



## H&R REIT COMPLETES THE ACQUISITION OF THE HESS TOWER IN HOUSTON



Toronto, December 22, 2011 - H&R Real Estate Investment Trust (the “REIT”) is pleased to announce that it has completed the previously announced acquisition of the Hess Tower. This recently completed State-of-the-Art office tower in Houston, Texas was purchased for U.S. \$442.5 million. As one of downtown Houston’s most energy efficient office buildings, Hess Tower has achieved the prestigious LEED Platinum certification for Core and Shell, the U.S. Green Building Council’s highest rating.

The property is comprised of an impeccably designed 29-storey office tower offering 844,763 rentable square feet of superior office space connected by a climate-controlled skybridge to its adjacent 10-level, 1,430 space parking garage. Hess Tower is part of Houston’s Pedestrian Tunnel System that interconnects 77 of Houston’s major downtown office buildings to an abundance of upscale restaurants and retail, first class hotels, and world class sports and entertainment destinations.

Completed in June 2011, Hess Tower is fully leased to Hess Corporation, a global integrated energy company listed on the New York Stock Exchange. The purchase price was funded from the REIT’s operating facilities and cash on hand (including proceeds from the REIT’s offering of stapled units completed earlier today). The REIT has secured a commitment for a U.S. \$250 million first mortgage financing at 4.5% per annum for 8 years. Closing of the mortgage is expected to occur in January 2012.

Tom Hofstedter, President and CEO of the REIT stated: “This acquisition presents a truly rare opportunity to acquire a best-in-class, LEED Platinum office tower in an irreplaceable downtown Houston location, overlooking the recently completed Discovery Green Park, with a long-term triple net lease secured by a Fortune 100 investment grade tenant at a 6.6% capitalization rate. Hess Tower, along with the recently acquired Gotham Center in New York City and the Bow in downtown Calgary, will together become the hallmark of our portfolio of high quality properties that will provide stable and growing cash flow to our unitholders for decades to come”.

## **About H&R REIT**

H&R REIT is an open-ended real estate investment trust, which owns a North American portfolio of 39 office, 117 industrial and 133 retail properties comprising over 43 million square feet, with a net book value of approximately \$5.9 billion. The foundation of H&R REIT's success since inception in 1996 has been a disciplined strategy that leads to consistent and profitable growth. H&R REIT leases its properties long term to creditworthy tenants and strives to match those leases with primarily long-term, fixed-rate financing.

## **Forward-looking Statements**

Certain statements in this news release contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements), including in particular, H&R's expectation regarding the expected completion of the Hess Tower mortgage. 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. Those risks and uncertainties include, among other things, risks related to: prices and market value of securities of H&R; availability of cash for distributions; development and financing relating to the Bow development; restrictions pursuant to the terms of indebtedness; liquidity; credit risk and tenant concentration; interest rate and other debt related risk; tax risk; ability to access capital markets; dilution; lease rollover risk; construction risks; currency risk; unitholder liability; co-ownership interest in properties; competition for real property investments; environmental matters; reliance on one corporation for management of substantially all of the REIT's properties and changes in legislation and indebtedness of H&R. 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.

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