



H&R Real Estate Investment Trust and Tishman Speyer Acquire Parcel for 1.2 Million Square Feet Mixed-Use Development in Long Island City, New York

Toronto, Ontario, June 16, 2014 - H&R Real Estate Investment Trust (“H&R”) (TSX: HR.UN; HR.DB.D; HR.DB.E and HR.DB.H) announced today that it has agreed to participate as a 50% joint venture partner, with Tishman Speyer, in developing a landmark luxury residential rental development (the “Project”) in Long Island City, New York. Tishman Speyer will act as the developer and manager of the Project.

The parcel is zoned for 1.2 million square feet of mixed-used development, potentially accommodating up to approximately 1,600 rental units and approximately 30,000 square feet of retail space developed in three phases. The site is located adjacent to 2 Gotham Center, a fully-leased, state-of-the-art, 670,000 square foot office tower that was developed by Tishman Speyer in 2011 and acquired by H&R later that same year.

In the initial phase of the new development, H&R and Tishman Speyer plan to construct a 42-storey tower, which will include 700 rental apartment units. Construction is expected to begin in 2015 with occupancy expected to commence in 2017.

H&R’s share of the total land cost is US \$55.6 million which was at a substantial discount to appraised value. Tishman Speyer has had an interest in its share of the land since 2003. The total Project cost of all phases at the 100% level is expected to be approximately US \$875 million.

Long Island City has experienced remarkable growth, and will continue to be a highly sought after destination across New York. The neighborhood’s waterfront parks, popular restaurants and cafes, and a notable array of art and sculpture museums have made it one of the fastest growing mixed-use communities in New York City.

The site, which offers sweeping views of the East River and New York City’s iconic skyline, also benefits from immediate access to 8 subway lines and is a 5-minute commute to Midtown Manhattan. Outstanding bus service, as well as easy access to the Ed Koch Queensboro Bridge, the Long Island Expressway and a Long Island Railroad station, add to the site’s exceptional connectivity to Manhattan and the region.

“We are excited at the opportunity to participate with Tishman Speyer in the long-term growth and evolution of Long Island City, at the intersection of two of the area’s most important thoroughfares”, said H&R’s President & CEO Tom Hofstedter. “This project further diversifies H&R and expands our foothold in one of the world’s largest and most prosperous metropolitan areas.”

Tishman Speyer Co-CEOs Jerry Speyer and Rob Speyer said, “Tishman Speyer has long been committed to Long Island City and its ongoing transformation as a dynamic mixed-use district. We are very pleased to partner with H&R as we seek to build upon the neighborhood’s growing vitality.”

About H&R REIT (www.hr-reit.com)

H&R REIT is an open-ended real estate investment trust, which owns a North American portfolio of 41 office, 111 industrial and 168 retail properties comprising over 53 million square feet and 2 development projects, with a fair value of approximately \$13 billion. In addition, H&R REIT owns a 33.6% interest in ECHO Realty LP which owns 178 properties, excluding properties under development and vacant land, comprising over 7.4 million square feet. 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 for long terms to creditworthy tenants and strives to match those leases with primarily long-term, fixed-rate financing.



About Tishman Speyer (www.tishmanspeyer.com)

Tishman Speyer is one of the leading developers, owners, operators, and asset managers of first class real estate worldwide. Active across North America, Europe, South America and Asia, Tishman Speyer is relied upon by many of the world's most prestigious corporations to meet their office space needs. As of December 31, 2013, the firm had acquired, developed and/or managed a portfolio of approximately 129 million sq. ft. with a total value of approximately USD \$66.2 billion since its founding in 1978. Signature assets include New York's Rockefeller Center and the Chrysler Center, São Paulo's Torre Norte, Ventura Corporate Towers in Rio de Janeiro, and OpernTurm in Frankfurt. Tishman Speyer also has projects at different stages of development currently in Brasília, Chengdu, Frankfurt, Gurgaon, Hyderabad, Paris, Rio de Janeiro, San Francisco, São Paulo, Shanghai, Suzhou and Tianjin.

Forward-looking Statements

Certain statements in this news release contain forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) including, among others, statements relating to 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. 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 risks 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: timing of the development of the Project; costs for the development of the Project; return on the Project; appreciation of real estate values in Long Island City; prices and market value of securities of H&R; real property ownership; availability of cash for distributions; 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; joint arrangements risk; currency risk; unitholder liability; co-ownership interest in properties; competition for real property investments; environmental matters 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.