



H&R REIT TO SELL THE ATRIUM

Toronto, Ontario May 8, 2019 - H&R Real Estate Investment Trust ("H&R") (TSX: HR.UN) is pleased to announce that it has entered into an agreement to sell The Atrium for \$640 million, subject to customary closing conditions. The purchase price equates to a capitalization rate of 4.56%. Closing is expected to occur on or about June 6, 2019.

The Atrium, comprising 595 Bay Street, 20 & 40 Dundas Street West, and 306 Yonge Street, is a 1.1 million square foot office and retail complex, effectively occupying a full city block in downtown Toronto at one of the busiest intersections in Canada.

The Atrium sale demonstrates H&R's commitment to its industry-leading balance sheet and BBB+ credit rating, as well as the capital discipline to prioritize investment opportunities and recycle capital. At December 31, 2018, H&R had \$1.6 billion of properties under development, with multiple additional high-return development, redevelopment and intensification opportunities embedded in its portfolio.

H&R purchased The Atrium for \$344.8 million in 2011 and since the acquisition, has increased annual net operating income by \$6.5 million, creating substantial value for unitholders. The Atrium's IFRS value as at March 31, 2019 was \$600 million, up from \$548 million as at December 31, 2018. Management expects to record a gain of approximately \$40 million, relative to its IFRS value, and a sale price approximately \$295 million higher than its original purchase price.

The Atrium is currently unencumbered. H&R will provide the purchaser with a vendor take-back (VTB) mortgage of \$256 million, bearing interest at an annual rate of 4.56% and maturing on January 2, 2020. Assuming the proceeds from the sale were used to repay debt, H&R's debt to total asset ratio would improve to 42.1% from 44.6% at December 31, 2018.

H&R's president and CEO Thomas Hofstedter said: "Given the strong investor demand for Toronto office properties and the substantial capital this asset will require over the next several years for redevelopment and intensification, we chose to take advantage of strong market pricing, and reallocate capital to both strengthen our balance sheet and to fund our value-creating developments."

About H&R REIT

H&R REIT is one of Canada's largest real estate investment trusts with total assets of approximately \$14.7 billion at December 31, 2018. H&R REIT has ownership interests in a North American portfolio of high quality office, retail, industrial and residential properties comprising over 42 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 expected closing date of the sale of The Atrium, the use of proceeds from the sale of The Atrium, H&R's high-return development, redevelopment and intensification opportunities and H&R's pro forma debt to total asset ratio. 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 www.hr-reit.com and on www.sedar.com.

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