



## H&R REAL ESTATE INVESTMENT TRUST

### H&R Announces Intention to Issue Initial Bonds Secured by The Bow

**Toronto, May 16, 2012** - H&R Real Estate Investment Trust ("H&R") (TSX: HR.UN; HR.DB; HR.DB.B; HR.DB.C; HR.DB.D; HR.DB.E) announced today its intention, through its wholly owned entity Centre Street Trust, to arrange, on a private placement basis, two series of first mortgage bonds secured by The Bow, Calgary, Alberta (the "Initial Bonds" as defined below).

The Initial Bonds (the "Offering") are expected to be comprised of \$200 million, 9 year term, semi-annual interest only bonds (the "Series A Bonds") and \$200 million of semi-annual 10 year term, 30 year amortizing bonds (the "Series B Bonds", together with the Series A Bonds, the "Initial Bonds"). H&R intends to utilize the proceeds from the Offering to repay indebtedness and for future acquisitions. The Initial Bonds have achieved a provisional rating of A by DBRS.

Term bonds (including the Initial Bonds) secured by The Bow may be issued from time to time in a total aggregate amount not to exceed \$800 million and are not permitted to exceed \$365 million at the end of the initial 25 year term of the Encana Lease (the "**Term Bonds**"). Term Bonds issued by H&R in excess of \$400 million will be used to permanently reduce amounts available under the Secured Revolver (defined below), in order to ensure that the \$800 million maximum financing secured by The Bow is not breached.

The Bow also secures a secured revolver in favour of certain lenders in the amount of up to \$400 million (the "Secured Revolver"). The security for the Term Bonds (including the Initial Bonds) and the Secured Revolver are pari passu and subject to an intercreditor agreement with the trustee on behalf of the holders of the Term Bonds.

The Offering of the Initial Bonds will be led by RBC Dominion Securities as lead agent and sole bookrunner, together with CIBC World Markets and TD Securities.

#### **About H&R**

H&R is an open-ended real estate investment trust, which owns a North American portfolio of 40 office, 117 industrial, 133 retail properties comprising over 43 million square feet, and 3 development projects with a total net book value of approximately \$7.6 billion. The foundation of H&R's success since inception in 1996 has been a disciplined strategy that leads to consistent and profitable growth. H&R 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, 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's expectation regarding future developments in connection with and financial impact of The Bow. 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'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](http://www.hr-reit.com) and on [www.sedar.com](http://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](mailto:info@hr-reit.com).