



H&R REAL ESTATE INVESTMENT TRUST

H&R CREATES A STRATEGIC ALLIANCE WITH PSP INVESTMENTS AND CRESTPOINT THROUGH THE SALE OF AN INTEREST IN OVER \$1.4 BILLION OF INDUSTRIAL PROPERTIES TO LAUNCH A NEW INDUSTRIAL PLATFORM

Toronto, Ontario, December 3, 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 entered into agreements to sell to an affiliate of the Public Sector Pension Investment Board (“**PSP Investments**”) and affiliates of Crestpoint Real Estate Investments Ltd. (“**Crestpoint**”) a 50% interest in a portfolio of Canadian industrial properties and a 49.5% interest in a portfolio of U.S. industrial properties (collectively the “**Portfolio**”) for a total purchase price of approximately C\$731 million. H&R will remain the property manager and collect industry standard fees. The Portfolio consists of a total of 101 properties comprising approximately 19.5 million sq. ft. of industrial space located in Canada and in the United States. The sale transactions are expected to close in two tranches, in December 2014 and in February 2015, subject to customary closing conditions.

“The combined financial strength and expertise of this new joint venture, which builds on our successful relationship with Crestpoint, permits us to leverage our management expertise in this important asset class and facilitate our growth in the fast recovering industrial sector”, commented Thomas Hofstedter, President and Chief Executive Officer of H&R REIT.”

“We are very enthusiastic about this opportunity to invest in an industrial portfolio of this quality and further expanding our relationships with H&R and PSP Investments. The industrial sector in both the United States and Canada is performing well and our companies’ combined strengths will enable us to further expand our footprint in those markets,” said Kevin Leon, President of Crestpoint.

Additional details regarding the sale of the interests in the Portfolio and the co-ownership arrangement is contained in the Material Change Report of H&R which will be filed publicly today at www.sedar.com.

CIBC World Markets Inc. acted as exclusive financial advisor to PSP Investments and Crestpoint in connection with the above transactions.

About H&R REIT

H&R REIT is Canada’s largest diversified real estate investment trust with a total capitalization of approximately \$12.9 billion as at September 30, 2014. H&R REIT is a fully internalized REIT and has ownership interests in a North American portfolio of high quality office, retail and industrial properties comprising over 55 million square feet.

About PSP Investments

The Public Sector Pension Investment Board (PSP Investments) is one of Canada’s largest pension investment managers with \$99.5 billion of net assets under management as of September 30, 2014. Its highly-skilled and dedicated team of professionals manages a diversified global portfolio including public equities, private equity, bonds and other fixed-income securities, real estate, infrastructure and renewable resources. PSP Investments is a Crown corporation established to manage employer and employee net contributions since April 1, 2000, to the pension funds of the federal Public Service, the Canadian Forces

and the Royal Canadian Mounted Police, and since March 1, 2007, of the Reserve Force. PSP Investments' head office is located in Ottawa, Ontario, and its principal business office is in Montréal, Québec. For more information about PSP Investments, visit www.investpsp.ca.

About Crestpoint Real Estate Investments Ltd.

Crestpoint Real Estate Investments Ltd. is a commercial real estate investment manager dedicated to providing investors with direct access to commercial real estate assets. Crestpoint is part of the Connor, Clark & Lunn Financial Group, a multi-boutique asset management company that provides investment management products and services to institutional, high net-worth and retail clients. With offices in Vancouver, Edmonton, Calgary, Regina, Winnipeg, Toronto, Ottawa, Montreal, Halifax, New York and London (England), Connor, Clark & Lunn Financial Group and its affiliates are collectively responsible for the management of approximately \$55 billion in assets as at September 30, 2014. www.crestpoint.ca

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). These forward-looking statements include, but are not limited to H&R's plans, objectives, expectations and intentions, including H&R's expectations regarding the expected closing date of the sale transactions, the future co-ownership arrangement with PSP and Crestpoint and other statements contained in this release that are not historical facts. 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. 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 is available at www.hr-reit.com and on www.sedar.com. For more information, please contact Larry Froom, Chief Financial Officer, H&R Real Estate Investment Trust, 416-635-7520, or e-mail info@hr-reit.com.