



H&R Real Estate Investment Trust and H&R Finance Trust Announce Unwinding of H&R Finance Trust and the Stapled Unit Structure

Confirms Receipt of Final Order for Amended Reorganization to Simplified REIT Structure

TORONTO, Canada, (March 22, 2018) – H&R Real Estate Investment Trust (“**H&R REIT**” or “**H&R**”) and H&R Finance Trust (“**H&R Finance Trust**” and, together with H&R REIT, the “**Trusts**”) (TSX: HR.UN) have announced today that they have received a final order from the Court of Queen’s Bench of Alberta (the “**Court**”) approving the previously announced amended internal reorganization of the Trusts (the “**Amended Reorganization**”).

The original proposed reorganization of the Trusts (the “**Original Reorganization**”) was described in the joint management information circular of the Trusts dated October 31, 2017 and had been intended to continue the benefits of the Trusts’ existing stapled unit (“**Stapled Unit**”) structure that has been in place since 2008. Joint meetings of unitholders (“**Unitholders**”) of the Trusts were held on December 7, 2017 and Unitholders approved the Original Reorganization, with approximately 99.8% of the Unitholders of each of H&R REIT and H&R Finance Trust, respectively, voting in favour of the Original Reorganization. On December 14, 2017, the Trusts received a final order from the Court approving the Original Reorganization. However, as a result of certain considerations, including the enactment in late December 2017 of the U.S. federal income tax legislation originally referred to as the Tax Cuts and Jobs Act, the Trusts concluded that the Stapled Unit structure is no longer necessary and that the Amended Reorganization should instead be implemented.

The Amended Reorganization will be effected by way of plan of arrangement involving H&R REIT, H&R Finance Trust and certain of H&R REIT’s subsidiaries resulting in, among other things, (i) H&R Finance Trust transferring debt owed to it by H&R REIT’s U.S. subsidiary, H&R REIT (U.S.) Holdings Inc. (“**U.S. Holdco**”), to H&R REIT and (ii) Unitholders subsequently transferring their units of H&R Finance Trust to H&R REIT for nominal consideration and retaining their units of H&R REIT. Following completion of the Amended Reorganization, investments that are currently held through H&R REIT and H&R Finance Trust will instead be held solely through H&R REIT. The units of H&R REIT are expected to trade on the TSX under the ticker symbol “HR.UN” and H&R Finance Trust will be dissolved. The Amended Reorganization will remove certain steps contemplated in the Original Reorganization, including: the establishment of H&R Finance (2017) Trust (“**H&R F17 Trust**”) to replace H&R Finance Trust, the transfer of indebtedness of U.S. Holdco by H&R REIT to H&R F17 Trust, and the stapling of units of H&R REIT with units of H&R F17 Trust.

The Amended Reorganization remains subject to the receipt by the Trusts of an advance income tax ruling from the Canada Revenue Agency in form and substance satisfactory to the Trusts and other customary closing conditions. The Amended Reorganization is expected to be implemented by August 2018.

The boards of trustees of the Trusts believe that the proposed Amended Reorganization is fair and reasonable to the Trusts and Unitholders. As a result of the Amended Reorganization, H&R REIT expects it will be more comparable to other Canadian real estate investment trusts due to its simplified structure. The Amended Reorganization is expected to occur without adverse tax consequences to Unitholders resident in Canada. In fact, Unitholders resident in Canada will benefit from the simplified structure of H&R REIT, which is expected to result in more straightforward Canadian tax reporting for Unitholders. In addition, the Amended Reorganization will place Unitholders resident in the United States (“**U.S. Unitholders**”) in a better position relative to the Original Reorganization from a Canadian withholding tax perspective. Specifically, distributions by H&R F17 Trust to U.S. Unitholders would not have been eligible for reduced rates of Canadian withholding tax pursuant to the Canada-United States Tax Convention (1980), whereas, after the Amended Reorganization, all distributions will be paid by H&R REIT and such distributions may benefit from reduced rates of withholding tax under such convention.

Registered Unitholders will be mailed a new letter of transmittal instructing them to surrender their certificate(s) representing Stapled Units for replacement certificate(s) representing units of H&R REIT. Such registered Unitholders should complete the letter of transmittal and return it, along with the certificate(s) representing the Stapled Units, to AST Trust Company (Canada), the depository for the Amended Reorganization, in accordance with the instructions set forth in the letter of transmittal. The letter of transmittal will also be available on SEDAR at www.sedar.com and can be obtained by contacting AST Trust Company (Canada) toll free at 1-888-433-6443 or via e-mail to fulfilment@astfinancial.com.

For more information on the Amended Reorganization, please see the amended and restated plan of arrangement, which will be available on H&R REIT's profile on SEDAR at www.sedar.com.

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 \$14.6 billion at December 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 US\$223.9 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 TSX.

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 the Trusts' plans, objectives, expectations and intentions, including concerning the ability to obtain the income tax ruling from the Canada Revenue Agency on the terms and timing contemplated by the parties, to complete the Amended Reorganization on the terms and on the timing contemplated by management, the income tax consequences of the Amended Reorganization, comparability of H&R REIT's structure to other Canadian real estate investment trusts upon completion of the Amended Reorganization and the assumption that all necessary conditions will be met for the completion of the Amended Reorganization. Such forward-looking statements reflect the Trusts' current beliefs and are based on information currently available to management. These statements are not guarantees of future performance and are based on the Trusts' estimates and assumptions that are subject to risks and uncertainties, including those to be set forth in the management information circular of the Trusts dated October 31, 2017 and in H&R REIT's materials filed with the Canadian securities regulatory authorities from time to time, which could cause the actual results and performance of the Trusts 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 the Trusts believe 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 the Trusts, except as required by applicable law, assume 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 <http://www.hr-reit.com> and on www.sedar.com. For more information, please contact Larry Froom, Chief Financial Officer, H&R REIT and H&R Finance Trust (416) 635-7520, or e-mail info@hr-reit.com

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