



H&R REIT Completes the Sale of a 50% Interest in Two Canadian Enclosed Shopping Centres

TORONTO, January 17, 2017 – H&R Real Estate Investment Trust (“H&R REIT”) (TSX: HR.UN; HR.DB.D; and HR.DB.H) is pleased to announce the completion of a transaction to sell a 50% non-managing interest in two Canadian shopping centres, specifically, Cataraqui Shopping Centre in Kingston, Ontario and Place du Royaume in Chicoutimi, Quebec to Montez Corporation (“Montez”) for a total purchase price of approximately \$211.6 million at a capitalization rate of 5.76% before property management fee income. The purchaser assumed 50% of the existing mortgages and the net proceeds to H&R REIT were approximately \$81.0 million. H&R REIT, through its wholly owned subsidiary Primaris Management Inc. (“Primaris”), will remain the property manager and collect industry standard fees. Cataraqui Shopping Centre is a regional enclosed shopping centre encompassing approximately 621,000 square feet anchored by Sears and Hudson’s Bay. Place du Royaume is a regional enclosed shopping centre encompassing approximately 603,000 square feet anchored by Walmart.

“The sale of a non-managing interest in these regional shopping centres further expands our successful relationship with Montez Corporation allowing us to leverage our management expertise while redeploying capital for accretive development opportunities within our portfolio”, said Patrick Sullivan, Chief Operating Officer of Primaris Management Inc.

About H&R REIT

H&R REIT is Canada’s largest diversified real estate investment trust with total assets of approximately \$14.5 billion at September 30, 2016. H&R REIT is a fully internalized real estate investment trust and has ownership interests in a North American portfolio of high quality office, retail, industrial and residential properties comprising over 46 million square feet.

About Primaris Management Inc.

Primaris Management Inc. is a wholly owned subsidiary of H&R REIT managing over 10 million square feet of commercial property including 17 regional enclosed shopping centres.

About Montez

Montez Corporation, incorporated in 2002, is a diversified investment organization specializing in pension fund real estate investment management with properties in the shopping centre, office and industrial categories.

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 expansion of H&R REIT’s relationship with Montez and the redeployment of capital, the objectives of H&R REIT, strategies to achieve those objectives, H&R REIT’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 REIT’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 REIT's estimates and assumptions that are subject to risk and uncertainties, including those discussed in H&R REIT's materials filed with the Canadian securities regulatory authorities from time to time, which could cause the actual results and performance of H&R REIT to differ materially from the forward-looking statement contained in this news release. Although the forward-looking statements contained in this news release are based upon what H&R REIT believes are reasonable assumptions, there can be no assurance that actual results will be consistent with those 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 REIT, 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 and H&R Finance Trust is available at <http://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.

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