## H&R REIT Announces 6.5% Growth in FFO Per Unit in the Third Quarter of 2015

Toronto, Ontario, November 5, 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 and nine months ended September 30, 2015.

### 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 | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| Rentals from investment properties (millions) | **$297.1** | $302.4 | **$892.1** | $919.2 |
| Property operating income | **$200.8** | $204.8 | **$571.4** | $595.0 |
| Net income (millions) | **$165.9** | $136.5 | **$379.6** | $286.9 |
| FFO (millions)[1] | **$144.3** | $134.3 | **$427.1** | $404.5 |
| FFO per Stapled Unit (basic) | **$0.49** | $0.46 | **$1.46** | $1.40 |
| FFO per Stapled Unit (diluted) | **$0.49** | $0.46 | **$1.44** | $1.39 |
| Cash provided by operations (millions) | **$184.2** | $207.7 | **$537.4** | $567.6 |
| Distributions per Stapled Unit | **$0.33** | $0.33 | **$1.01** | $1.01 |
| Payout ratio per Stapled Unit (as a % of FFO) | **67.3%** | 71.7% | **69.2%** | 72.1% |

(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.

During the 21 months ended September 30, 2015, the REIT sold properties (including partial interests in properties) totalling approximately $1.4 billion while acquiring approximately $0.5 billion of assets.  Through these dispositions, the REIT has formed strategic relationships with its new co-owners and has significantly strengthened its balance sheet by reducing its debt to total asset ratio from 49.2% at January 1, 2014 to 45.3% at September 30, 2015.  Despite the dilutive impact of these sales, H&R's FFO per unit grew by 6.5% in Q3 2015 as compared to Q3 2014 primarily due to the strengthening of the U.S. dollar.

### Operating Highlights

Occupancy at September 30, 2015 was 96.0%, compared to 97.8% at December 31, 2014 and 98.4% as at September 30, 2014.  Leases representing only 5.7% of total rentable area will expire during the remainder of 2015 and 2016.  H&R REIT's average remaining term to maturity as at September 30, 2015 was 10.1 years for leases.

### Debt Highlights

During the quarter, the REIT issued $200 million of senior debentures maturing in March 2019 bearing interest at a rate equal to the 3 month Canadian Dealer Offered Rate plus 143 basis points.  The current weighted average interest rate on existing mortgages is 4.7% with a weighted average term to maturity of 6.1 years.  During the nine months ended September 30, 2015, the REIT secured ten mortgages totalling $175.3 million at a weighted average interest rate of 3.7% for an average term of 9.3 years and repaid 11 mortgages upon maturity totalling $177.1 million which had a weighted average interest rate of 5.3%.

As at September 30, 2015, excluding real estate assets reported in H&R's equity accounted investments, the REIT had 73 unencumbered properties with a fair value of approximately $1.7 billion. In addition, the REIT had 39 properties valued at approximately $1.6 billion which are encumbered with mortgages totaling $316.7 million. In this pool of assets, the average loan to value is 20.2%, the minimum loan to value is 6.6% and the maximum loan to value is 27.8%.

**Summary of Significant 2015 Activity**

New Industrial Platform

Following the sale to an affiliate of the Public Sector Pension Investment Board ("PSP") and affiliates of Crestpoint Real Estate Investments Ltd. ("Crestpoint") (collectively, "CrestPSP") of a 50% interest in 84 Canadian industrial properties on December 22, 2014, the REIT sold a 49.5% interest in 16 U.S. properties to CrestPSP for a selling price of approximately U.S. $150.5 million on March 24, 2015. CrestPSP assumed mortgages of approximately U.S. $56.2 million and received a mark-to-market adjustment on the assumed mortgages of approximately U.S. $3.5 million. The REIT provided CrestPSP with a vendor take-back mortgage of approximately U.S. $10.1 million. Equity accounting has been applied to this joint venture arrangement for the U.S. properties. In addition, on March 24, 2015, the REIT sold a 50% interest in one Canadian industrial property to CrestPSP for approximately $51.5 million and provided CrestPSP with a vendor take-back mortgage of approximately $23.2 million. The REIT plans to build on this strategic alliance with PSP and Crestpoint by expanding on this new industrial platform.

Significant Acquisitions and Dispositions

In July 2015, ECHO Realty LP, a privately held real estate and development company of which the REIT owns a 33.6% interest, purchased a grocery anchored portfolio consisting of eight properties located in the Southeastern United States totalling 546,462 square feet (REIT's share - 183,461 square feet) for a total purchase price of U.S. $124.8 million (REIT's share - U.S. $41.9 million).

In September 2015, the REIT sold its 100% interest in a 314,033 square foot retail property located in Richmond, B.C., for $103.0 million at a capitalization rate of 6.0%. Upon closing, the REIT repaid the mortgage on the property of $47.3 million which had an interest rate of 5.1%.

U.S. Residential

During the nine months ended September 30, 2015, the REIT acquired three residential properties in Texas and Florida comprising 1,112 residential units for U.S. $155.2 million at an average expected capitalization rate of 5.5%. At the date of acquisition, average occupancy for these three properties was 93.1% and average monthly rent was U.S. $1,105 per unit. With these latest acquisitions, the REIT now has a portfolio of 1,808 rental units. Subsequent to September 30, 2015, the REIT acquired three residential properties in Texas comprising 778 residential units for U.S. $105.3 million at an average expected capitalization rate of 5.3%. At the date of acquisition, average occupancy for these three properties was 96.3% and average monthly rent was U.S. $1,076 per unit.

Construction commenced on the REIT's 50% joint venture project in Long Island City, NY with Tishman Speyer as the operating partner for the development of 1,884 rental units. The total budget at the 100% ownership level is expected to be U.S. $1.2 billion with occupancy scheduled to begin at the end of 2017.

Significant Q3 Leasing Activity:

In the REIT's office portfolio:
- An existing tenant in a 104,689 square foot lease in the Greater Toronto Area ("GTA") was renewed for a further 5 years to 2021.
- An existing tenant in a 931,187 square foot lease in Calgary, AB was extended for a further 10 years to April 2031.
- A new tenant was signed for a 15-year lease commencing August 1, 2016 for 41,548 square feet at 145 Wellington St. W., Toronto, Ontario.

In the REIT's industrial portfolio:
- An existing tenant in a 358,771 square foot lease in Georgia renewed for a further 10 years to 2028 and a 100,000 square foot expansion will be built for them which is expected to be completed by December 2016.
- An existing tenant in a 738,102 square foot lease in the GTA extended their lease expiring April 28, 2019 to July 31, 2025.

Alberta Office Exposure

The REIT has five office properties in Alberta which collectively comprise 16.5% of the REIT's total property operating income. Of this amount, 71.7% relates to the Bow which is leased to Encana Corporation until 2038 and 19.3% relates to TransCanada Pipelines Tower which is leased to TransCanada Pipelines Limited until 2031. The REIT has two office properties, 2767 2nd Avenue and a 50% interest in 2611 3rd Avenue in Alberta which comprise 1.8% of the REIT's total property operating income earned in Alberta with both properties leased to Alta Link LP until 2021 and 2026, respectively. The REIT also has a 50% interest in Telus Tower where Telus Communications will be vacating 186,509 square feet (at the REIT's ownership interest) in 2016 which represents 1.4% of the REIT's total office square footage. The property has recently completed a $14.6 million renovation including a new lobby and a connection to Telus Tower and the Bow through Calgary's Plus 15 Skywalk system.

Primaris: Exposure to Alberta and Target

The Primaris properties in Alberta which comprise 8.4% of the REIT's total property operating income, continue to show strong sales performance with average store sales (excluding anchor tenants) at $576 per square foot for the rolling 12 months ended August 31, 2015 compared to the entire Primaris portfolio average at $527 per square foot.

Primaris has an interest in nine malls where Target Canada Co. ("Target") was 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 of which two of the three properties are held in a joint venture. Of these nine locations, Target disclaimed eight of their leases totalling 771,417 square feet at the REIT's ownership interest. The location at Grant Park shopping centre was not disclaimed and the space has been taken over by Canadian Tire Corporation. The Target stores were well positioned in these malls and were leased at an average net rent of $5.58 per square foot which provides an opportunity to subdivide the premises and remerchandise at higher rents. The REIT is in active negotiations on a combined 599,604 square feet at the REIT's ownership interest. The REIT expects to have these leases binding subject to development permits by the end of Q1 2016 with occupancy occurring between the fall of 2016 and Q2 2017. At September 30, 2015, occupancy in the Primaris segment was 87.2%. Excluding the Target space that has been returned to Primaris, occupancy would have been 96.4% compared to 96.8% in Q3 2014.

## 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 2015 | $0.11250 | $1.35 | December 16, 2015 | December 31, 2015 |

**Subsequent Events**

In October 2015, the REIT acquired one residential property in Austin, TX for a purchase price of approximately U.S. $47.3 million and assumed a mortgage of approximately U.S. $33.5 million for a term of nine years.

In October 2015, the REIT acquired two residential properties in Dallas, TX for an aggregate purchase price of approximately U.S. $58.0 million and entered into two mortgages in aggregate of U.S. $41.2 million for a term of 10 years.

In October 2015, upon the maturity of a mortgage on Place du Royaume Mall in Chicoutimi, QC of approximately $63.3 million, the REIT secured a new $167.0 million mortgage for a term of 12 years.

In October 2015, the REIT repaid all of its outstanding Series H Senior Debentures upon maturity for a total cash payment of $235.0 million.

**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 $13.8 billion as at September 30, 2015. H&R REIT is a fully internalized REIT and has ownership interests in a North American portfolio of high quality office, retail, industrial and residential properties comprising over 46 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. $220.4 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, the REIT's plans to build on the strategic alliance with CrestPSP, the expected occupancy of the REIT's project in Long Island City, NY, the REIT's exposure to the Alberta office market and the opportunity to subdivide and remerchandise space formerly rented by Target. 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.