsequently paid out and settled at a value of \$12.93 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 settlement date.

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, Jennifer A. Chasson (Chair), Donald Clow and Marvin Rubner, 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 their responsibilities as an Audit Committee member based on their education and/or experience as summarized below. Following the Meeting, assuming all of the Trustees to be nominated by management are elected, the Board intends to reconstitute the CESG&N Committee such that it will be comprised of Jennifer A. Chasson (Chair), Brenna Haysom, Donald Clow and Marvin Rubner.

Jennifer A. Chasson is a partner at Zeifmans LLP, Chartered Accountants (formerly Zeifman & Company, Chartered Accountants) and the founder and President of Springbank Capital Corporation (previously Chasson Financial), a boutique corporate finance advisory firm bringing investment banking to entrepreneurs in the Canadian mid-market. Jennifer earned her CPA, CA and CBV (Chartered Business Valuator) designations in 1996 and 2006, respectively. Ms. Chasson's academic and professional experience indicates expertise in the areas of executive management, finance and accounting.

Donald Clow was President and CEO of Crombie REIT from 2009 until 2023. Crombie REIT is a Canadian Real Estate Investment Trust that owns and operates 290 grocery anchored plazas, grocery stores, retail related industrial and mixed-use residential properties across Canada totaling over 18 million square feet with an enterprise value of approximately \$6 billion, a market capitalization of approximately \$3 billion and a urban mixed-use development pipeline of approximately \$5-7 billion. Prior to joining Crombie REIT, Mr. Clow held the position of President, ECL Developments Ltd, the real estate development subsidiary of Empire Company Ltd. Before Empire he was President and minority owner of Southwest Properties Ltd., a residential and commercial real estate development company in Halifax. Mr. Clow was named Waterstone's Most Admired CEO in Canada (Mid-Market) in 2023. Mr. Clow has been inducted into Atlantic Canada's Top 50 CEOs Hall of Fame. Mr. Clow is a member of the Nova Scotia Sports Hall of Fame as a member of the 1981 Acadia Axemen Football team. Mr. Clow graduated from Acadia University with a BBA, earned his CA (now CPA) designation and was designated a Fellow Chartered Accountant (now FCPA) in 2002. In addition to leadership programs at the Harvard Business School and the Ivey School of Business, he is a graduate of the DEP at the Rotman School of Business and is a member of WPO and CEO. Mr. Clow was a trustee of Granite REIT from 2016-2019, a governor on Acadia University's Board of Governors from 2012 to 2021 and is a Director on the Board of the QEII Health Sciences Centre Foundation.

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.

GENERAL

The audited consolidated financial statements of the REIT for the financial year ended December 31, 2022, together with the report of the auditors thereon, will be presented to Unitholders at the Meeting for their consideration. Unitholders may find a copy of these documents in our 2022 Annual Report, which is available on our website at www.hr-reit.com and on SEDAR at www.sedar.com under the REIT's issuer profile.

ADDITIONAL INFORMATION

Additional information relating to the REIT may be found on SEDAR at www.sedar.com or from TSX Trust Company at www.meetingdocuments.com/TSXT/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 2022 audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2022, (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 and are available on www.sedar.com or on the REIT's website at www.hr-reit.com.

UNITHOLDER PROPOSALS

The Declaration of Trust provides for the ability of an eligible Unitholder (meeting certain specified criteria) to submit a proposal for consideration at an annual meeting of the REIT (other than proposals with respect to the nomination of Trustees which must follow the provisions of the Advance Notice Provisions referred to under “Proxy Matters – Advance Notice Provisions” above). In accordance with the Declaration of Trust, a proposal must be submitted by an eligible Unitholder at least 90 days before the anniversary date of the notice of the prior annual meeting. No Unitholder proposals were submitted for purposes of the Meeting. 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 2024 is January 18, 2024.

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.

DATED as of April 25, 2023.

BY ORDER OF THE TRUSTEES OF
H&R REAL ESTATE INVESTMENT TRUST
“LARRY FROOM”
LARRY FROOM
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.	Six of the eight Trustees (75%), namely Mses. Chasson and Haysom and Messrs. Clow, Cowie, Gross and Rubner 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, eight of the ten Trustees (80%), namely Messrs. Abramsky, Clow, Cowie, Gross and Rubner and Mses. Brand, Chasson and Haysom, 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 Executive Chairman and Chief Executive Officer 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.	Six of the eight Trustees (75%) are independent. 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, eight of the ten (80%) Trustees are and will be independent. 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 Ms. Morrow, are "independent trustees" as such term is defined in the Declaration of Trust.
(d) If a trustee 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). Mr. Abramsky is a trustee of First Capital REIT (TSX:FCR.UN) and Dream Residential REIT (TSX:DDR.U). Ms. Brand is a trustee of True North Commercial REIT (TSX:TNT.UN).
(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, describe what the board does to facilitate open and candid discussion among its independent trustees.	<p>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 among the matters which require approval of a majority of the independent trustees in order to become effective:</p> <p>(a) any changes in compensation of the Chief Executive Officer or the Chief Financial Officer; and</p>

Guidelines	The REIT's Governance Practices
	<p>(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.</p> <p>During 2022, the independent trustees held five 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 four Audit Committee meetings at which non-independent trustees and members of management did not attend during 2022.</p>
(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 their 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. Hofstedter is the Executive Chairman of the REIT. Mr. Clow, one of the REIT's six independent trustees, is the Independent Lead Trustee of the Board. In that capacity Mr. Clow is generally responsible for calling and overseeing separate meetings of the independent Trustees, if necessary, administering the Trustees' relationship with management, providing leadership to the Board, setting the "tone" for the Trustees to foster effective, ethical and responsible decision-making and strong governance practices, and performing such other responsibilities as may be designated by a majority of the independent Trustees from time to time.
(g) Disclose the attendance record of each trustee for all trustee meetings held in 2022.	See "Matters to be Acted Upon by Unitholders — Election of Trustees" in this Circular.
2. BOARD MANDATE	
Disclose the text of the board's 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	
<p>(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.</p> <p>(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.</p>	<p>The Trustees have not developed written position descriptions.</p> <p>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.</p>

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 CESG&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 given access to the Trustee portal where materials relating to past meetings are posted, including Trustee and Committee meeting minutes and resolutions, intended to provide Trustees with a comprehensive understanding of the Trustees' recent activity and the operations of the REIT. The REIT's policies, constating documents and disclosure documents, including 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 are posted on the REIT's website and made available to all new Trustees to familiarize themselves with the REIT's practices.</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 they are 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 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. In addition, certain of the Trustees are legal or accounting professionals who attend conferences, professional development seminars and other continuing education sessions throughout the year.</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. The REIT maintains a Trustee portal accessible to all Trustees where materials relating to past meetings are

Guidelines	The REIT's Governance Practices
	<p>posted, including Trustee and Committee meeting minutes and resolutions.</p> <p>8. The REIT's policies, constating documents and disclosure documents are posted on the REIT's website and made available to all new Trustees to familiarize themselves with the REIT's practices.</p> <p>9. Subject to prior approval by the CESG&N Committee, the REIT reimburses the Trustees for the fees and expenses incurred to attend certain conferences or other events that are important for enhancing their knowledge for serving on the Board</p> <p>The Board and Committees receive presentations on topical issues when making key business decisions, during strategic planning meetings and in response to Trustee requests. Trustees also attend external conferences and seminars. Trustees identify educational needs through the Board and Committee process and the Board assessments. Management arranges internal presentations for the Board after consulting with the Trustees, and notifies Trustees of pertinent conferences, seminars and other educational opportunities.</p> <p>Trustees are also encouraged to seek continuing education opportunities that will allow them to enhance their skills and knowledge outside of the REIT's continuing education program.</p> <p>For further details, see "Corporate Governance – Orientation and Continuing Education".</p>
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> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(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</p> <p>(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>	<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> <p>(a) in the case of a situation that does not involve management of the REIT, the Chief Financial Officer of the REIT;</p> <p>(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</p>

Guidelines	The REIT's Governance Practices
	<p>(c) in the case of a situation that involves management of the REIT and any member of the Audit Committee, any Trustee.</p> <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 the date of this Circular, no material change reports have been filed pertaining to any departures from the Code.</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.	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.
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	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.
6. NOMINATION OF TRUSTEES	
(a) Describe the process by which the board identifies new candidates for board nomination.	<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”. In March 2023, the Compensation, Governance and Nominating Committee was renamed the “Compensation, Environmental, Social & Governance and Nominating Committee”. Selecting new candidates for future board nominations is the responsibility of the CESG&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, refreshment and expansion in recent 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 for women to represent at least 30% of the Trustees. Women currently comprise 37.5% of the Board (three of eight). If all of the nominees for Trustee are elected at the Meeting, 40% (four of ten) of the Trustees will be women, surpassing the 30% Canada Club’s aim for better gender balance at the Board level as well as exceeding the REIT’s target of 30% women on the Board. 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.</p>

Guidelines	The REIT's Governance Practices
(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.	The CESG&N Committee has oversight of the Board's nomination process. The current members of the CESG&N are Ms. Haysom (Chair) and Messrs. Clow and Gross. All members of the CESG&N Committee are independent trustees.
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The responsibilities, powers and operation of the CESG&N Committee are set out in the charter of the CESG&N Committee. The CESG&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 CESG&N Committee must ensure that the new candidates have the time and resources required to perform the duties of a Trustee. The CESG&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.
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 CESG&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.	The CESG&N Committee is comprised entirely of independent trustees. The current members of the CESG&N are Ms. Haysom and Messrs. Clow and Gross. All members of the CESG&N Committee are independent trustees.

Guidelines	The REIT's Governance Practices
<p>(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The CESG&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 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 CESG&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 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; • 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 CESG&N Committee also has the authority to retain independent legal, accounting and other consultants to advise it. The CESG&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 CESG&N Committee or meet with any members of, or consultants to, the CESG&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. Gross (Chair), Clow, Cowie, Hofstedter and Rubner. A majority of the members of the Investment Committee are independent trustees. The duties of the Investment Committee are to review all proposals regarding investments, to approve or</p>

Guidelines	The REIT's Governance Practices
	<p>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 as 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, 2022, in Schedule A and under the heading “Audit Committee Information” in this Circular. A copy of the Annual Information Form may be found on SEDAR at www.sedar.com.</p>
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 CESG&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. This annual written evaluation includes a peer review of the other Trustees as well. Results are compiled into a report on an anonymous basis in order to encourage full feedback, and for discussion with the CESG&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 and is not a member of management. Such Trustees may serve until any such Trustee has been serving for 10 years since their initial election or appointment, subject to the Board's ability to waive such limit. See “Corporate Governance – Retirement Guideline and Term Limits” in this Circular.</p>

Guidelines	The REIT's Governance Practices
11. POLICIES REGARDING THE REPRESENTATION OF WOMEN ON THE BOARD	
(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.	The REIT has adopted a written policy relating to the identification and nomination of women Trustees.
(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: <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. 	See “Corporate Governance – Diversity” in this Circular for a short summary of the objectives and key provisions of the plan.
12. CONSIDERATION OF THE REPRESENTATION OF WOMEN IN THE DIRECTOR IDENTIFICATION AND SELECTION PROCESS	
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.	See “Corporate Governance – Diversity” in this Circular.
13. CONSIDERATION GIVEN TO THE REPRESENTATION OF WOMEN IN EXECUTIVE OFFICER APPOINTMENTS	
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.	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.
14. ISSUER'S TARGETS REGARDING THE REPRESENTATION OF WOMEN ON THE BOARD AND IN EXECUTIVE OFFICER POSITIONS	
(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	See “Corporate Governance – Diversity” in this Circular. In furtherance of the REIT's goals regarding gender diversity on the Board, the REIT has adopted a target for women to represent at least 30% of the Trustees, which is currently the case, as currently 37.5% (three of eight) of the Trustees are women. 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, four of the ten Trustees (40%) will be women, surpassing the 30% Canada Club's aim for better gender balance at the Board level. The REIT will continue to strive

Guidelines	The REIT's Governance Practices
<p>the issuer. If the issuer has not adopted a target, disclose why it has not done so.</p> <p>(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>	<p>to identify the best candidates to join the Board, with a focus on maintaining gender diversity 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 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.</p>
15. ISSUER'S TARGETS REGARDING THE REPRESENTATION OF WOMEN ON THE BOARD AND IN EXECUTIVE OFFICER POSITIONS	
<p>(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women; and</p> <p>(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.</p>	<p>See "Corporate Governance – Diversity" in this Circular.</p>

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, 2022 is 2,658,845 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, 2022 is 26,588,453 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, 2022 is 2,658,845 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 their 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 CESG&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 CESG&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 CESG&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 their 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, 2022 is 2,658,845 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, 2022 is 13,294,226 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 a 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 (“**CESG&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 CESG&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 CESG&N Committee, unless otherwise delegated to the CESG&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 CESG&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 CESG&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 3(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 CESG&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 CESG&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 trusts and other entities similar to the REIT and of comparable size to the REIT, unless otherwise undertaken by the CESG&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 CESG&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.

