



H&R REIT ANNOUNCES NOMINATION OF NEW TRUSTEES AND ADOPTION OF NEW COMPENSATION PROGRAM

Toronto, Ontario, May 23, 2017 - H&R Real Estate Investment Trust (“H&R” or the “REIT”) and H&R Finance Trust (together with the REIT, the “Trusts”) (TSX: HR.UN; HR.DB.D; and HR.DB.H) have provided unitholders with access to the joint management information circular (the “Circular”) in connection with the upcoming annual meetings (the “Meetings”) of the Trusts to be held on Monday, June 19, 2017 at 1:00 p.m. (Toronto time) at the TSX Gallery, 130 King Street West, Toronto, Ontario.

As further described in the Circular, the Board of Trustees of the REIT is pleased to announce that Alex Avery and Juli Morrow have been nominated as trustees of the REIT. Mr. Avery and Ms. Morrow will bring valuable experience and insight to the Board and will assist the REIT in continuing to bring value to unitholders. Additional biographical information in respect of Mr. Avery and Ms. Morrow is included in the Circular and is excerpted below. With these two nominations and the election of Stephen Sender as a trustee last year, the REIT’s Board will grow to 8 trustees. At the 2016 annual general meeting, the REIT adopted a 10-year term limit policy for new trustees and a 5-year term limit for the independent trustees elected before 2016.

As previously announced, H&R has also adopted a “say-on-pay” vote with respect to its compensation practices. In November 2016, the Board retained Willis Towers Watson, a leading executive compensation consulting firm, to provide independent advice on the design and implementation of a new compensation program for executives. As a result of this independent review, the Board has adopted a new, market-aligned compensation program for 2017, as described in detail in the Circular. Highlights include:

- Market-aligned annual salaries with greater emphasis on performance based compensation;
- Significant performance measures in annual bonus awards will include (i) FFO relative to budgeted FFO and (ii) relative one-year total shareholder return (“TSR”) against a select group of performance peers;
- A significant performance measure in long term compensation awards will be relative three-year TSR against two performance peer groups;
- Restricted units and performance based units will be awarded as long term compensation awards, with options no longer granted to executive officers for the foreseeable future;
- Long term compensation awards will vest at the end of 3 years;
- There will be caps on short term and long term performance awards;
- Performance-based incentive arrangements will have minimum thresholds, below which, no incentives would be awarded; and
- The REIT’s clawback policy has been extended to include all incentive compensation.

The trustees of the REIT are committed to sound corporate governance practices for the benefit of the REIT and its stakeholders. The Board will continue to regularly review the REIT’s corporate governance practices to ensure that they are appropriate.

Unitholders are encouraged to attend the Meetings in person or via webcast at www.hr-reit.com and to provide their voting instructions well in advance of the deadline for the deposit of proxies of 5:00 p.m. (Toronto Time) on June 16, 2016.

Alex Avery - Mr. Avery joined CIBC Capital Markets in 2005, where he led its North American real estate research team until his resignation May 1, 2017. In this capacity, his team has provided research coverage for more than 60 real estate investment trusts and real estate corporations, of which he has covered more than 30 directly. Mr. Avery has been consistently recognized for the depth and quality of his research by

institutional investors, as a TopGun Analysis by Brendan Wood International and for his stock picking and earnings estimation abilities by StarMine. Prior to joining CIBC Capital Markets, Mr. Avery worked at a global investment dealer, where he conducted research on real estate and real estate investment trusts, and prior to that at Altus Group, a leading commercial real estate consulting and advisory firm, where he provided valuation and transaction consulting and advisory services. Mr. Avery earned his CFA designation, holds both a Master of Business Administration and a Bachelor of Engineering & Management from McMaster University, and is a Chartered Surveyor and Member of the Royal Institution of Chartered Surveyors.

Juli Morrow - Juli Morrow is a partner at Goodmans LLP, one of Canada's premier transaction law firms, and is one of Canada's preeminent real estate lawyers. Her practice focuses on commercial real estate transactions, including acquisitions, dispositions, mortgage financing, leasing, management agreements and joint ventures. She has been recognized as one of Canada's leading real estate lawyers by Chambers Global and a number of other sources. She earned a B.C.L. from McGill University in 1975, an LL.B from McGill University in 1976 and a LL.M from the University of Toronto in 1979. She joined Goodmans LLP in 1977.

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 \$14.1 billion at March 31, 2017. H&R REIT is a fully internalized real estate investment trust and has ownership interests in a North American portfolio of high quality office, retail, industrial and residential properties comprising over 45 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. \$221.7 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). These forward-looking statements include, but are not limited to H&R's plans, objectives, expectations and intentions, including 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 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.. 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 is available at www.hr-reit.com and on www.sedar.com. For more information, please contact Ronald Rutman, Chair of the Board of Trustees, H&R Real Estate Investment Trust, 416-635-7520, or e-mail info@hr-reit.com.