H&R Reports Solid Q2 2013 Results And Successfully Completes the Integration of Primaris

Toronto, Ontario, August 14, 2013 - H&R Real Estate Investment Trust ("H&R REIT") and H&R Finance Trust (collectively, "H&R") (TSX: HR.UN; HR.DB.D; HR.DB.E and HR.DB.H) today announced their financial results for the quarter ended June 30, 2013.

Capital Transaction Highlights
During the second quarter of 2013, H&R REIT acquired 100% of Primaris Retail Real Estate Investment Trust ("Primaris") which consisted of 26 properties valued at $3.1 billion. The acquisition was funded through the issuance of 62.5 million Stapled Units with a value of $1.4 billion and the assumption of Primaris' outstanding mortgages, convertible debentures and bank indebtedness totalling $1.6 billion. In addition, holders of 2.1 million exchangeable units of certain subsidiaries of Primaris received the same number of Class B units of subsidiaries of H&R REIT, each of which is exchangeable for 1.166 Stapled Units. The increased market capitalization relating to the acquisition of Primaris has substantially enhanced liquidity for unitholders. Through this transaction, H&R REIT has achieved broader diversification by geographic region and tenant base into the enclosed shopping centre asset class at a time when U.S. and international retailers are expanding into Canada. H&R is pleased with its successful integration of the Primaris portfolio and platform all in accordance with H&R's proforma budgets. The property operating income of $41.0 million attributable to the Primaris portfolio for Q2 2013 was in line with H&R REIT management's expectation at the time of the Primaris acquisition and it is expected that such property operating income will increase for Q3 and Q4 2013.

Operating Highlights
H&R REIT's average remaining term to maturity as at June 30, 2013 was 10.3 years for leases and 7.3 years for outstanding mortgages. Occupancy at June 30, 2013 was 98.7%, up slightly from 98.0% at June 30, 2012. Leases representing only 4.9% of total rentable area will expire during the balance of 2013 and 2014. As at June 30, 2013, the ratio of H&R's debt to fair market value of assets was 48.5% compared to 50.3% as at December 31, 2012.

Development Highlights
Effective December 31, 2012, H&R REIT reached practical completion on the construction of a two million square foot office building in Calgary, Alberta (the "Bow"), which is fully leased to Encana Corporation for a 25-year term. On March 15, 2013, the final floors were delivered to Encana Corporation and the 25-year lease term commenced, and will continue until May 14, 2038. Rent escalations will be at 0.75% per annum on the office space and 1.5% per annum on the parking income for the full 25-year term. H&R REIT estimates a further $12.5 million in costs will be incurred to fully complete this project. As at June 30, 2013, the total cost incurred on the project, including the South Block, amounted to $1.70 billion (December 31, 2012 - $1.67 billion) which includes the costs for construction of 1,358 underground parking stalls. Consistent with H&R's strategy to secure long-term fixed rate financing, on June 20, 2013, H&R REIT issued $300.0 million, Series C bonds at an annual rate of 3.797%, due June 13, 2023. These bonds rank pari passu to the $250.0 million, 3.690% Series A bonds due June 14, 2021 and the $250.0 million, 3.693% Series B bonds due June 14, 2022, which were both issued on June 14, 2012. Encana Corporation was entitled to a 60-day free rent fixturing period and an additional rent credit equal to the delay penalty of approximately $32.0 million for delays in delivering the tranches. As at June 30, 2013, there is no more rent credit due to the tenant. For the three months ended June 30, 2013, the Bow has contributed $16.1 million to AFFO. Although mortgage interest will increase due to the issuance of the Series C bonds, the REIT expects the Bow to generate approximately the same amount of AFFO going forward.

The table below also provides an estimate of FFO and AFFO to be generated by the Bow for the remainder of 2013:

	Actual		Six months ended	Estimate[(1)(2)]	
In Millions	Q1 2013	Q2 2013	June 30, 2013	Q3 2013	Q4 2013
Basic rent	$2.2	$21.3	$23.5	$23.3	$23.3
Straight-lining of contractual rent	20.6	3.3	23.9	1.8	1.8
Interest capitalized	0.5	-	0.5	-	-
Mortgage interest	(4.4)	(5.2)	(9.6)	(7.3)	(7.3)
Expected Bow impact on FFO[(3)]	18.9	19.4	38.3	17.8	17.8
Expected Bow impact on AFFO[(3)]	(1.7)	16.1	14.4	16.0	16.0

(1) This information is being provided so that investors are able to understand the expected impact of the Bow to H&R REIT's operations. This information may not be appropriate for other purposes.
(2) The estimates for Q3 and Q4 2013 supersede the estimates previously provided by H&R REIT.
(3) H&R's combined MD&A includes reconciliations of: net income to FFO; FFO to AFFO; and AFFO to cash provided by operations. Readers are encouraged to review such reconciliations in the combined MD&A.

Financial Highlights

The following table includes non-Generally Accepted Accounting Principles ("GAAP") information that should not be construed as an alternative to comprehensive income (loss) or cash provided by operations and may not be comparable to similar measures presented by other issuers as there is no standardized meaning of FFO under GAAP. Management believes that these are meaningful measures of operating performance. Readers are encouraged to refer to H&R's combined management discussion and analysis ("MD&A") for further discussion of non-GAAP information presented.

	3 months ended June 30		6 months ended June 30	
	2013	2012	2013	2012
Rentals from investment properties (millions)	$294.1	$199.6	$516.7	$382.6
Net income (millions)	188.1	106.2	320.3	305.5
FFO (millions)[(1)(2)]	119.5	92.6	209.5	165.0
FFO per Stapled Unit (basic)[(2)]	0.45	0.49	0.90	0.90
Cash provided by operations (millions)	57.2	100.7	194.3	241.4
Cash distributions (millions) [(3)]	68.0	38.5	117.2	73.6
Distributions per Stapled Unit	0.34	0.29	0.68	0.56

(1) H&R's combined MD&A includes reconciliations of: net income to FFO; FFO to AFFO; and AFFO to cash provided by operations. Readers are encouraged to review such reconciliations in the combined MD&A.
(2) See below for significant and non-recurring items included in FFO and AFFO per Stapled Unit.
(3) Cash distributions exclude distributions reinvested in units pursuant to H&R's unitholder distribution reinvestment plan.

Included in FFO are the following items which can be a source of significant variances between different periods:

	3 months ended June 30		6 months ended June 30	
In millions	2013	2012	2013	2012
Additional recoveries for capital expenditures	$2.1	$3.8	$4.2	$4.8
Gain on extinguishment of debt	-	10.3	-	10.3
Adjustment to straight-lining of contractual rent	(2.4)	-	(2.4)	-
Sundry income	1.4	-	1.4	0.2
Incentive fee waived by the Property Manager	-	-	1.1	-

Excluding the above items, FFO would have been $118.4 million for the three months ended June 30, 2013 (Q2 2012 - $78.5 million) and $0.45 per basic Stapled Unit (Q2 2012 - $0.42 per basic Stapled Unit). For the six months ended June 30, 2013, FFO would have been $205.2 million (six months ended June 30, 2012 - $149.7 million) and $0.88 per Stapled Unit (six months ended June 30, 2012 - $0.81 per Stapled Unit).

Subsequent to June 30, 2013, H&R REIT:

- purchased a 200,145 square foot retail shopping centre in Fort McMurray, Alberta for $168.5 million.
- announced its agreement with the Property Manager to internalize H&R REIT's property management function effective July 1, 2013. Upon closing of the transaction, a subsidiary of H&R REIT will acquire the Property Manager's H&R-related property management business in return for 9.5 million limited partnership units of that subsidiary, such units to be exchangeable on a one-for-one basis for Stapled Units.
- entered into an agreement to sell a 50% non-managing interest in Place d'Orleans Mall, a 759,462 square foot retail shopping centre in Orleans, Ontario for gross proceeds of $110.6 million.
- acquired a one-third interest in ECHO Realty LP for U.S. $294 million. ECHO Realty LP's portfolio consists of 176 properties totalling approximately 7.4 million square feet with an average remaining lease term of 12.9 years. Giant Eagle Inc. is a tenant in 161 of the properties and contributes approximately 79% of ECHO's annual revenue.

Monthly Distribution Declared

H&R's declared distribution for the month of September is scheduled as follows:

	Distribution/Stapled	Annualized	Record date	Distribution date
September 2013	$0.11250	$1.35	September 10, 2013	September 30, 2013

About H&R REIT and H&R Finance Trust

H&R REIT is an open-ended real estate investment trust, which owns a North American portfolio of 41 office, 112 industrial and 165 retail properties comprising over 53 million square feet and 2 development projects, with a fair value of approximately $13 billion. In addition, H&R REIT has a one-third interest in ECHO Realty LP which owns 176 properties totalling 7.4 million square feet. 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 for long terms to creditworthy tenants and strives to match those leases with primarily long-term, fixed-rate financing.

H&R Finance Trust is an unincorporated investment trust, which primarily invests in notes issued by a U.S. corporation which is a subsidiary of H&R REIT. As at June 30, 2013, the note receivable balance is U.S. $216.6 million. In 2008, H&R REIT completed an internal reorganization which resulted in each issued and outstanding H&R REIT unit trading together with a unit of H&R Finance Trust as a "Stapled Unit" on the Toronto Stock Exchange.

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) including, among others, statements relating to the objectives of H&R REIT and H&R Finance Trust, strategies to achieve those objectives, H&R's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts including, H&R REIT's expectation in connection with the financial impact of *The Bow* and the amount of distributions to unitholders. Forward-looking statements generally can be identified by words such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", "project", "budget" or "continue" or similar expressions suggesting future outcomes or events. 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, H&R REIT's expectation with respect to the Bow and Primaris' Q3 and Q4 2013 results, risks related to: prices and market value of securities of H&R; availability of cash for distributions; 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 H&R 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.

Additional information regarding H&R REIT and H&R Finance Trust is available at www.hr-reit.com and on www.sedar.com. For more information, please contact Larry Froom, Chief Financial Officer, H&R REIT, 416-635-7520, or e-mail info@hr-reit.com.