

Canadian Withholding Tax Treatment of Distributions by H & R Real Estate Investment Trust to Non-resident Unitholders

The withholding tax treatment of distributions to non-resident unitholders is summarized in the table below. The table does not constitute a comprehensive description of the Canadian federal income tax treatment of distributions by H & R Real Estate Investment Trust to non-resident unitholders. Accordingly, non-resident unitholders should consult with their own tax advisers regarding such treatment.

H & R Real Estate Investment Trust		
Nature of distributions	U.S. residents¹	Other non-residents
Canadian ordinary income	Withholding tax applies at the rate of 15%.	Withholding tax applies at the rate of 25%, or at a lesser rate in accordance with the provisions of any applicable income tax treaty.
Canadian taxable capital gains	Withholding tax applies at the rate of 15%.	Withholding tax applies at the rate of 25%, or at a lesser rate in accordance with the provisions of any applicable income tax treaty.
Foreign non-business income	Exempt from withholding tax	Withholding tax applies at the rate of 25%, or at a lesser rate in accordance with the provisions of any applicable income tax treaty.
Return of capital	Withholding tax applies at the rate of 15%.	Withholding tax applies at the rate of 15%.

¹ The Canada Revenue Agency has published certain compliance procedures and requirements which may need to be satisfied by U.S. residents in order to benefit from this treatment. U.S. LLCs and partnerships may also be entitled to this treatment, but generally only to the extent that their members are U.S. residents.