H&R Significantly Strengthens its Balance Sheet
and increases FFO Per Unit by 3% in 2014

Toronto, Ontario, February 17, 2015 - 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 months and year ended December 31, 2014.

Operating Highlights

H&R REIT's occupancy as at December 31, 2014 was 97.8% compared to 98.1% as at December 31, 2013. H&R REIT's average remaining term to maturity as at December 31, 2014 was 9.8 years for leases and 6.4 years for outstanding mortgages. H&R has significantly increased the strength of its balance sheet by reducing the ratio of debt to total assets from 49.2% as at December 31, 2013 to 46.3% as at December 31, 2014.

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 December 31		Year ended December 31	
	2014	2013	**2014**	2013
Rentals from investment properties (millions)	**$308.6**	$314.6	**$1,227.8**	$1,137.0
Property operating income (millions)	**$208.3**	$212.3	**$803.3**	$749.9
Net income (millions)	**$137.7**	$113.7	**$424.7**	$323.6
FFO (millions)(1)	**$138.5**	$134.1	**$543.0**	$472.4
FFO per Stapled Unit (basic)	**$0.48**	$0.47	**$1.88**	$1.82
FFO per Stapled Unit (diluted)	**$0.47**	$0.46	**$1.86**	$1.78
Cash provided by operations (millions)	**$198.3**	$203.0	**$765.9**	$617.4
Distributions per Stapled Unit	**$0.34**	$0.34	**$1.35**	$1.35
Payout ratio per Stapled Unit (as a % of FFO)	**70.8%**	72.3%	**71.8%**	74.2%

(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.

Summary of Significant 2014 Activity

New Industrial Platform

In December 2014, the REIT entered into agreements to sell to an affiliate of the Public Sector Pension Investment Board ("PSP") and affiliates of Crestpoint Real Estate Investments Ltd. ("Crestpoint") (collectively, "CrestPSP") a 50% interest in a portfolio of Canadian industrial properties and a 49.5% interest in a portfolio of U.S. industrial properties (collectively the "Industrial Portfolio") for a total selling price of approximately $559.8 million for the Canadian industrial properties and U.S. $150.5 million for the U.S. industrial properties. H&R REIT Management Services LP will remain the property manager and collect industry standard fees. The Portfolio consists of a total of 101 properties comprising approximately 19.5 million square feet of industrial space located in Canada and in the United States. On December 22, 2014, the REIT sold interests in 84 of the 85 Canadian properties ("Tranche 1") to CrestPSP for a total selling price of approximately $508.3 million.

CrestPSP assumed mortgages of approximately $161.7 million and received a mark-to-market adjustment on the assumed mortgages of approximately $11.1 million. The REIT provided CrestPSP with a vendor take-back mortgage of approximately $62.0 million. The net proceeds of $273.5 million were used to repay bank indebtedness.

The remaining properties to be sold ("Tranche 2") will be comprised of interests in 16 U.S. properties and one Canadian property. The Tranche 2 sale is expected to close in Q1 2015 and CrestPSP is expected to assume mortgages of approximately U.S $57.0 million. The expected net proceeds will be used to repay bank indebtedness. The REIT plans to build on this strategic alliance with PSP and Crestpoint by expanding on this new industrial platform.

Development of Airport Road Project

The development of the 744,413 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 combined annual 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% unlevered return on its cost. As it is part of the Industrial Portfolio sale to CrestPSP, a 50% interest in this property is classified as an asset held for sale as at December 31, 2014.

Primaris Portfolio Activity

In Q2 2014, the REIT sold a 50% non-managing interest in three enclosed shopping centres: Regent Mall in Fredericton, NB; McAllister Place in Saint John, NB; and Grant Park in Winnipeg, MB for a total price of $219.0 million, at a capitalization rate of 5.6% before management fee income. The purchaser assumed 50% of the outstanding mortgages. Net proceeds were approximately $111.6 million. 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 an effective capitalization rate of 6.0% including property management fee income. Kildonan Place is the third largest enclosed shopping centre in Winnipeg, MB. 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. These transactions continue to leverage the Primaris management platform as an owner and third party manager of regional shopping centres.

Exposure to Target

Target Corporation has announced it is planning to discontinue operating stores in Canada through its subsidiary Target Canada Co. ("Target"). Primaris has an interest in nine malls where Target is a tenant: a 50% interest in four of these malls and a 100% interest in the other five malls. Three of the leases are guaranteed by Target Corporation, the U.S. parent of Target. The total 2014 annual gross rent from Target represents 0.6% of the Trusts' rentals from investment properties (including equity accounted investments) of $1.3 billion. The Target stores are well positioned in these malls and leased at an average net rent of $5.58 per square foot which provides the opportunity to subdivide and remerchandise for higher rents, should Target disclaim their leases.

Leasing Activity

Effective December 31, 2014, Royal Bank of Canada vacated 274,100 square feet at the REIT's Front Street office property in Toronto, ON. The REIT is pleased to announce it has leased 231,170 square feet to Toronto Dominion Bank for an average term of approximately 11 years, commencing in three phases: 96,090 square feet effective June 1, 2015; 99,312 square feet effective October 1, 2015; and, 35,768 square feet effective August 1, 2016. The REIT has also leased a further 53,500 square feet to Penguin Random House Canada effective November 2015 for 10.5 years.

In addition, Gowlings Canada Inc. has renewed, for a further 15 years, its 130,274 square foot lease at 160 Elgin St., Ottawa, ON, which was to expire in 2016.

Long Island City Project

In June 2014, the REIT purchased a 50% interest to develop a landmark luxury residential rental development (the "Long Island City Project") in Long Island City, NY. Tishman Speyer, a U.S. real estate company, will act as the developer and manager of the Long Island City Project. The parcel is zoned for 1.2 million square feet of mixed-used development, potentially accommodating up to approximately 1,600 residential rental units and approximately 30,000 square feet of retail space. The site is located adjacent to the REIT's 2 Gotham Center office property. Construction is scheduled to begin in 2015 with occupancy expected to commence in late 2017. The REIT's share of the total land cost is U.S. $55.6 million. The total Long Island City Project cost of all phases at the 100% level is expected to be approximately U.S. $875 million.

U.S. Residential Apartments

In November 2014, the REIT acquired two residential properties in Houston, TX for U.S. $44.7 million (U.S. $64,152 per unit) at an average expected capitalization rate of 6.5%. The two properties consist of 696 rental apartment units representing net rentable area of 543,516 square feet. As at December 31, 2014, average occupancy was 93.1% and average monthly rent was U.S. $766 per unit. On February 10, 2015, the REIT acquired another residential property in Dallas, TX for U.S. $52.3 million at an expected capitalization rate of 5.6%. The property consists of 398 rental apartment units representing net rentable area of 362,785 square feet. Average occupancy is 95.0% and average monthly rent is U.S. $1,140 per unit.

H&R Portfolio Dispositions

Excluding the Industrial Portfolio and Primaris dispositions discussed above, the REIT also disposed of non-core assets both in Canada and the United States totaling approximately $230.5 million, representing approximately 1.1 million square feet. Refer to the "2014 Dispositions" table in H&R's MD&A for a full list of properties sold.

Mortgage Financing and Unencumbered Pool

In 2014, the REIT repaid 27 mortgages totalling $245.5 million which were bearing interest at a weighted average interest rate of 6.0%. As at December 31, 2014, excluding the Trusts' interests in real estate assets included in equity accounted investments, the REIT had 78 unencumbered properties with a fair value of approximately $1.7 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 had numerous other properties with very low loan to value ratios. As at December 31, 2014, the REIT had 42 properties valued at approximately $1.6 billion which are encumbered with mortgages totaling $364.5 million. In this pool of assets, the average loan to value is 22.3%, the maximum loan to value is 29.9% and the minimum loan to value is 7.8%. In August 2014, DBRS Limited ("DBRS") upgraded the Trusts' 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 the Trusts' coverage ratios.

Subsequent Events

In January 2015, the REIT sold an industrial property in Ontario, which was classified as held for sale as at December 31, 2014, for gross proceeds of approximately $70.2 million and repaid the mortgage payable of approximately $42.6 million bearing interest at 5.2% per annum.

In February 2015, the REIT issued, by way of private placement, U.S. $125.0 million aggregate principal amount of Series J senior floating rate unsecured debentures maturing on February 9, 2018.

In February 2015, the REIT acquired a residential property in Dallas, TX for a purchase price of approximately U.S. $52.3 million.

Monthly Distribution Declared

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

	Distribution/Stapled Unit	Annualized	Record date	Distribution date
March 2015	$0.11250	$1.35	March 17, 2015	March 31, 2015

About H&R REIT and H&R Finance Trust

H&R REIT is Canada's largest diversified real estate investment trust with total assets of approximately $13.4 billion as at December 31, 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 49 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.