



H&R Announces \$125 MM Senior Unsecured Debenture Financing and Intention to Redeem Outstanding 2018 Convertible Unsecured Debentures

Toronto, August 22, 2017 – H&R Real Estate Investment Trust (“H&R REIT” or “H&R”) (TSX: HR.UN; HR.DB.D; and HR.DB.H) is pleased to announce an offering (the “Offering”) of an additional \$125 million principal amount of Series L Senior Unsecured Debentures (the “Series L Debentures”), which is a re-opening of this series of debentures, the original issuance of which was completed in November 2016. The Series L Debentures are being offered on an agency basis by a syndicate of agents co-led by TD Securities, BMO Capital Markets, CIBC Capital Markets and Scotiabank. These debentures will carry a coupon rate of 2.923% and will mature on May 6, 2022. The additional Series L Debentures are being offered at a price of \$98.776 per \$100 principal amount plus accrued interest, with an effective yield of 3.205% if held to maturity. An aggregate of \$325 million of such debentures will be outstanding after giving effect to the Offering. The Offering is expected to close on or about August 25, 2017. It is a condition of closing that a final rating by DBRS of BBB (high) be obtained.

H&R intends to use the net proceeds of the Offering for general trust purposes, including the redemption of H&R’s 5.40% convertible unsecured subordinated debentures due November 30, 2018 (the “2018 Convertible Debentures”), of which \$74,394,000 aggregate principal amount is currently outstanding.

The Offering of the Series L Debentures is being made under H&R REIT’s existing short form base shelf prospectus dated May 3, 2017. The terms of the Offering of the Series L Debentures will be described in a prospectus supplement to be filed with Canadian securities regulators.

H&R is also pleased to announce its intention to redeem all of its outstanding 2018 Convertible Debentures pursuant to and subject to the terms of the third supplemental trust indenture dated June 13, 2011, as further supplemented and amended by the fourth supplemental indenture dated April 4, 2013, on September 21, 2017 (the “Redemption Date”). The 2018 Convertible Debentures are listed for trading on the TSX under the trading symbol HR.DB.H.

The outstanding 2018 Convertible Debentures will be redeemed as at the Redemption Date upon payment by H&R of a redemption amount equal to the aggregate principal amount (being \$74,394,000 on the date hereof) and all accrued and unpaid interest thereon up to but excluding the Redemption Date, less any applicable withholding taxes. As noted above, H&R will use part of the proceeds from the Offering to redeem the 2018 Convertible Debentures.

Notice of the redemption will be delivered to the trustee, CIBC Mellon Trust Company, and to the Canadian Depository for Securities Limited (“CDS”) today. Non-registered holders (banks, brokerage firms or other financial institutions) who maintain their interests in the 2018 Convertible Debentures through CDS should contact their CDS customer service representative with any questions about the redemption. Beneficial holders with any questions about the redemption should contact their respective brokerage firm or financial advisor.

About H&R REIT

H&R REIT is Canada's largest diversified real estate investment trust with total assets of approximately \$14.1 billion at June 30, 2017. 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.

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 the date of closing of the Offering and the filing of a prospectus supplement, the intended use of proceeds, and the delivery of the notice of redemption in respect of the 2018 Convertible Debentures. 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. 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 <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.