



2022

SUSTAINABILITY REPORT

ENVIRONMENTAL • SOCIAL • GOVERNANCE

OUR REPORT

H&R REIT's Sustainability Report highlights Environmental, Social and Governance (ESG) initiatives and accomplishments for the 2022 calendar year. It encompasses office, residential, retail, and industrial assets owned by H&R REIT during 2022, including those owned for a portion of the year.

H&R REIT has opted to report using selected Standards with a Global Reporting Initiative (GRI)-referenced claim. In addition, the report includes indicators from the standards for Sustainability Accounting Standards Board (SASB) Real Estate sub sector. Both frameworks provide us the capacity to benchmark our performance REIT-wide, ensuring transparency and continuous improvement year-over-year.

Please refer to [HR-REIT.com](https://hr-reit.com) for relevant supplemental financial and governance related disclosures.

2022 ANNUAL SUSTAINABILITY REPORT

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LETTER FROM THE CEO

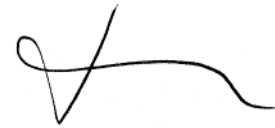
We are proud to present H&R REIT's 2022 Sustainability Report.

2022 was a very important year for H&R REIT. Despite the volatility in the public markets, our teams accomplished many significant milestones while prioritizing our strong, integrated and forward-thinking sustainability programs. As one of Canada's largest REIT's, H&R has always viewed sustainability as our responsibility to our unitholders in terms of transparency, employees in terms of communication, engagement, collaboration and opportunity, to our tenants to provide them with healthy and positive working environments and to the greatest extent, to our communities in which we do business.

In our 2022 Sustainability Report, we provide a reflective look on how our commitments to sustainability are manifesting in our portfolio, company and communities at large. We completed our first GRESB Real Estate Assessment submission in 2022 and launched our inaugural [Green Financing Framework](#), with a second party opinion. H&R continues to embed sustainability in every facet of our business, advancing our long term ESG strategy focused on resource reduction, the promotion of energy efficiency and engaging with tenants to support and enable ESG initiatives.

With our Strategic Repositioning Plan, we look forward to the future and our plans to continue to implement programs to reduce carbon emission, energy use, water use and waste through redevelopment and greenfield development in high growth U.S. sunbelt and gateway city residential properties, and well-located industrial properties..

We thank you for reviewing H&R REIT's 2022 Sustainability Report and welcome your comments and feedback as we continue our ever-evolving sustainability journey.



Thomas J. Hofstedter
Chief Executive Officer

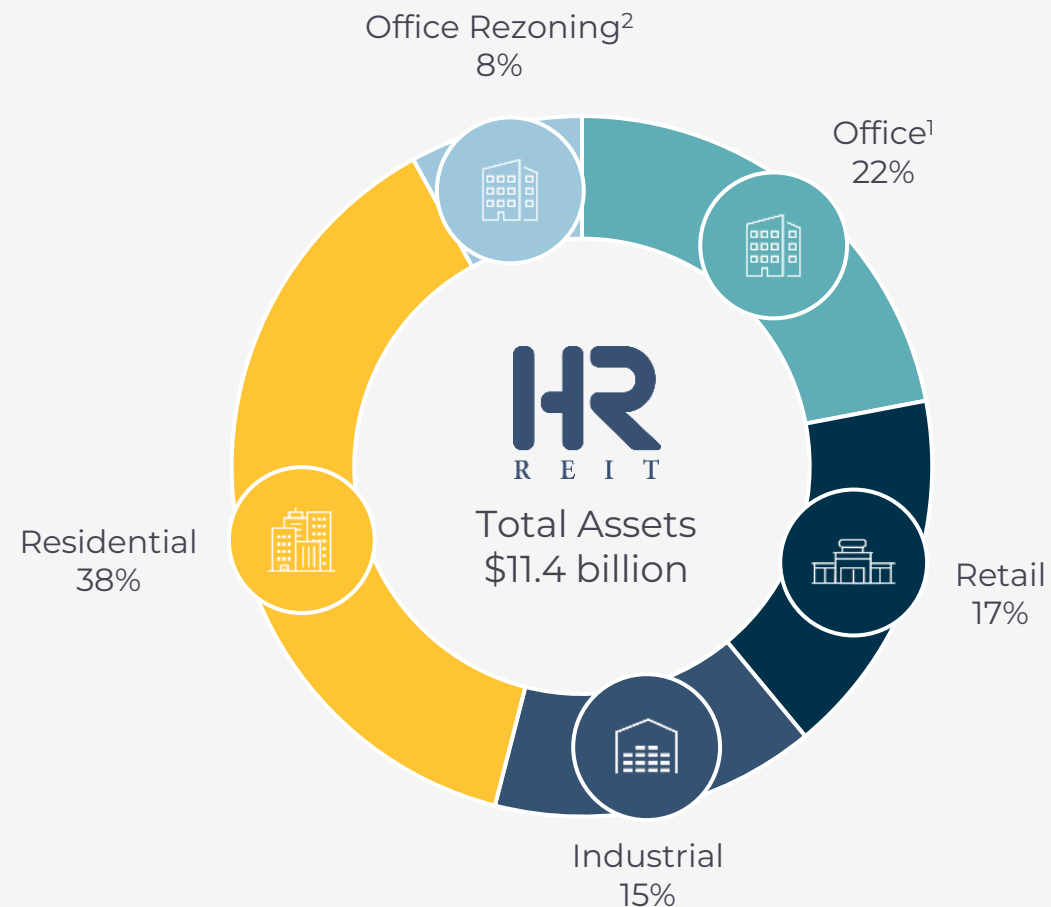
ABOUT H&R REIT

- H&R REIT (TSX: HR.UN) is one of Canada's largest real estate investment trusts with total assets of approximately \$11.4 billion as at December 31, 2022.
- H&R REIT has ownership interests in a North American portfolio of high-quality residential, office, retail, and industrial properties comprising over 28.8 million square feet.
- H&R is currently undergoing a strategic repositioning to transform into a simplified, growth-oriented company focusing on residential and industrial properties to surface significant value for unitholders.
- Since the foundation of H&R in 1996, H&R's objective is to maximize net asset value ("NAV") per Unit through ongoing active management of H&R's assets, acquisition of additional properties and the development and construction of projects.
- H&R REIT's units (HR.UN) have traded on the Toronto Stock Exchange since 1996.



Investment Properties

by Asset Type¹



1. Investment properties as at December 31, 2022 excludes the Bow and 100 Wynford.

2. Represents seven investment properties which are advancing through the rezoning process for redevelopment.

OUR SUSTAINABILITY JOURNEY

Sustainability has been a fundamental part of our focus, from acquisition to operations and management of our properties throughout our entire office, retail, industrial and residential portfolios and management of our relationships, with employees, tenants and community. Our journey timeline, combined with our Sustainability Reports to date, is affirmation of our business strategy and commitment to sustainability and the ever-changing landscape and challenges our communities face.



* H&R reports 100% of landlord-paid utilities. Tenant-paid utilities are reported where data is available.

OUR APPROACH TO SUSTAINABILITY

STRATEGIC PLANNING

In line with our strategic planning processes, H&R REIT's Executive team identifies and assesses material environmental, social and governance risks. Annually, the Executive team reviews the key environmental, social and governance factors for the upcoming years.

ASSET MANAGEMENT

By applying Sustainability and Environmental guidelines for Operations, our Property Operations and Asset Management departments integrate sustainability opportunities into their daily management and tracking processes.



ACQUISITIONS

H&R REIT has well established governance structures such as the Board Investment Committee to oversee and approve acquisitions inline with the REIT's strategic plan. H&R conducts environmental due diligence prior to acquiring a property, and if recommended, undertakes further remedial action and monitoring.

DEVELOPMENT

Sustainability goals are established for our assets that are selected for renovation or redevelopment.

SUSTAINABILITY AT H&R REIT



Environmental

The Environmental section provides an overview and highlights of the environmental impact of our business activities as asset and property managers. For greater detail please refer to the Supplement found on our website.



Social

The Social Factors section focuses on our personal interactions with our employees, tenants and customers in the communities in which we operate.



Governance

With a diverse and experienced Board of Trustees, high disclosure standards, and strong governance practices, we are committed to maintaining the highest ethical standards as one of Canada's leading real estate companies.

Sustainability at H&R REIT, encompasses the Environmental, Social and Governance (ESG) features that can materially affect the long-term value of our company. We at H&R REIT believe that tracking both building performance and corporate metrics provides a better indication of overall achievement and contributes to our exceptional culture.



ENVIRONMENTAL • SOCIAL • GOVERNANCE

HR
REIT

GREEN BUILDINGS

“H&R has a long history of tracking and improving the energy and carbon performance of its large office assets. With tenant energy use and Scope 3 emissions becoming an ever-more-important component of ESG, the Trust has made a big push over the last three years to increase its data coverage, so that a larger part of their portfolio can be captured in its performance-improvement program.”

-Jason Manikel, P.Eng., LEED AP – Brightly, a Siemens Company

Brightly (formerly Energy Profiles Limited) manages H&R REIT Utility Tracker, H&R's cloud-based Energy & Sustainability Performance Management System. Brightly also supports H&R REIT with the development and management of their sustainability program.



GREEN FINANCING FRAMEWORK

In the fall of 2022, H&R launched its [Green Financing Framework](#), designed to support the REIT's sustainability strategy as it continues to expand its building portfolio in an environmentally and socially responsible way.

In support of H&R's strategy, H&R has established a Green Financing Framework ("the Framework") which aligns with the Green Bond Principles (the "GBP") developed by the International Capital Markets Association as of June 2021 and the Green Loan Principles (the "GLP") developed by the Loan Market Association as of February 2021. Morningstar Sustainalytics supplied a Second-Party Opinion confirming the Framework is credible, impactful and aligns with the four core components of the GBP and the GLP, each published in 2021.



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The UN created the United Nations Sustainable Development Goals (UN SDGs) to serve as guidance to meet the urgent environmental, political and economic challenges facing our world. In support of H&R's sustainability strategy and as a global public entity, H&R supports the UN SDGs, aligning our Green Financing Framework with the following:



For H&R's Green Financing Framework and Second-Party Opinion, visit [HR-REIT.com/Investor-Relations/#Sustainability](https://hrreit.com/investor-relations/#sustainability).

GREEN FINANCING FRAMEWORK

Net proceeds raised under this framework will be used to finance and/or refinance, in part or in whole, new and/or existing eligible projects that meet the eligibility criteria defined, taking reference from existing market standards and principles such as the Climate Bond Initiative ("CBI") Taxonomy and Sector Criteria, and the European Union ("EU") Sustainable Finance Taxonomy.

GREEN BUILDINGS

Recognizing that buildings account for a significant component of energy consumption in the world, H&R REIT is committed to reducing energy usage and the overall environmental footprint of its portfolio.

Green building certifications, such as LEED and BOMA BEST, provide third-party validation of property management, environmental programs and development practices within building portfolios. H&R REIT’s Sustainability Committee actively strives to identify opportunities to implement efficiencies and sustainable practices within the portfolio and increase our number of certification under green building rating systems.



*Gross Leasable Area as of December 31, 2022



Two Gotham Center
LONG ISLAND CITY, US
22-Storey Office Tower



Our office portfolio exemplifies a sustainable real estate objective by utilizing green building best practices.

74%

of H&R’s Office Portfolio is LEED, BOMA Best and/or ENERGY STAR Certified*

GREEN BUILDINGS



We utilize ENERGY STAR® Portfolio Manager, a cloud-based software program utilized by Natural Resources Canada and the United States Environmental Protection Agency, to benchmark the energy performance of our properties. ENERGY STAR Portfolio Manager provides each building with a score which allows our operations and management teams to visualize the energy performance of our buildings and identify areas of improvement.

The ENERGY STAR® symbol is the internationally recognized and trusted mark of high energy efficiency. Buildings that earn a score of 75 or higher and meet certain other eligibility criteria will receive an official ENERGY STAR certificate from Natural Resources Canada and the United States Environmental Protection Agency.



*Gross Leasable Area as of December 31, 2022

80%

of H&R's Office Portfolio is actively tracked on ENERGY STAR Portfolio Manager*

90%

of H&R's Lantower Residential Division is actively tracked on ENERGY STAR Portfolio Manager*

100%

By December 31, 2023, H&R's Lantower Residential Division strives to actively track 100% of their portfolio on ENERGY STAR Portfolio Manager



GREEN BUILDINGS

Green Certified to the ICC 700 National Green Building Standard (NGBS) by Home Innovation Research Labs is a green building certification program, specifically focused on single-family and multi-family residential buildings, remodeling projects, and development. In a partnership with the ASHRAE, the International Code Council (ICC), and the National Association of Home Builders (NAHB), the NGBS was developed to provide a uniform platform for advancing green residential construction and development.

Lantower West Love and Lantower Midtown are expected to receive NGBS Silver certifications upon final completion (final CO).

ENVIRONMENTAL INITIATIVES – RESIDENTIAL DIVISION

PROPERTIES WITH ATTRACTIVE GROWTH CHARACTERISTICS

At Lantower, we aim to take an environmentally conscious approach to every aspect of our business. From our offices to our communities, we are implementing new tools, technologies and materials that ensure we are doing what we can to shrink our environmental footprint over the long term.



ELECTRIC CAR CHARGING STATIONS

We currently provide EV charging stations at several of our properties. In the future, we will continue to implement charging stations to match employee and residential usage needs.



WASTE MANAGEMENT

We partner with a third-party consultant to manage our waste and recycling programs across our portfolio. Our goal is to enhance our sustainability footprint with more responsible landfill diversion tactics.



WATER REDUCTION

Several of our properties currently have installed drip irrigation systems to reduce water use. Further, we are exploring smart irrigation solutions to expand our water conservation impact.



NATIONAL FOREST FOUNDATION PARTNERSHIP

- Lantower has partnered with The National Forest Foundation (NFF), a leading conservation group in North America whose mission is to preserve America's forests and promote responsible recreation.
- NFF makes it easy to help in their conservation effort. Their platform is set up in a way that allows every \$1 donation to go directly towards planting one tree in one of North America's forests. Lantower has committed \$1 for every new lease we sign at our communities, which will go directly to NFF to support its mission.
- Lantower planted a total of 3,685 trees for the year 2022.



GREEN MARKETING PRACTICES

- All marketing material (business cards, floor & site plans, current rate sheets, etc.) will be accessed electronically using QR Codes provided at our residential communities.

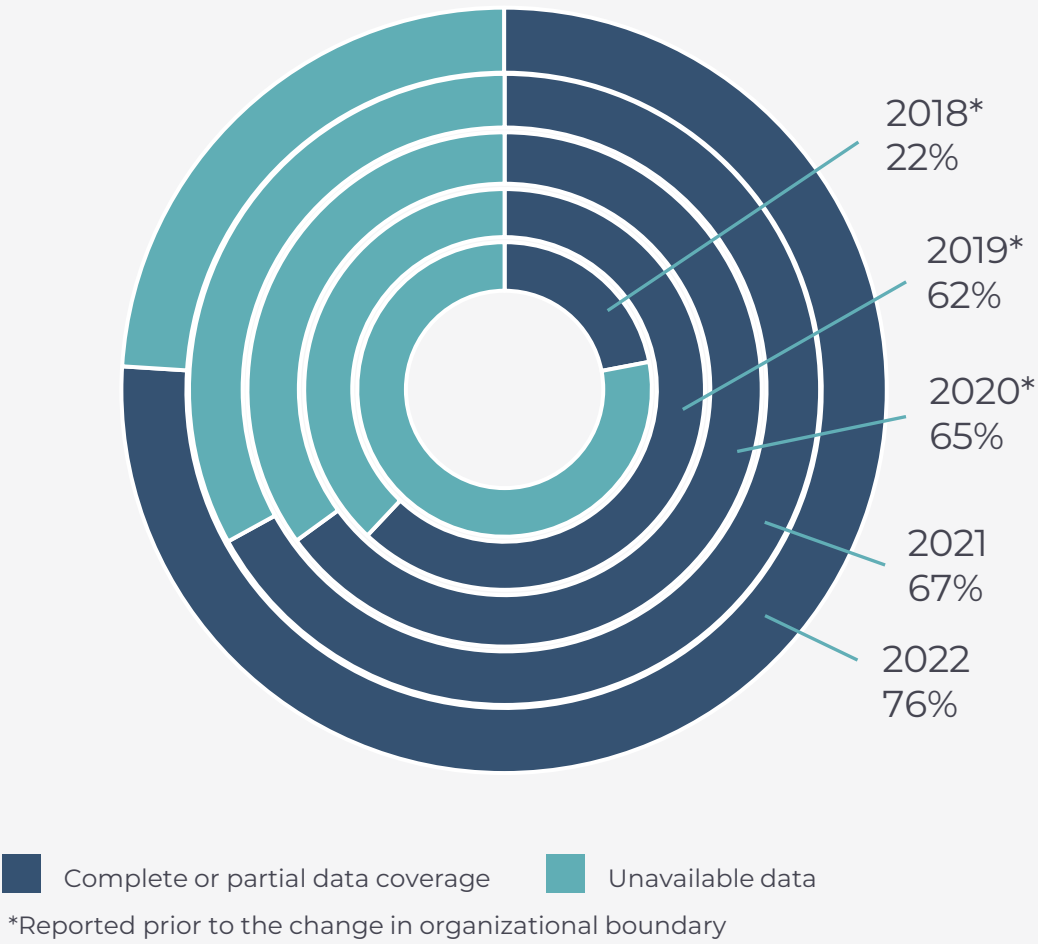
UTILITY AND EMISSIONS DATA COVERAGE

H&R REIT reports on utility use and resulting Greenhouse Gas (GHG) emissions for direct - natural gas combustion (Scope 1) emissions, indirect - electricity and district steam use (Scope 2) emissions, and indirect – water, waste, and separately metered or submetered tenant-controlled areas (Scope 3) emissions, where available. In 2020, H&R began collecting and compiling data for 100%¹ of the entire portfolio wherever H&R has control over utility use and/or is able to access utility data and continues to do so. The result was an increase in data coverage² from 22% of 2018 usage (CDP 2019 Reporting) to 76% of 2022 usage (CDP 2023 Reporting). For the 2021 reporting period, H&R updated our reporting boundary to follow the ‘Operational Control’ approach, as defined by the GHG Protocol³, to align with recent industry trends and the latest reporting guidance for real estate organizations. Data is compiled and reported via H&R REIT Utility Tracker, H&R REIT’s cloud-based Energy Management Information System (EMIS). Data coverage excludes H&R’s minority interest in ECHO Realty LP which consists of 237 properties as of November 30, 2022.



1. H&R reports 100% of landlord-paid utilities. Tenant-paid utilities are reported where data is available.
2. Complete or partial, as per SASB definitions
3. The GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute, 2004).

H&R REIT Utility Data Coverage



RESOURCE EFFICIENCY AND CARBON EMISSIONS

3

H&R REIT scored third (tied) among 12 Canadian REITs (CDP 2022 Reporting).

H&R REIT has tracked and reported on utility use and emissions for the majority of its office properties since 2013. The Trust has reported to the Carbon Disclosure Project (CDP) since 2016, reflecting 2015 performance onwards. In CDP's latest evaluation for 2022, H&R REIT scored the same or better than all Canadian REITs except two.



Resource Efficiency

H&R continues the drive to improve the environmental footprint of our assets. The COVID-19 pandemic has had a significant impact on GHG emissions for office and retail buildings since early 2020. As expected, despite continued progress in energy-efficiency, emissions from office and retail properties increased in 2022, relative to 2021, as the impacts of the pandemic eased and occupants returned to work. This trend appears widespread across the commercial real estate market. Increased occupancy at a large multi-family property completed in 2021 led to an increase in 2022 emissions in the residential portfolio as well. Overall, H&R REIT's like-for-like market-based emissions increased by 8.3% in 2022, relative to 2021.

We are confident that as operations and occupancy stabilize the efficiency improvements made will be reflected in the energy and utility performance in future years.

H&R has engaged KPMG LLP (KPMG) to provide limited assurance over selected Scope 1, 2 and 3 data for GHG emissions included in the Sustainability Supplement for the year ended December 31, 2022. The scope of KPMG's engagement and their assurance report can be found in the [Sustainability Supplement](#) and in the Appendix of this report on pages 37 to 40.

2.7%

H&R REIT's like-for-like energy use increased by 2.7% in 2022 compared to 2021.



5.4%

H&R REIT's like-for-like water use decreased by 5.4% in 2022 compared to 2021.



8.3%

H&R REIT's market-based emissions increased by 8.3% in 2022 compared to 2021.



ELECTRONIC RECYCLING PROGRAM



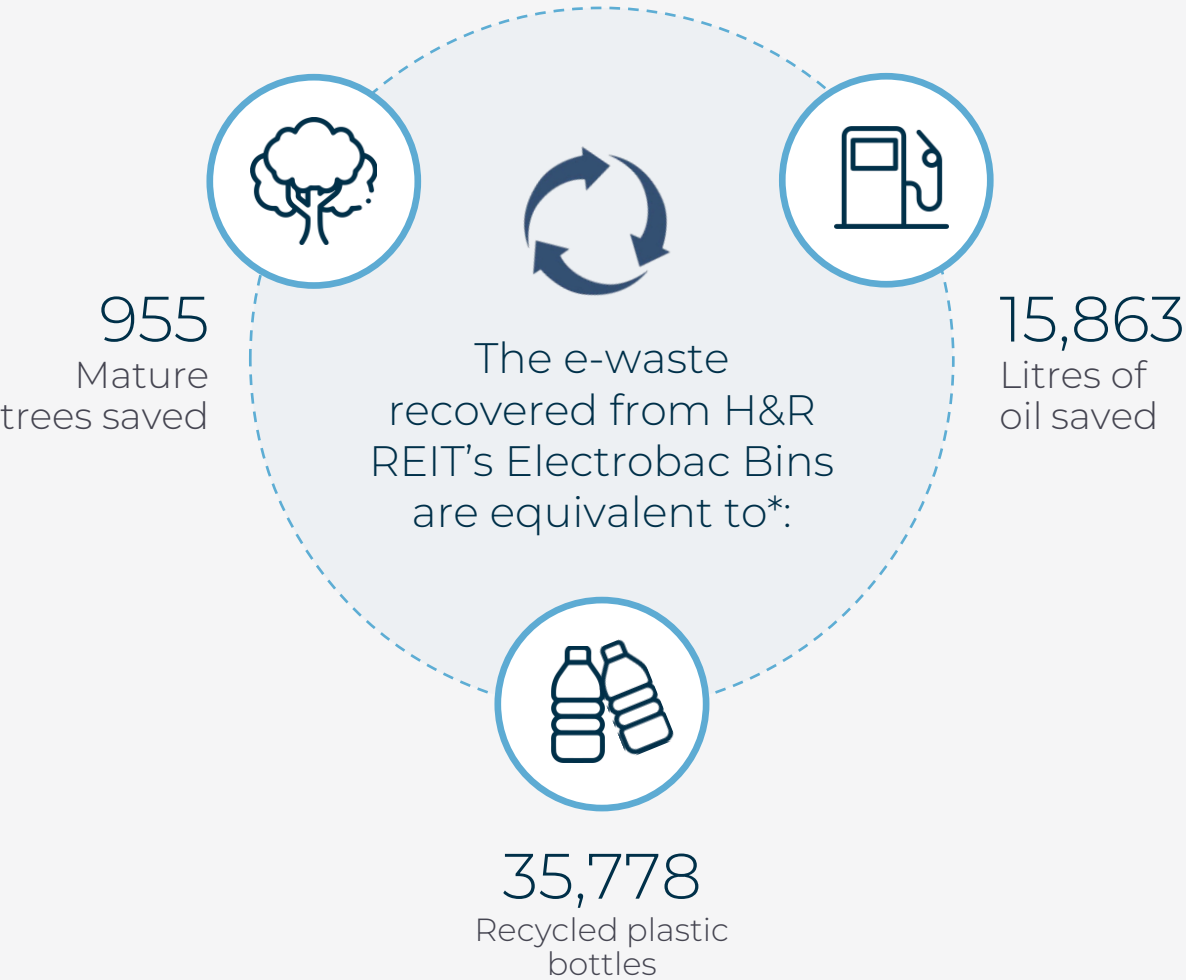
E-waste only occupies 1% of our landfills, yet accounts for 65% of the harm done to the environment.

As part of H&R REIT's commitment to recycling, Electrobac Bins for e-waste have been placed at various properties since 2019.

- Certified by the Recycler's Qualification Office (RQO)
- All e-waste materials collected are processed in Canada
- Each Electrobac smartbin is an EPRA-certified depot point for e-waste recycling
- Certified by ComplyWorks (health & safety)



*As of December 31, 2022.
Data provided by ALLGREEN RECYCLING CARBON FOOTPRINT CALCULATOR



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HEALTH & SAFETY

At H&R REIT, providing our employees, tenants, contractors and the public safe and healthy environments is an essential part of our business management.

H&R has a Health and Safety Policy in place that applies to its employees, contractors, customers, visitors, and all individuals on its premises. The policy defines internal responsibilities across various levels to promote workplace health and safety, with adequate communication, training, supervision, and inspections. Furthermore, each sizable office (20 or more staff) has a Joint Health and Safety Committee that inspects the office and convenes regularly to discuss health and safety concerns. H&R complies with all applicable health and safety laws and regulations as part of its commitment to providing its employees with a safe and healthy work environment.



EMPLOYEE ENGAGEMENT AND DEVELOPMENT

Our people are our strength.

At H&R REIT, we recognize the achievements and talents of our people and we have been able to create a dynamic executive team which is a foundation to our success. We want our employees to feel empowered so that they will be more efficient and energetic in their work and become strong leaders both at work and in our communities.



We have

488 employees*



In

4 Provinces and 4 States*



*As of December 31, 2022.

OUR INITIATIVES INCLUDE:

- Employment advancement is encouraged with first consideration given to existing staff. This allows movement and growth within the organization, thus enabling our employees to acquire new skills and achieve personal development.
- H&R REIT has assisted employees with time off, flexible hours and extended leaves of absence to promote good health and pursue their outside interests and goals.
- Programs to encourage volunteer hours, continuing education and physical fitness.

HEALTH, WELL-BEING AND SAFETY

H&R REIT values the health, well-being and safety of our employees. To that effect, we provide the following perquisites:

- Extended health and dental coverage
- Employee assistance programs
- Travel and life insurance coverage
- Flex hours and accommodations for leaves of absences and working from home
- Health and well-being seminars
- Professional fees paid
- Contributing to relevant professional development courses
- Events to foster team building
- Computer laptops, as required
- Safety equipment and apparel
- Accommodations for religious holidays
- Worker supported Joint Health & Safety Committees
- First Aid and WHMIS Training
- Building Operators receive additional training including Scissor Lift Training, Working at Heights/Fall Arrest Training, Confined Space Training.
- Head office gym



0.047

Injury rate*

0.003

Lost day rate due to work-related injury*

0

Fatalities as a result of work-related injury*

EMPLOYEE SATISFACTION RESIDENTIAL DIVISION



Lantower Residential has partnered with Qualtrics, an online platform that measures key metrics to better understand our employee workforce and their level of engagement and satisfaction in the workplace.

Qualtrics also allows Lantower to compare our workforce to peers in the Real Estate benchmark to ensure we are fostering a positive work culture and environment.

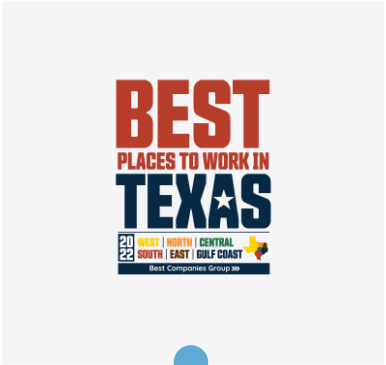
“Yes. I would recommend Lantower Residential as a place to work to people I know and respect.”

85%

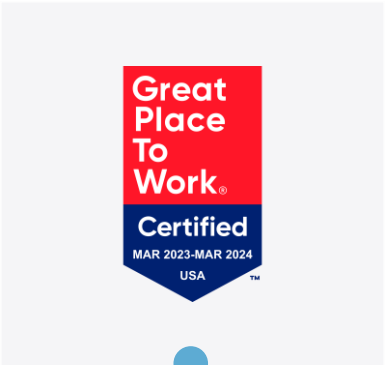
Net Promoter Score: 85% Favorable (6 points higher than the Real Estate benchmark)



EMPLOYEE SATISFACTION RESIDENTIAL DIVISION



Best Places to
Work in Texas®
2022



Great Place to
Work Certified
2022 – 2023*



Best Places to Work
Multifamily®
2023*



Best Places to Work in
Multifamily for Women®
2023*

GREAT PLACE TO WORK® 2023* GLOBAL EMPLOYEE ENGAGEMENT STUDY

- 95% When you join the company, you are made to feel welcome.
- 93% Management is competent at running the business.
- 93% Our facilities contribute to a good working environment.
- 92% I'm proud to tell others I work here.
- 92% I can be myself around here.

*Data based on employees surveyed in 2022.

EMPLOYEE SATISFACTION RESIDENTIAL DIVISION



MENTAL HEALTH SUPPORT & RESOURCES

We offer employees the Life Assistance Program provided by Cigna as an employee resource where they can find mental health specialists, attend webinars, and achieve an overall better work-life balance.



LANTOWER LITTLES VIDEO SERIES

We demonstrated our commitment to employees' families by introducing their children to residential real estate development through a Lantower Littles video series



INTRAPRENEURSHIP PROGRAM

A new program that enables Lantower to tap into the entrepreneurial spirit of our employees and leverage their creativity and expertise to drive innovation and growth from within.



PAID PARENTAL LEAVE

Lantower introduced a new paid parental leave policy that allows eligible associates to receive up to 6 weeks of paid time off while recovering from childbirth and/or bonding with a newborn child, adopted child or child placed for foster care.



BRING YOUR KIDS TO WORK DAY

We created an educational opportunity for our Lantower Littles by launching our annual Bring Your Kids to Work Day event, where employees' children learned about multifamily development and property management.

LANTOWER
CELEBRATES

TAKE YOUR CHILD TO WORK DAY

Where attention spans are short,
naps are long and bathroom
breaks are frequent.

We have exciting news!

Lantower Residential Proudly Implements a New Paid Parental Leave Policy for Associates with Growing Families

This program further supports our work-life balance efforts across the company, allowing all eligible associates to receive up to **6 WEEKS OF PAID TIME OFF** while recovering from childbirth and/or bonding with a newborn child, adopted child or child placed for foster care.

BIODIVERSITY AND BEEHIVES

Due to the growing concern of bee decline globally, H&R REIT decided to take action by partnering with Canadian beekeeping companies. With the full support and engagement of all our tenants, beehives were installed on the roof tops of several office buildings across Canada. The feedback from our tenants has been overwhelmingly positive. Proceeds from the honey sales continue to support local charities, including the Sanfilippo Children's Research Foundation.



2021 was a challenging year for honeybee hives across Canada due to Varroa mites (*Varroa destructor*), a pest commonly found in apiaries and pose a serious threat to honeybee health. Several of our beehive colonies were impacted; however, with new queen bees brought in 2022 to repopulate our beehives, we have seen a rebound in our bee population. Our bees are hard at work pollinating our surrounding urban ecosystems.

DIVERSITY AND INCLUSION

H&R REIT is guided by our Diversity Policy, which was developed to promote diversity and equal opportunities in all aspects of employment at H&R REIT. We recognize that to be successful in a multi-cultural world, we must embrace and adopt diversity outside of gender, including disability, age, ethnicity, business experience and sexual orientation. Such diversity is important to ensure that H&R REIT can draw on a broad range of approaches, backgrounds, skills and experience to achieve effective stewardship and management.

AGE GROUP DISTRIBUTION

As at December 31, 2022, H&R's workforce personnel exemplified the following:

- 17.4% 30 and under years old
- 49.8% Between 31 and 50 years old
- 32.8% Over 50 years old

DIVERSITY AND INCLUSION

For the fourth consecutive year, H&R REIT places on The Globe and Mail’s Women Lead Here benchmark of executive gender diversity.

H&R REIT is pleased to announce that we have once again earned a spot on the Report on Business Women Lead Here list, an annual editorial benchmark to identify best-in-class executive gender diversity in corporate Canada. For the 2023 ranking, Report on Business conducted a journalistic analysis of nearly 500 large publicly traded Canadian companies with annual revenues greater than \$50 million, evaluating the ratio of female-identifying to male-identifying executives in the top three tiers of executive leadership. Companies were evaluated from November to December 2022 on their executive teams. H&R REIT was one of only 90 publicly-traded companies on the Toronto Stock Exchange in Canada recognized with respect to the percentage of women in executive roles, clearly leading the way towards executive gender equity.

We are proud to share that WOMEN represent the following percentages of our team.		2022	2021	2020	2019
	SENIOR EXECUTIVES	40%	45%	45%	33%
	ALL EXECUTIVES	44%	50%	42%	40%
	OVERALL WORKFORCE	38%	37%	47%	47%
	BOARD OF TRUSTEES	37.5%	33%	25%	12.5%



DIVERSITY AND INCLUSION RESIDENTIAL DIVISION



BLACK HISTORY MONTH

Lantower celebrates Black History month by showing support for black-owned businesses in Texas, Florida, and North Carolina – each outfitted with incredible people who have a story to tell.



WOMEN'S EQUALITY DAY

Lantower celebrates Women's Equality Day by giving inspiring career advice to their younger selves on LinkedIn.



PRIDE MONTH

Lantower celebrates Pride Month by encouraging associates to participate and volunteer in local Pride events in Dallas, Raleigh, Tampa and Miami, taking a stand against discrimination and normalizing the families and individuals that break the heteronormative mold.

We are proud of our inclusive culture that represents all different walks of life.



HISPANIC HERITAGE MONTH

Lantower's DEIB council launched a video series that shared stories from employees highlighting their pride behind what it means to be Hispanic and how their rich, cultural upbringing contributed to who they are today.

DIVERSITY, EQUITY, INCLUSION AND BELONGING COUNCIL

At Lantower, H&R REIT's Residential Division, we value the diversity of our workplace, our residents, vendors and the amazing communities that we serve. It is vital that all demographics of Lantower are included and represented on the Diversity, Equity, Inclusion and Belonging Council (DEIB), which represents our company values.

Lantower COO, Emily Watson, created a LinkedIn video sharing her thoughts on the importance behind continued education around Juneteenth, advocacy and the impact our DEIB council is making within our company and in the local communities we serve.

COMMUNITY PARTNERSHIPS

In addition, H&R REIT is proud to support the efforts of our residential division and the Lantower Living to Giving program. Through the Living to Giving program, corporate and onsite staff work together to achieve a lasting social impact and provide relief to children, families, and communities in need.











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GOVERNANCE PRACTICES

As one of Canada's largest Real Estate Investment Trusts, H&R REIT is committed to sound corporate governance principles.

To that end, H&R REIT has established policies governing the tenure and constitution of our Board of Trustees, which will enhance the diversity and reduce risk for our organization. Management and the Board will review H&R REIT's corporate governance practices regularly to ensure that they align with best practices and provide strong transparency to our unitholders.

HIGHLIGHTS

- Use of a Code of Business Conduct and Ethics Policy, Whistleblower Policy, Trading Policy and Disclosure And Social Media Policy;
- Implemented a Human Rights policy to reinforce/formalize H&R's belief that all tenants, suppliers and employees be treated with respect;
- On an annual basis, each employee acknowledges that they have reviewed the REIT's corporate policies and that they agree to comply with them;
- H&R has established policies governing the tenure and constitution of its Board including that the tenure for all new trustees is limited to 10 years. In accordance with this policy, two trustees resigned in 2021, and four new trustees were elected, leading to significant Board refreshment;
- Majority independent Board, with 75% of the Board being fully independent as at December 31, 2022;
- Use of an independent Lead Trustee to encourage independent leadership among the trustees;
- Use of a "Say on Pay" vote and independent compensation advisor retained by the Board's Compensation, Governance and Nominating Committee;
- Use of a minimum unit ownership requirement for Trustees and named executive officers; and
- Use of a Clawback Policy applicable to all incentive compensation.

WHISTLEBLOWER POLICY AND CODE OF BUSINESS CONDUCT AND ETHICS

Whistleblower Policy

To ensure a culture that holds business and personal ethics to the highest standards, H&R REIT has established and maintained a Whistleblower Program that allows officers and employees to bring forward, on a confidential and anonymous basis, any concerns regarding the Trust's internal controls and legal and regulatory compliance.

Code of Business Conduct and Ethics

H&R REIT prides itself on its commitment to a culture of honesty, integrity and accountability and strives to operate in accordance with the highest ethical standards and applicable laws and regulations. H&R REIT created a Code of Business Conduct and Ethics that outlines the ethical principles that should guide all employees of H&R REIT in their daily work.

All employees must attest that they agree to comply with these requirements annually.

MESSAGE FROM OUR SUSTAINABILITY COMMITTEE

We are pleased and proud to share with you H&R REIT's 2022 Sustainability Report. It tells the story of our team's continued work to further embed environmental, social and governance principles into our business operations and culture.

Building on many years of great work and evolving ESG strategy, we now have better visibility than ever into our operational environmental footprint (through continued efforts to increase data coverage, including innovative measures to collect data from key tenants); we have stronger policy and practices to manage that footprint and sustainable growth; and these have produced tangible results and continued progress.

The work continues as the ESG landscape and practice evolves at a rapid rate. We hope our community, employees, tenants and unitholders share in our excitement, determination and commitment to staying at the forefront of emerging Sustainability trends and progress.



Michael J. Boyes

Vice President of Sustainability & Special Projects



APPENDIX

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT



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

We have undertaken a limited assurance engagement on selected indicators of H&R REIT, included in H&R REIT's 2022 Sustainability Supplement (the "Report") ("subject matter information") and as described below, for the year-ended December 31, 2022.

Subject Matter Information	Results	Applicable Criteria
Scope 1 Greenhouse Gas (GHG) Emissions	10,650 tCO ₂ e	<p>Internally developed measurement methods based on:</p> <ul style="list-style-type: none"> • The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) • The Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard • The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard • The Standards can be found online.
Scope 2 Location-based GHG Emissions	15,305 tCO ₂ e	
Scope 2 Market-based GHG Emissions	15,427 tCO ₂ e	
Scope 3 GHG Emissions - Category 4 Upstream transportation and distribution	461 tCO ₂ e	
Scope 3 GHG Emissions - Category 5 Waste generated in operations	828 tCO ₂ e	
Scope 3 GHG Emissions - Category 13 Downstream leased assets	51,560 tCO ₂ e	
Carbon offsets	869 tCO ₂ e	H&R REIT's own internal definitions and guidelines

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

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the subject matter information in accordance with the applicable criteria (the "applicable criteria").

There are no mandatory requirements for the preparation or presentation of the subject matter information. As such, the Entity has applied the applicable criteria, which is presented on pages 30 to 42 of the Report. Management is responsible for the development of such criteria.

Management is responsible for determining the appropriateness of the use of the applicable criteria.

Management is also responsible for determining the Entity's objectives in respect of sustainability performance and reporting, including the identification of stakeholders and material issues.

Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error.

PRACTITIONER'S RESPONSIBILITIES

Our responsibility is to express a limited assurance conclusion on the subject matter information based on evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standards on Assurance Engagements (CSAE) 3000, Attestation Engagements Other than Audits or Reviews of Historical Financial Information and CSAE 3410, Assurance Engagements on Greenhouse Gas Statements. These standards require that we plan and perform our engagement to obtain limited assurance about whether based on the procedures performed and evidence obtained, any matter(s) has come to our attention to cause us to believe that the subject matter information is materially misstated.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, it is not a guarantee that a limited assurance engagement conducted in accordance with this standard will always detect a matter that causes the practitioner to believe that the subject matter information is materially misstated.

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PRACTITIONER'S RESPONSIBILITIES, CONT'D.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report.

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

Our engagement included: assessing the appropriateness of the subject matter information, the suitability of the criteria used by the Entity in preparing the subject matter information in the circumstances of the engagement and evaluating the appropriateness of the: methods, policies and procedures, and models used in the preparation of the subject matter information and the reasonableness of estimates made by the Entity.

Our engagement included, amongst others, the following procedures: making inquiries, primarily of persons responsible for the preparation of performance information for the subject matter information, and applying analytical and other evidence gathering procedures, as appropriate.

The engagement was conducted by a multidisciplinary team which included professionals with suitable skills and experience in both assurance and in the applicable subject matter, including environmental, social and governance aspects.

PRACTITIONER'S INDEPENDENCE AND QUALITY MANAGEMENT

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

The firm applies Canadian Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT



SIGNIFICANT INHERENT LIMITATIONS

Historical non-financial information, such as that contained in the Report, is subject to more inherent limitations than historical financial information, given the qualitative characteristics of the underlying subject matter and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in the applicable criteria, may change over time, and it is important to read the Entity's reporting methodology available within the Report.

CONCLUSION

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Based on the procedures performed and evidence obtained, no matters have come to our attention to cause us to believe that the Entity's subject matter information for the year-ended, December 31, 2022, is not prepared and presented, in all material respects, in accordance with the applicable criteria.

SPECIFIC PURPOSE OF SUBJECT MATTER INFORMATION

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

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

October 11, 2023



GROWING IN SUSTAINABILITY



THIS PRESENTATION HAS BEEN FORMATTED FOR SCREENS.
PLEASE CONSIDER THE ENVIRONMENT BEFORE PRINTING.