



## H&R REIT CLOSES PREVIOUSLY ANNOUNCED SALE OF 62 U.S. RETAIL PROPERTIES

TORONTO, Canada - June 8, 2018 – H&R Real Estate Investment Trust (“H&R REIT”) (TSX: HR.UN) announced it has sold 62 U.S. retail properties (the “Portfolio”) for approximately U.S. \$620.4 million. The sale includes all of H&R REIT’s retail properties in the United States, other than 16 gas and convenience stores and one grocery-anchored centre in Florida. The remaining grocery-anchored centre is currently under contract to be sold to the centre’s leading tenant for U.S. \$12.6 million.

The sale price equates to a 7.3% capitalization rate on 2018 forecasted property operating income and is in line with IFRS fair values before mortgage prepayment and other closing costs. Management does not expect to incur any material income tax expense resulting from the sale as substantially all of the taxable gains will be deferred through Internal Revenue Code Section 1031 exchanges.

Part of the proceeds from the sale were used to repay U.S. \$205.3 million of mortgage debt on the Portfolio (weighted average interest rate of 4.8%). The balance of the proceeds will be used to repay debt and then fund Lantower Residential acquisitions. As a result of the sale, H&R REIT expects stronger long-term funds from operations (“FFO”) growth and net asset value growth. FFO is a non-GAAP measure. See “Non-GAAP Financial Measures” in this press release.

The table below highlights the pro forma fair value of investment properties and properties under development by segment, at the REIT’s ownership share, following the sale of the Portfolio:

Segment	Fair Value - Pro forma <sup>(1)</sup>	Fair Value - Pro forma %
Office	\$6,601	47.1%
Primaris	2,850	20.3%
Lantower Residential	2,080	14.8%
Industrial	1,094	7.8%
Echo	821	5.8%
H&R Retail	596	4.2%
<b>Total</b>	<b>\$14,042</b>	<b>100.0%</b>

<sup>(1)</sup> Using \$1.29 Canadian dollars for every \$1.00 U.S. dollar (the exchange rate as at March 31, 2018).

### About H&R REIT

H&R REIT is one of Canada’s largest real estate investment trusts with total assets of approximately \$14.5 billion at March 31, 2018. H&R REIT has ownership interests in a North American portfolio of high quality office, retail, industrial and residential properties comprising over 45 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 REIT’s plans, objectives, expectations and intentions, the expected use of net proceeds from the sale of the Portfolio; the capitalization rate on 2018 forecasted property operating income; management’s expectation that it does not expect to incur any material income tax expense resulting from the sale and management’s expectation of stronger FFO growth and net asset value growth as a result of the sale of the Portfolio. 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 risks and uncertainties, including those to be set forth 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 statements 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 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 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.

### **Non-GAAP Financial Measures**

H&R REIT's management uses a number of measures which do not have a meaning recognized or standardized under IFRS or Canadian Generally Accepted Accounting Principles ("GAAP"). The non-GAAP measure FFO should not be construed as an alternative to financial measures calculated in accordance with GAAP. Further, H&R REIT's method of calculating FFO may differ from the methods of other real estate investment trusts or other issuers, and accordingly may not be comparable. H&R REIT uses FFO to better assess H&R REIT's underlying performance and provides this additional measure so that investors may do the same. FFO is more fully defined and discussed in H&R REIT's combined MD&A for the three months ended March 31, 2018, available at [www.hr-reit.com](http://www.hr-reit.com) and on [www.sedar.com](http://www.sedar.com).

Additional information regarding H&R REIT is available at <http://www.hr-reit.com> and on [www.sedar.com](http://www.sedar.com).

For more information:

Larry Froom  
Chief Financial Officer  
(416) 635-7520  
[info@hr-reit.com](mailto:info@hr-reit.com)