



H&R REIT Announces Unitholder Approval of Primaris Spin-Off; Appointment of Rags Davloor as Chief Financial Officer of Primaris REIT; TSX Acceptance of Normal Course Issuer Bid

Expected Closing Date of Spin-Off on or about December 31, 2021

Toronto, Ontario, December 13, 2021 - H&R Real Estate Investment Trust ("H&R" or "the REIT") (TSX: HR.UN) today announced that the previously announced spin-off of its Primaris properties including all of its enclosed malls to a new stand-alone, publicly traded real estate investment trust ("Primaris REIT"), to be implemented by way of plan of arrangement (the "Arrangement"), has received the requisite unitholder approval at H&R's special meeting of unitholders held on December 13, 2021 (the "Meeting"). As a result of the Arrangement (including an expected 4:1 consolidation of Primaris REIT units pursuant to the Arrangement), holders of H&R units will ultimately receive one-quarter of a Series A unit of Primaris REIT ("Primaris REIT Units") for every one H&R unit held. Of the votes cast at the Meeting with respect to the Arrangement, an aggregate of 176,170,369 H&R voting units (99.72% of the votes cast) were voted in favour of the special resolution to approve the Arrangement. In connection with the approval of the Arrangement, H&R unitholders also passed an ordinary resolution approving, on behalf of Primaris REIT and the holders of Primaris REIT Units, the equity-based compensation plans for Primaris REIT. The results of the matters considered at the Meeting will be reported in H&R's Report of Voting Results to be filed on SEDAR (www.sedar.com).

The Arrangement forms part of H&R's strategic repositioning plan to transform from a diversified REIT, into a simplified, growth-oriented REIT with increased multi-residential and industrial exposure, announced on October 27, 2021.

"I am very pleased with this transformative transaction, solidifying the progression of H&R's repositioning and successfully positioning Primaris as a well-capitalized, fully-independent REIT," said Tom Hofstedter, President and CEO of H&R. "The scale and strength of the Primaris platform combined with its unique financial model provides significant flexibility and capacity to self-fund its strategy and positions it well to pursue investment opportunities. At H&R, our teams are working hard implementing our five-year strategic plan, where we are committed to efficient and effective execution to surface value, and drive growth."

Rags Davloor Appointed CFO of Primaris REIT

H&R REIT and the incoming Board of Trustees and senior management of Primaris REIT are pleased to announce the appointment of Rags Davloor as Chief Financial Officer (CFO) of Primaris REIT, subject to completion of the Arrangement. Mr. Davloor brings extensive experience to the role, including previous CFO roles with Canadian REITs and real estate companies, as well as having worked as a strategic advisor, as President & Chief Operating Officer of a large Canadian retail REIT, as a senior investment banker at a Canadian bank, and accounting roles with a specialty in tax accounting.

"We are thrilled to round out the senior management team of Primaris REIT with an executive of Rags Davloor's calibre. He brings deep experience spanning public company reporting and accounting, M&A, operations and strategic planning," said Alex Avery, incoming Chief Executive Officer of Primaris REIT. "Over the course of his career, Rags has cultivated broad and deep relationships in Canadian capital markets, and we expect those relationships to enhance investor confidence in Primaris REIT."

Closing of the Arrangement

Completion of the Arrangement remains subject to certain conditions, including final court approval and receipt of an advance income tax ruling from Canada Revenue Agency. The final hearing to approve the Arrangement is scheduled to be held on December 15, 2021. If the final court order is granted and all other conditions precedent to the Arrangement are satisfied or waived, H&R expects that the Arrangement will be completed after the close of market on or about December 31, 2021. Immediately after completion of the Arrangement, the previously announced contribution to Primaris REIT of eight retail properties by the Healthcare of Ontario Pension Plan ("HOOPP") is expected to close such that by the end of the day on December 31, 2021, H&R unitholders and HOOPP will directly own approximately 74% and 26%, respectively, of Primaris REIT units issued and outstanding.



H&R has received conditional approval from the Toronto Stock Exchange (the “TSX”) for the listing and posting for trading of the Primaris REIT Units. Listing of the Primaris REIT Units is subject to, among other things, satisfaction of the customary listing conditions of the TSX. Subject to satisfaction of these and other conditions, H&R anticipates the Primaris REIT Units will begin trading on the TSX under the trading symbol “PMZ.UN” on or about January 6, 2022.

H&R has been advised by the TSX that “due bill” trading will apply in connection with closing of the Arrangement. Further details will be provided in a subsequent announcement once the closing date for the Arrangement has been firmly determined.

H&R’s previously announced regular cash distribution \$0.0575 per H&R unit, payable on January 12, 2022 to unitholders of record on December 31, 2021, and special distribution of \$0.73 per H&R unit, payable in additional units (\$0.63 per unit) and cash (\$0.10 per unit) to all unitholders of record as at December 31, 2021, will not be subject to “due bill” trading, and will continue to be paid in the ordinary course.

Normal Course Issuer Bid

H&R today also announced receipt of final acceptance from the TSX of H&R’s notice of intention to make a normal course issuer bid (“NCIB”). Under the NCIB, H&R will have the ability to purchase for cancellation up to a maximum of 14,000,000 units of H&R (“Units”) on the open market, representing approximately 4.95% of the public float as of December 8, 2021. As at December 8, 2021, H&R had 288,431,251 outstanding Units.

The NCIB will commence on December 16, 2021 and remain in effect until the earlier of December 15, 2022 and the date on which H&R has purchased the maximum number of Units permitted under the NCIB. Purchases of Units under the NCIB will be made in accordance with TSX rules and policies through the facilities of the TSX, and through Canadian alternative trading systems. The Units so purchased will be cancelled. The price paid for any repurchased Units will be the market price of such Units at the time of acquisition. The average daily trading volume of the Units over the prior six months was 692,519 and accordingly daily purchases will be limited to 173,129 Units other than block purchase exemptions.

H&R believes that its outstanding Units represent an attractive investment, and the ongoing purchase of its outstanding Units may benefit all persons who continue to hold Units by increasing their equity interest in H&R.

H&R may establish an automatic purchase plan under which its broker may purchase Units according to a prearranged set of criteria. The plan would enable the purchase of Units at any time, including when H&R would not ordinarily be active in the market because of internal trading blackout periods, insider trading rules or otherwise. The plan will terminate on the earliest of: the date on which the purchase limits specified in the plan have been attained, the date on which the NCIB terminates or the date on which the plan is terminated by a party in accordance with its terms. To H&R’s knowledge, after reasonable inquiry, none of the trustees, officers or other insiders of H&R or any associate of any such persons, or any associate or affiliate of H&R currently intends to sell Units to H&R during the course of the issuer bid.

About H&R REIT

H&R REIT is one of Canada’s largest real estate investment trusts with total assets of approximately \$13.1 billion at September 30, 2021. H&R REIT has ownership interests in a North American portfolio of high-quality office, retail, industrial and residential properties comprising over 40 million square feet. H&R is currently undergoing a five-year, strategic repositioning to transform into a simplified, growth-oriented company focusing on multi-residential and industrial properties to surface significant value for unitholders.

About Primaris REIT

Primaris REIT will become Canada’s only enclosed shopping centre focused REIT, following its spin-off from H&R REIT and combination with a portfolio of properties contributed by Healthcare of Ontario Pension Plan (HOOPP)



expected on or about December 31, 2021. Primaris REIT will own interests in primarily enclosed shopping centres aggregating 11.4 million square feet and valued at approximately \$3.2 billion at Primaris REIT's share. Primaris REIT will be fully independent, with a differentiated low-leverage financial profile and a fully internal, vertically integrated, at-scale management platform.

Forward-looking Information

Certain statements in this news release contain forward-looking statements within the meaning of applicable securities laws (also known as forward-looking statements). These forward-looking statements include, but are not limited to statements with respect to the Arrangement, the satisfaction or waiver of conditions in connection with the Arrangement, the expected timing of the Arrangement, the expected timing for obtaining the final order, the listing and trading of Primaris REIT Units, the closing of the transaction with HOOPP, the expected "due bill" trading of H&R units, the appointment of Rags Davloor as CFO of Primaris REIT, the square footage and value of Primaris REIT's portfolio, H&R's intention to repurchase Units in the open market, H&R's beliefs regarding the benefits of persons who hold Units and other statements contained in this release that are not historical facts. 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 or events and are based on H&R's estimates and assumptions that are subject to risks and uncertainties, including those set forth in H&R's management information circular dated November 5, 2021 and 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 believe are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. There can be no assurance that the proposed transaction will occur or that the anticipated benefits will be realized. The proposed transaction is subject to approval by the Court of Queen's Bench of Alberta and the fulfillment or waiver of certain conditions, and there can be no assurance that any such approvals will be obtained and/or any such conditions will be met. The proposed transaction could be modified, restructured or terminated. 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 is available at <http://www.hr-reit.com> and on www.sedar.com. For more information, please contact Alex Avery or Larry Froom, H&R REIT (416) 635-7520, or e-mail info@hr-reit.com.