



2021

SUSTAINABILITY

REPORT

ENVIRONMENTAL • SOCIAL • GOVERNANCE

OUR REPORT

H&R REIT's Sustainability Report highlights Environmental, Social and Governance (ESG) initiatives and accomplishments for the 2021 calendar year. It encompasses office, residential, retail, and industrial assets owned by H&R REIT during 2021, 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 for relevant supplemental financial and governance related disclosures.



2021 ANNUAL SUSTAINABILITY REPORT

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LETTER FROM THE CEO

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

2021 was truly a transformational year for the REIT despite the enduring global pandemic. Our teams accomplished many substantial 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 third annual Sustainability Report, we provide a reflective look on how our commitments to sustainability are manifesting in our portfolio and company - resulting in lasting changes for our properties, employees, unitholders and communities at large.

With our recently announced 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 prime locations within Toronto, Montreal, Vancouver, and high growth U.S. sunbelt and gateway cities.

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



Thomas J. Hofstedter

Chief Executive Officer

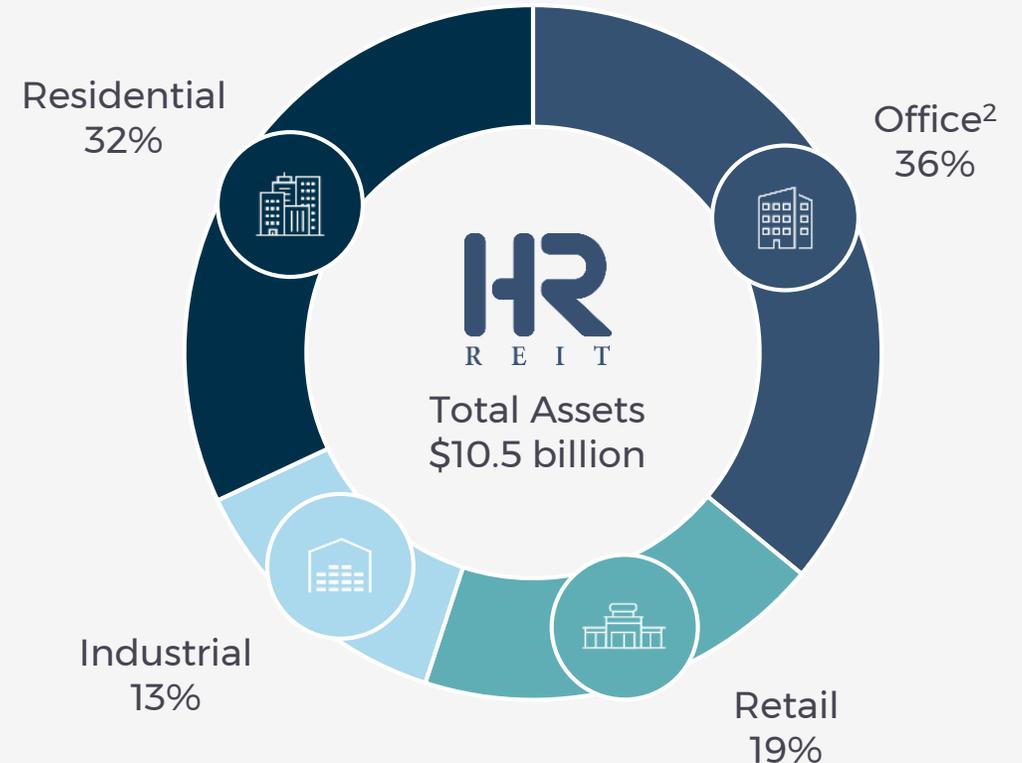
ABOUT H&R REIT

- H&R REIT (TSX: HR.UN) is one of Canada's largest real estate investment trusts with total assets of approximately \$10.5 billion at December 31, 2021.
- H&R REIT has ownership interests in a North American portfolio of high quality office, retail, industrial and residential properties comprising over 29.5 million square feet.
- H&R is currently undergoing a five-year, 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.



Fair Value of Investment Properties

by Asset Type¹

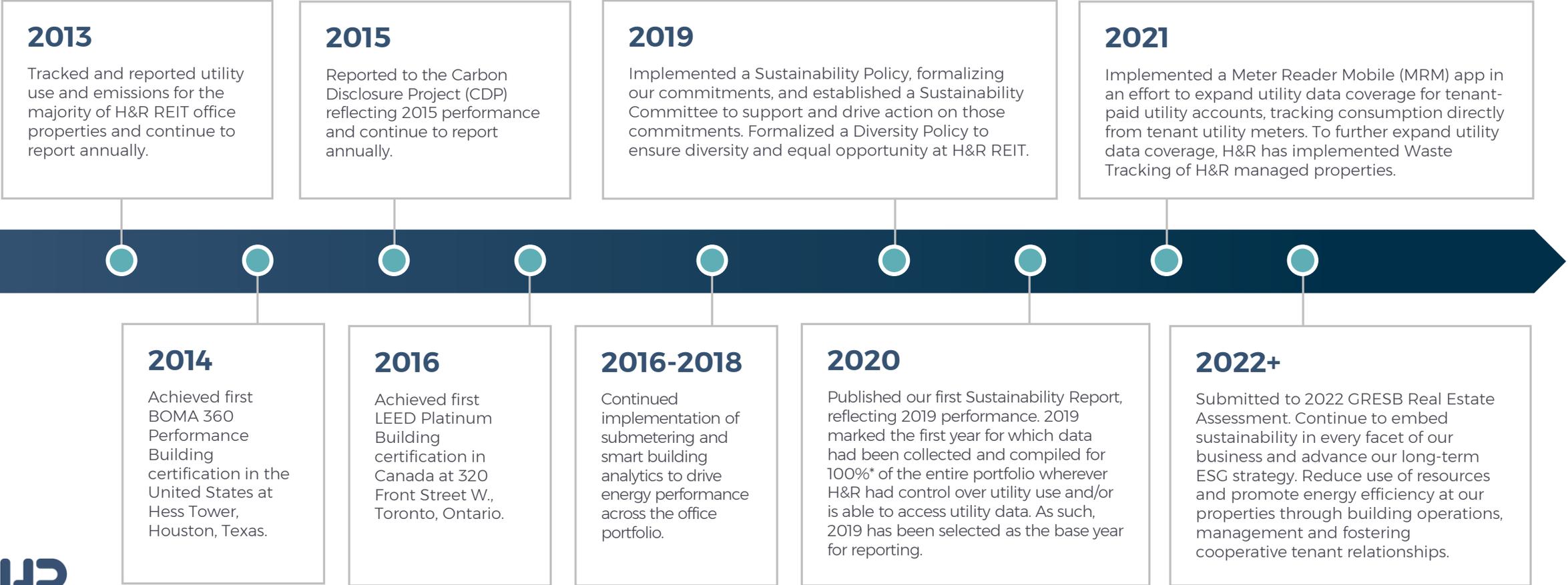


¹The REIT's proportionate share is a non-GAAP measure defined in the "Non-GAAP Measures" section of the Management's Discussion And Analysis Of H&R Real Estate Investment Trust For the year ended December 31, 2021.

²Excludes the Bow

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.

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GREEN BUILDINGS

“In the last two years since H&R REIT’s inaugural sustainability report, the Trust has continued great strides in the development of its ESG program and the performance of properties.”

-Jason Manikel, P.Eng., LEED AP – Brightly | Energy Profiles Limited (now part of Brightly) manages H&R REIT Utility Tracker, H&R’s cloud-based Energy & Sustainability Performance Management System. Brightly also support H&R REIT with the development and management of their sustainability program



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.



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

71%

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



*Net rentable area as of December 31, 2021 (excluding Primaris Spin Off)



GREEN BUILDINGS



We utilize ENERGY STAR® Portfolio Manager, a cloud-based software program developed by Natural Resources Canada, to benchmark the energy performance of our office 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.

88%

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



*Net rentable area as of December 31, 2021 (excluding Primaris Spin Off)



Brian Canfield Centre

3777 KINGSWAY, BURNABY, BC



The 21-storey Brian Canfield Centre located at 3777 Kingsway is a signature office complex with towers built in 1976 and 1986. Sometimes referred to as the Telus Boot because of its distinctive L-shape, the centre includes 650,000 square feet of leasable office space. Sub-metering of the building started in 2010 and BAS analytics work was done during 2015 and 2016 by Energy Profiles Limited and ESC Automation. Analyzing each building component's energy use in real time allows for operational efficiencies to be quickly identified and implemented by H&R's team. The Brian Canfield Centre won an **ENERGY STAR Commercial Building of the Year** designation for calendar year 2020 and **ENERGY STAR Office Building of the Year** designation for calendar year 2021. Key 2021 accomplishments include:

- Direct digital control schedule adjustments were made on heating, ventilation, air conditioning (HVAC) and lighting systems to reflect building occupancy.
- Fine tuned HVAC equipment programming to improve building comfort and performance



This property's 1-100 ENERGY STAR Score is 100, meaning that it is more energy efficient than 100 percent of similar properties nationwide.

25 Sheppard

25 SHEPPARD AVENUE WEST, TORONTO, ON

Built by H&R REIT in 1994, 25 Sheppard Avenue West is a Class 'A' commercial office building located in a vibrant central business area in Toronto, Ontario. This 22-storey office tower provides convenient ground floor retail, directly connects to the subway transit system, and is **LEED® Platinum** certified.

Over the past ten years, substantial building system upgrades such as the complete replacement of base-building light fixtures with dimming LED models, advanced lighting control system, and an elevator modernization have combined to reduce annual energy consumption and costs by over 20%. HVAC equipment operation is optimized continuously through ongoing real-time monitoring and automated fault detection of building automation system data.

To enhance water management and drive water efficiency, 99% of building water use has been submetered. A 12,000-litre Rainwater Harvesting System minimizes stormwater runoff, and potable water use in irrigation is reduced by over 88% in a typical summer month.

25 Sheppard's advanced lighting control system can provide each occupant with individual control of their light levels. Occupancy and daylight sensors communicate wirelessly with individual fixtures, all of which are dimmable, to both drive energy efficiency and promote occupant comfort and well-being.



145 Wellington

145 WELLINGTON STREET WEST, TORONTO, ON

Built in 1987, 145 Wellington Street West is a 13-storey Class A Office Building that continues to compete with its newer neighbours within Toronto, Ontario's financial core. Ideally located near the PATH, St. Andrew TTC Station and Union Station, this building has undergone numerous upgrades to attain **LEED Platinum®** certification.

Upgrades, including pneumatic thermostats to direct digital control, elevator modernization, and LED lighting retrofits throughout the building, have contributed to greater occupant comfort and energy efficiency. HVAC operation is optimized through real-time monitoring and automated fault detection of BAS data. These advanced programs, along with a submetering system and ongoing commissioning, continuously drives and improves building performance.

In addition to achieving **LEED® Platinum** certification, 145 Wellington Street West was awarded ENERGY STAR Certification in 2021 with a score of 85, proving once again it is top class in energy performance, and showcasing H&R REIT's dedication to sustainability and excellence in building operations.



As featured in the Spring 2022 issue of Sustainable Architecture & Building [SABMag], "2021 LEED Buildings-in-Review" published with the Canada Green Building Council [CaGBC].

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 3207 trees for the year 2021

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.
- The only tangible marketing collateral distributed by our site teams will be QR Code cards made of recycled flower seed paper.

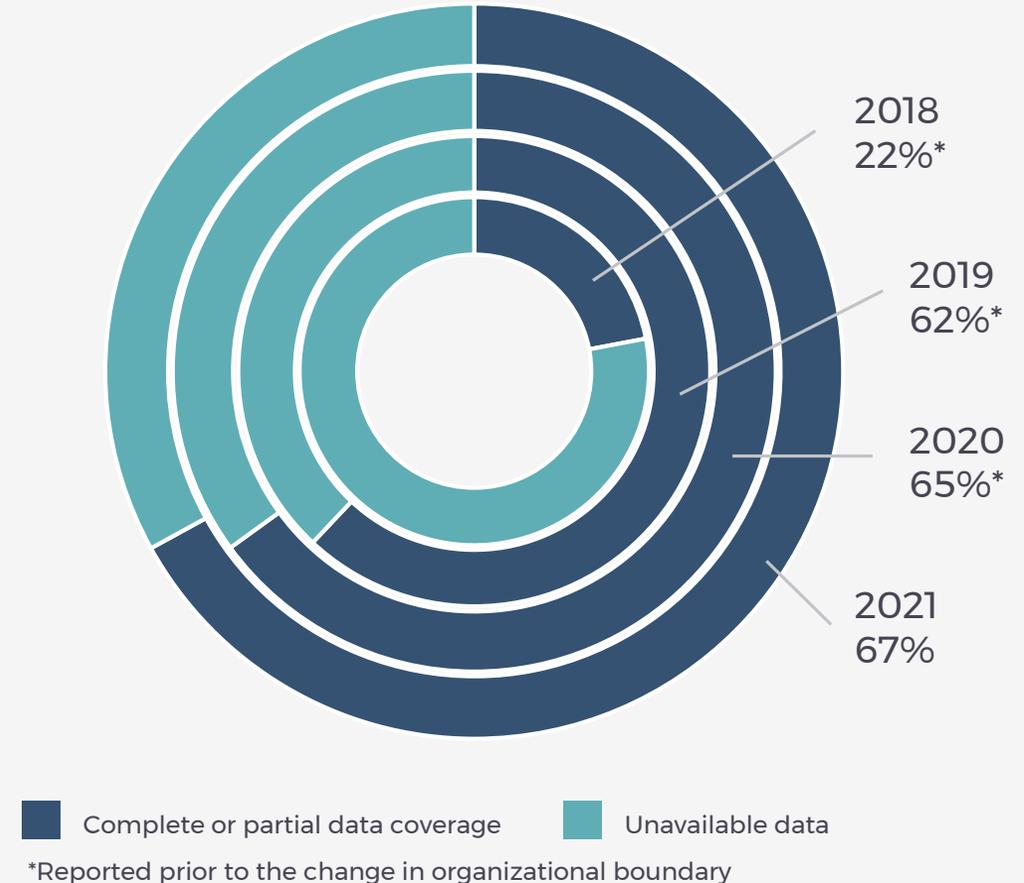
UTILITY AND EMISSIONS DATA COVERAGE

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%* 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 coverage¹ from 22% of 2018 usage (CDP 2019 Reporting) to 62% of 2019 usage (CDP 2020 Reporting), and 65% of 2020 usage (CDP 2021 Reporting). For the 2021 reporting period, H&R updated our reporting boundary to follow the 'Operational Control' approach, as defined by the GHG Protocol², to align with recent industry trends and the latest reporting guidance for real estate organizations. Under operational control, data coverage still increased to 67%. Data is compiled and reported via H&R REIT Utility Tracker, H&R REIT's cloud-based Energy Management Information System (EMIS).



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

H&R REIT Utility Data Coverage



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

CLIMATE CHANGE AND CARBON EMISSIONS

H&R REIT's like-for-like Greenhouse Gas (GHG) market-based emissions decreased by over 2.5% in 2021 compared to 2020*; equivalent to taking 556 passenger vehicles off the road¹.



10.3%

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

H&R REIT has tracked and reported on utility use and emissions for the majority of H&R REIT office properties since 2013. H&R REIT reported to the Carbon Disclosure Project (CDP) since 2016, reflecting 2015 performance onwards.

In 2020 H&R REIT scored better than all but one of 11 Canadian REITs in 2021 CDP Reporting. To further illustrate our progress, properties tracked by Brightly Software (previously Energy Profiles Limited) on H&R Utility Tracker (making up approximately 22% of H&R's portfolio by GLA) achieved a 12.1% reduction in normalized emissions intensity (2020 vs. 2019).

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

¹Greenhouse Gas Emissions from a Typical Passenger Vehicle (United States Environmental Protection Agency, 2018)

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

RESOURCE EFFICIENCY

H&R continues the drive to evaluate and improve the environmental footprint of our assets. In 2021, emissions were broadly similar to 2020 levels with variations based on asset class and region, related to differing tenant types and public health interventions. Although it is difficult to accurately report the portion resulting from resource reduction initiatives versus those resulting from reduced number of occupants in office and retail properties during the pandemic in 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 REIT's like-for-like electricity use decreased by 3.7% in 2021 compared to 2020; this reduction is equivalent to the electricity use of 1,396 single-family homes in Ontario¹.

¹ OEB Report: Defining Ontario's Typical Electricity Customer (Ontario Energy Board, 2018)



H&R REIT's like-for-like water use decreased by 2% in 2021 compared to 2020; equivalent to the annual household water use of 303 people².

² How much water do I use at home each day? (U.S. Geological Survey)



ELECTRONIC RECYCLING PROGRAM



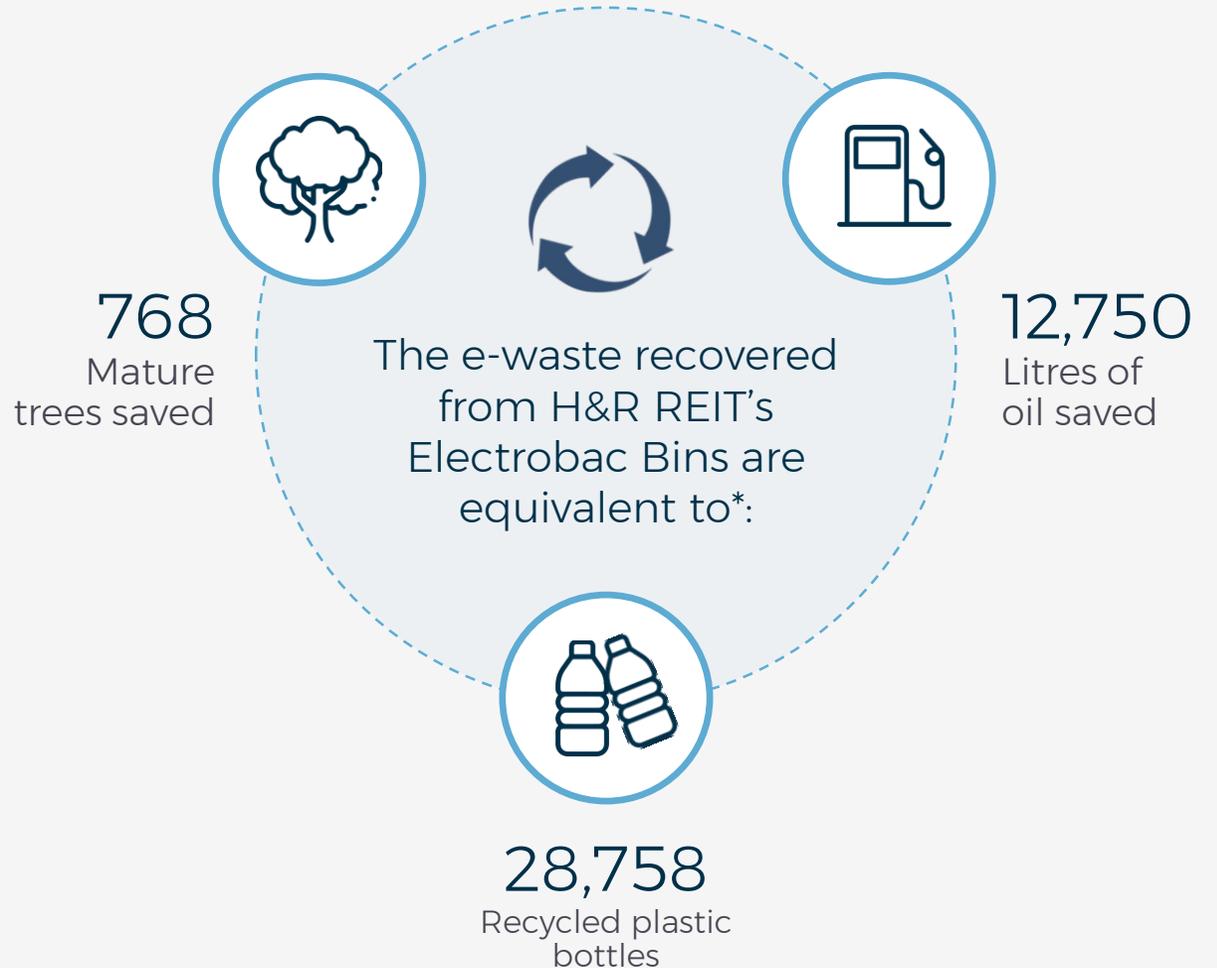
E-waste only occupies 1% of our landfills, yet accounts for 65% of the harm done to the environment.

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, 2021.
Data provided by ALLGREEN RECYCLING CARBON FOOTPRINT CALCULATOR



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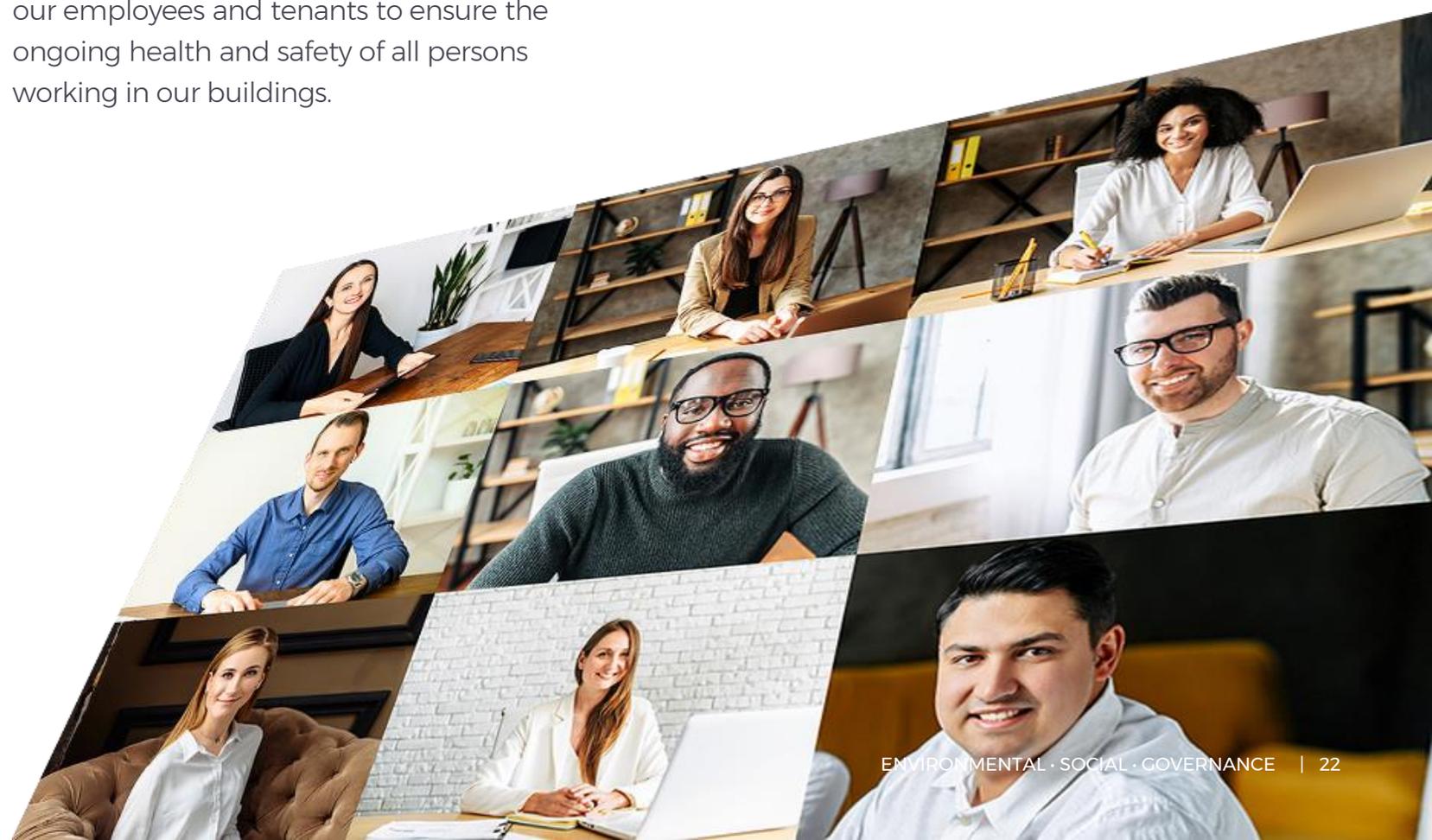
HEALTH & SAFETY: COVID-19 PANDEMIC RESPONSE

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

The 2020 COVID-19 pandemic continued to have a profound impact on the world in 2021. Our actioned business continuity and communicable disease prevention measures ensured our buildings remained fully operational while safeguarding the tenants and our employees.

Throughout 2021, H&R REIT's due diligence included closely monitoring all aspects of the COVID-19 pandemic and adjusting our action plans as needed to comply with the most up-to-date government and health authorities' recommendations and guidance. When COVID-19 vaccinations became readily available to the public, H&R REIT, along with many of our anchor tenants, implemented mandatory immunization as a building entry requirement to further protect our teams.

H&R REIT remains focused on maintaining transparency and open communication with our employees and tenants to ensure the ongoing health and safety of all persons working in our buildings.



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

479 employees*



In

4 Provinces and 4 States*



*As of December 31, 2021 (excluding Primaris Spin Off)

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
- 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



1.04

Incident frequency rate that resulted in lost work days*

0

Fatalities as a result of work-related injury*

EMPLOYEE SATISFACTION RESIDENTIAL DIVISION



Lantower Residential has partnered with Officevibe, an online platform that measures 10 Key Metrics that are directly tied to an employee's level of Engagement at work, based on their answers to Officevibe's 120 Survey questions.

Officevibe also provides employers with a simple way to share Feedback within the organization, with the goal being of fostering a positive work culture and environment.



WORK-LIFE BALANCE

Work-life balance is the key to our corporate culture. We want you to be in control of your time, whether it's to rest, recharge, or see the world.

401(K) PLAN

Think ahead and save for your bright future with our 401(K) savings plan, complete with 100% company vested matching from the first date of eligibility.

WELLNESS

Whatever life throws at you, throw it our way. With Lantower's Life Assistance & Work-Life Support program, we can help you and your family find solutions and peace of mind - no matter what challenges may come along.

SECURE YOUR FUTURE

Life can be unexpected, making it vital to have reliable support when it's needed most. That's why we offer a term life insurance policy at no cost to you (up to 1X your annual salary) in addition to short- and long-term disability.

PET INSURANCE

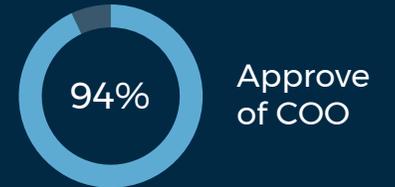
Your pets are always there when you need them. We make sure you can return the favor. Available for cats and dogs, our pet insurance program provides peace of mind when the unexpected happens.

HEALTHCARE

Put your best self forward. Our health and wellness plans are comprehensive, flexible, and even available on-demand to meet your needs.

glassdoor

★★★★★ 4.5/5.0



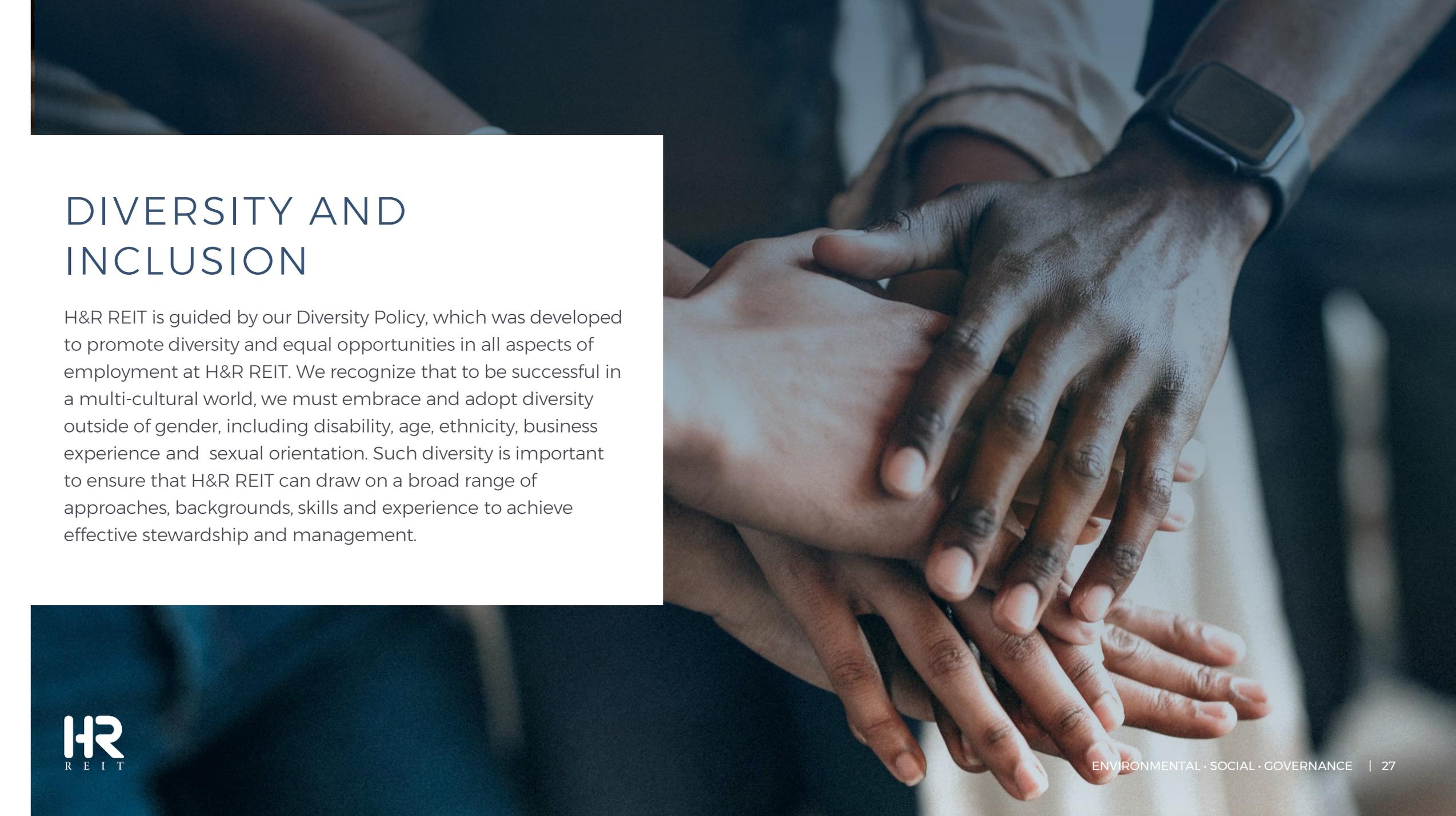
16%
Of field employees were promoted in 2020

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 and retail buildings across Canada. The feedback from our tenants has been overwhelmingly positive.



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 to repopulate our beehives we are optimistic the resulting bee population is 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.

DIVERSITY AND INCLUSION

For the third 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 2022 ranking, Report on Business conducted a journalistic analysis of nearly 500 large publicly traded Canadian companies, evaluating the ratio of female-identifying to male-identifying executives in the top three tiers of executive leadership. H&R REIT was one of only 84 of the largest 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		2021	2020	2019
	SENIOR EXECUTIVES	45%	45%	33%
	ALL EXECUTIVES	50%	42%	40%
	OVERALL WORKFORCE	37%	47%	47%
	BOARD OF TRUSTEES	33%	25%	12.5%



2022
REPORT ON BUSINESS
WOMEN LEAD HERE

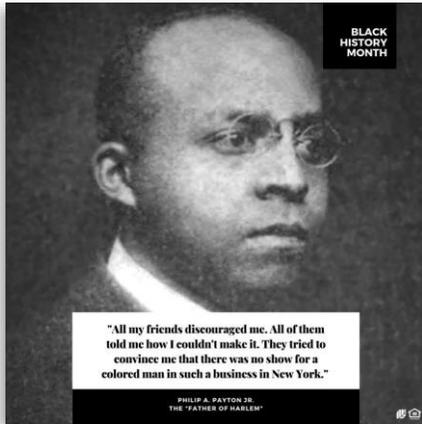


2021
REPORT ON BUSINESS
WOMEN LEAD HERE



2020
REPORT ON BUSINESS
WOMEN LEAD HERE

DIVERSITY AND INCLUSION RESIDENTIAL DIVISION



BLACK HISTORY MONTH

Lantower celebrates Black History month by featuring people and stories tied to the real estate industry in a series of Instagram posts.



PRIDE MONTH

Lantower celebrates Pride Month by introducing **Lantower One** - our commitment to coming together as one to cultivate an inclusive culture that encourages, supports, and celebrates every voice. We are proud of our inclusive culture that represents all different walks of life.



NMHC DIVERSITY, EQUITY, AND INCLUSION (DEI) INITIATIVE

Lantower is an active participant in NMHC's newly formed initiative to promote diversity, equity and inclusion to drive innovation and success. NMHC highlights best practices, provides resources and leverages strategic alliances to help its members create diverse, equitable and inclusive organizations where talent and the communities they help build can thrive.

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, which represents our company values.

COMMUNITY PARTNERSHIPS

In addition, H&R REIT is proud to support the efforts of our residential division, Lantower Living to Giving program. Through the Living to Giving program, corporate and onsite staff work together to achieve 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 practice and provide strong transparency to our unitholders.

HIGHLIGHTS

- 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
- Women currently represent 33% of our Board, marking progress on the Board's diversity commitment and achieving the Canada Club's aim for better gender balance at the Board level
- Majority independent Board, with 78% of the Board being fully independent
- Use of a "Say on Pay" vote and independent compensation consultants retained by the Board's Compensation, Governance and Nominating Committee
- Use of a minimum unit ownership requirement for Trustees and senior management
- 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.

We ensure that we receive 100% response rate.



H&R REIT's website, www.hr-reit.com, includes additional governance information, including the Trust's Trading Policy, Disclosure and Social Media Policy, Majority Voting Policy and mandates of the Board and of its committees.

MESSAGE FROM OUR SUSTAINABILITY COMMITTEE

We are pleased and proud to share with you our third Sustainability Report. It tells the story of our team's most recent work and success in this ever changing landscape.

Building on many years of great work improving our assets - and their energy and water performance - the H&R REIT team, operators, managers, executives, have made even bigger strides in the last three years. We now have better visibility than ever into our 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 these have produced tangible results.

The work continues, and we hope you - as our community, employees, tenants and unitholders - share in our excitement and determination.



Michael J. Boyes

Vice President of Sustainability & Special Projects



APPENDIX

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT



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

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

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

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

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

MANAGEMENT'S RESPONSIBILITIES

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

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

PRACTITIONER'S RESPONSIBILITIES

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



INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT



PRACTITIONER'S RESPONSIBILITIES, CONT'D.

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

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

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

- Inquiries with relevant staff at the corporate level as well as third-party service providers to understand the data collection and reporting processes for the subject matter information;
- Assessment of the suitability, application and disclosure of the applicable criteria in respect of the subject matter information;
- Where relevant, performance of walkthroughs to understand the design of internal controls relating to data collection and reporting of the subject matter information;

- Comparisons of the reported data for the subject matter information to underlying data sources on a sample basis;
- Inquiries regarding key assumptions and the re-performance of calculations on a sample basis; and,
- Review of the presentation of the subject matter information to determine whether the presentation is consistent with our overall knowledge of, and experience with, the GHG emissions performance of the Entity.

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

INDEPENDENCE, QUALITY CONTROL AND COMPETENCE

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

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

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT



SIGNIFICANT INHERENT LIMITATIONS

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

CONCLUSION

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

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

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

SPECIFIC PURPOSE OF SUBJECT MATTER INFORMATION

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

Chartered Professional Accountants, Licensed Public Accountants

November 10, 2022

Toronto, Canada



HR
REIT

GROWING IN SUSTAINABILITY