



H&R REIT COMPLETES THE ACQUISITION OF TWO GOTHAM CENTER



Toronto, Ontario, October 27, 2011 - H&R REIT is pleased to announce that it has completed the previously announced acquisition of Two Gotham Center. The State-of-the-Art office tower in Long Island City, New York was purchased for \$415.5 million. The recently completed 22 storey Class A office tower comprises 661,000 rentable square feet of office space, 100% leased to the City of New York for an initial term of 20 years with contracted rental escalations of approximately 10% every 5 years, providing a bondable income stream secured by the superior AA credit of the City of New York, as well as an additional 9,000 square feet of prime ground floor retail space.

The property represents the first building of Gotham Center – a 2-block development that is transforming the landscape of Long Island City. Once completed, it will contain approximately 3.5 million square feet of new office, retail, parking and residential development. Designed by architects Moed de Armas & Shannon, Two Gotham Center was developed and owned by the internationally recognized developer Tishman Speyer, in a partnership with Square Mile Capital LLC and the Modell family.

Two Gotham Center presents a beautifully curving, 325-foot façade of gleaming glass, with efficient and generous floor plates of 34,500 square feet. The property's cutting edge green technology will significantly reduce operating costs and is anticipated to earn a prestigious LEED Silver certification. One of the defining features of this property is its awe inspiring views of the East River and the Midtown Manhattan Skyline. In addition, the property's Queens Plaza location places it on the doorstep of Long Island City's most important transportation hub. Six separate subway lines are accessible within a two minute walk of the Property, providing rapid transit to Midtown Manhattan's Grand Central Station in approximately 8 minutes. Outstanding bus service, easy access to the Queensboro Bridge, the Long Island Expressway, and the Long Island Railroad Station nearby, all add to the unmatched connectivity of the area. Due to its



superior transportation infrastructure and relative affordability, Long Island City is ideally positioned to serve as an extension of midtown Manhattan, where virtually no development sites remain.

About H&R REIT

H&R REIT is an open-ended real estate investment trust, which owns a North American portfolio of 38 office, 117 industrial and 133 retail properties comprising over 42 million square feet, with a net book value of approximately \$5.4 billion. The foundation of H&R REIT's success since inception in 1996 has been a disciplined strategy that leads to consistent and profitable growth. H&R REIT leases its properties long term to creditworthy tenants and strives to match those leases with primarily long-term, fixed-rate financing.

Forward-looking Statements

Certain information in this news release 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 REIT, strategies to achieve those objectives, H&R's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts including, in particular, H&R REIT's expectation regarding future developments in connection with *The Bow*, and the amount of actual distributions to unitholders notwithstanding the trustees adoption of a distribution policy. 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 H&R's current beliefs and are based on information currently available to management. These statements are not guarantees of future performance and are based on H&R's estimates and assumptions that are subject to risk and uncertainties, including those discussed in H&R's materials filed with the Canadian securities regulatory authorities from time to time, which could cause the actual results and performance of H&R to differ materially from the forward-looking statements contained in this news release. Those risks and uncertainties include, among other things, risks related to: prices and market value of securities of H&R; availability of cash for distributions; development and financing relating to *The Bow* development; restrictions pursuant to the terms of indebtedness; liquidity; credit risk and tenant concentration; interest rate and other debt related risk; tax risk; ability to access capital markets; dilution; lease rollover risk; construction risks; currency risk; unitholder liability; co-ownership interest in properties; competition for real property investments; environmental matters; reliance on one corporation for management of substantially all H&R REIT's properties; and changes in legislation and indebtedness of H&R. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements include that the general economy is stable; local real estate conditions are stable; interest rates are relatively stable; and equity and debt markets continue to provide access to capital. H&R cautions that this list of factors is not exhaustive. Although the forward-looking statements contained in this news release are based upon what H&R believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. All forward-looking statements in this news release are qualified by these cautionary statements. These forward-looking statements are made as of today, and H&R, except as required by applicable law, assumes no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances.

Additional information regarding H&R REIT is available at www.hr-reit.com and on www.sedar.com. For more information, please contact Larry Froom, Chief Financial Officer, H&R REIT, 416-635-7520, or e-mail info@hr-reit.com.