



H&R REIT Completes Strategic Sales of Office and Retail Properties Valued at Approximately \$167.8 Million

\$406 Million in Year-to-Date Dispositions Completed

August 31, 2022 - H&R REIT (“H&R” or the “REIT”) (TSX: HR.UN) is pleased to announce that it has completed the sale of four properties for combined gross proceeds of \$167.8 million which approximates the IFRS values reported at June 30, 2022 for the properties. The weighted average capitalization rate for the sale approximates 6.9%. The REIT will continue to manage the properties and earn the management fees payable by the tenants under their respective leases.

| | <u>Properties Sold</u> | <u>Property Type</u> | <u>Tenant</u> | <u>Square Feet</u> |
|---|--|----------------------|---------------|--------------------|
| 1 | 100 Wynford Dr., Toronto, ON | Office | Bell Canada | 444,898 |
| 2 | 2767 2 nd Ave., Calgary, AB | Office | AltaLink L.P. | 69,793 |
| 3 | 2665 32 nd St., Calgary, AB | Retail | Rona Inc. | 89,438 |
| 4 | 2342 Princess St., Kingston, ON | Retail | Rona Inc. | 129,181 |

The REIT has the option to repurchase 100 Wynford for approximately \$159.6 million in 2036 or earlier under certain circumstances. Due to the repurchase option in favour of the REIT, the transaction will not meet the criteria of a transfer of control under IFRS-15, *Revenue from Contracts with Customers*. The 100 Wynford property will continue to be recorded as an asset on the balance sheet, with proceeds received from the sale recorded as deferred revenue and amortized over the term of the lease.

Thomas Hofstedter, Executive Chairman & CEO of H&R REIT, said “The retail and office dispositions that closed today are moving H&R REIT closer to achieving our portfolio simplification strategy goals. Additionally, the option to repurchase 100 Wynford Drive will allow us to capture any development upside created through our continuing rezoning efforts. We are very confident in our plan, which we believe is driving growth and creating value for our unitholders.”

Property sales for 2022 currently total \$406.0 million. H&R has also entered into a binding agreement for the sale of two of its automotive-tenanted retail properties in the United States for a total of approximately U.S. \$17.0 million at a weighted average capitalization rate of 5.8%.

About H&R REIT

H&R REIT is one of Canada’s largest real estate investment trusts with total assets of approximately \$11.7 billion as at June 30, 2022. H&R REIT has ownership interests in a North American portfolio comprised of high-quality residential, industrial, office and retail properties comprising over 29.3 million square feet. H&R is currently undergoing a strategic repositioning to transform into a simplified, growth-oriented company focusing on residential and industrial properties to surface significant value for unitholders.

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 the continued receipt of management fees from the properties, the accounting treatment for the sale of 100 Wynford, the ability to capture any development upside created through the REIT’s rezoning efforts, the driving of growth and creation of value for unitholders of the REIT’s plan and the sale of additional properties. 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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