H&R Reports Solid Results for Q3 2014

Toronto, Ontario, November 13, 2014 - H&R Real Estate Investment Trust ("H&R REIT" or the "REIT") and H&R Finance Trust (collectively, "H&R") (TSX: HR.UN; HR.DB.D; HR.DB.E and HR.DB.H) today announced its financial results for the three and nine months ended September 30, 2014.

Summary of Significant Q3 2014 Activity

Primaris Portfolio Activity

In September 2014, the REIT acquired a 50% managing interest in Kildonan Place, an enclosed shopping centre in Winnipeg, MB for $69.7 million, at a capitalization rate of 6% including property management fee income. Kildonan Place is the third largest enclosed shopping centre in Winnipeg. The site has approximately 7.5 acres of excess lands which after rezoning would result in total excess density of approximately 100,000 square feet for potential future development. This transaction, as well as previously announced dispositions in Q2 2014 of a 50% non-managing interest in Regent Mall in Fredericton, NB; McAllister Place in Saint John, NB; and Grant Park in Winnipeg, MB continues to leverage the Primaris management platform as an owner and third party manager of regional shopping centres.

H&R Portfolio Dispositions

In July 2014, the REIT sold 50 Cambridge St., a 69,020 square foot retail property in Worcester, MA for U.S.$16.0 million.

In September 2014, the REIT sold 200 Chisholm Dr., a 91,828 square foot vacant industrial building in Milton, ON for approximately $7.3 million.

In September 2014, the REIT sold a four property portfolio for approximately U.S.$29.5 million. These four properties total 163,766 square feet and are located in Tennessee, Georgia and South Carolina. As part of the sale, the REIT repaid the existing mortgages on these properties for U.S.$13.7 million.

Development of Airport Road Project

The development of the 744,922 square foot state-of-the-art, built-to-suit distribution centre on the Airport Road lands in Mississauga, ON, was completed ahead of schedule and, as a result, the property is now classified in H&R's Financial Statements as an investment property. Unilever Canada Inc.'s lease for 10 years commenced October 1, 2014 and the REIT is expected to earn a 7% return on its cost.

Mortgage Financing and Unencumbered Pool

In August 2014, the REIT repaid two mortgages totalling $92.7 million which were bearing interest at a weighted average interest rate of 6.4%. As at September 30, 2014, excluding H&R's interests in real estate assets included in equity accounted investments, the REIT had 49 unencumbered properties with a fair value of approximately $1.5 billion. Also, due to the REIT's 18-year history and management's conservative strategy of securing long-term financing on individual properties, the REIT has numerous other properties with low loan to value ratios. As at September 30, 2014, the REIT had 41 properties valued at approximately $1.8 billion which are encumbered with mortgages totaling $403.6 million. In this pool of assets, the average loan to value is 22.9%, the maximum loan to value is 29.6% and the minimum loan to value is 8.4%. In August 2014, DBRS Limited upgraded H&R's credit rating from BBB with a Stable trend to BBB (high) with a Stable trend. The REIT believes the rating upgrade is primarily due to the stabilization of the Bow, the successful integration of Primaris and recent high-quality property investments, which have resulted in significant operating income and portfolio growth, lower debt levels, a growing unencumbered asset pool, and an increase in H&R's coverage ratios.

Operating Highlights

H&R REIT's average remaining term to maturity as at September 30, 2014 was 9.8 years for leases and 6.4 years for outstanding mortgages. As at September 30, 2014, the ratio of H&R's debt to total assets was 47.8% compared to 49.2% as at December 31, 2013.

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 Funds from Operations ("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 September 30		9 months ended September 30	
	2014	2013	**2014**	2013
Rentals from investment properties (millions)	**$302.4**	$305.8	**$919.2**	$822.4
Property operating income (millions)	**$204.8**	$207.8	**$595.0**	$537.6
Net income (loss) (millions)	**$136.5**	($111.1)	**$286.9**	$209.9
FFO (millions)(1)	**$134.5**	$129.1	**$404.9**	$338.5
FFO per Stapled Unit (basic)	**$0.46**	$0.45	**$1.40**	$1.35
FFO per Stapled Unit (diluted)	**$0.46**	$0.45	**$1.39**	$1.32
Cash provided by operations (millions)	**$207.7**	$220.0	**$567.6**	$413.8
Distributions per Stapled Unit	**$0.33**	$0.33	**$1.01**	$1.01
Payout ratio per Stapled Unit (as a % of FFO)	**71.7%**	73.3%	**72.1%**	74.8%

(1) H&R's combined MD&A includes a reconciliation of property operating income to FFO. Readers are encouraged to review the reconciliation in the combined MD&A.

Subsequent Events

In October 2014, the REIT repaid two U.S. mortgages of approximately U.S.$19.0 million, bearing interest at a weighted average rate of 5.4%.

In October and November 2014, the REIT repaid 11 Canadian mortgages of approximately $70.0 million bearing interest at a weighted average rate of 5.8%.

Monthly Distribution Declared

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

	Distribution/Stapled Unit	Annualized	Record date	Distribution date
December 2014	$0.11250	$1.35	December 15, 2014	December 31, 2014

About H&R REIT and H&R Finance Trust

H&R REIT is Canada's largest diversified real estate investment trust with a total capitalization of approximately $12.9 billion as at September 30, 2014. H&R REIT is a fully internalized REIT and has ownership interests in a North American portfolio of high quality office, retail and industrial properties comprising over 55 million square feet.

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. The current note receivable balance is U.S. $220.5 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, intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts including, 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, risks related to: prices and market value of securities of H&R; real property ownership; 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; joint arrangements risk; currency risk; unitholder liability; co-ownership interest in properties; competition for real property investments; environmental matters 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.