H&R Reports Solid Q2 Results and Increases Monthly Distributions

Toronto, Ontario, August 11, 2011 - H&R Real Estate Investment Trust ("H&R REIT") and H&R Finance Trust (collectively, "H&R") (TSX: HR.UN; HR.DB; HR.DB.B; HR.DB.C; HR.DB.D) announced its financial results for the second quarter ended June 30, 2011.

Financial Highlights

The following table includes non-International Financial Reporting Standards ("IFRS") 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"), and adjusted funds from operations ("AFFO") under IFRS. Management believes that these are meaningful measures of operating performance. Readers are encouraged to refer to H&R's combined MD&A for further discussion of non-IFRS information presented.

	3 months ended June 30		6 months ended June 30	
	2011	2010	2011	2010
Rentals from investment properties (millions)	$155.9	$151.4	$309.2	$303.9
Net income (loss)	$9.1	$505.2	($22.2)	$448.1
FFO (millions) [1]	$58.2	$61.2	$133.9	$79.0
FFO per Stapled Unit (basic)	$0.37	$0.41	$0.87	$0.53
AFFO (millions) [1]	$57.8	$55.8	$114.4	$106.8
AFFO per Stapled Unit (basic)	$0.37	$0.37	$0.74	$0.72
Cash provided by operations (millions)	$101.8	$95.5	$196.4	$192.0
Cash distributions paid (millions) [2]	$29.2	$23.4	$56.6	$48.1
Distributions per Stapled Unit	$0.24	$0.18	$0.46	$0.36

(1) H&R's MD&A includes reconciliations of: net earnings to FFO; FFO to AFFO; and AFFO to cash provided by operations. Readers are encouraged to review such reconciliations in the MD&A.

(2) Cash distributions paid exclude distributions made by way of issuing further units and include the distributions paid to the Class B Limited Partnership unitholders who can exchange their units for Stapled Units.

Included in FFO and AFFO were lease terminations and sundry income of $0.5 million for the three months ended June 30, 2011 (2010 - $2.3 million) and $0.9 million for the six months ended June 30, 2011 (2010 - $2.3 million).

Included in FFO and AFFO were additional recoveries for capital expenditures in excess of items expensed in property operating costs of $0.2 million for the three months ended June 30, 2011 (2010 - $2.1 million) and $1.0 million for the six months ended June 30, 2011 (2010 - $5.6 million).

Included in FFO was a gain (loss) on extinguishment of debt of ($0.2 million) for the three months ended June 30, 2011 (2010 - $1.7 million) and $14.6 million for the six months ended June 30, 2011 (2010 – ($37.2 million)).

Excluding the above non-recurring items, FFO would have been $57.7 million ($0.37 per Stapled Unit) compared to $55.1 million ($0.37 per Stapled Unit) for the three months ended June 30, 2011 and 2010, respectively, and $117.4 million ($0.76 per Stapled Unit) compared to $108.3 million ($0.72 per Stapled Unit) for the six months ended June 30, 2011 and 2010, respectively.

Excluding the above non-recurring items, AFFO would have been $57.1 million ($0.37 per Stapled Unit) compared to $51.4 million ($0.34 per Stapled Unit) for the three months ended June 30, 2011 and 2010, respectively, and $112.5 million ($0.73 per Stapled Unit) compared to $98.9 million ($0.66 per Stapled Unit) for the six months ended June 30, 2011 and 2010, respectively.

Operating Highlights
H&R REIT's operating strategy is to stabilize annual earnings and minimize market risk by leasing and mortgaging its properties on a long-term basis. As a result, the average remaining term to maturity as at June 30, 2011 was 10.5 years for leases and 7.9 years for mortgages payable. Leases representing only 3.5% of total rentable area will expire between July 2011 and the end of 2012. As at June 30, 2011, the ratio of H&R's debt to gross book value (calculated in accordance with H&R REIT's Declaration of Trust) was 48.6% compared to 47.3% as at December 31, 2010.

Capital Transaction Highlights
During the second quarter 2011, H&R REIT:

- acquired an 80,000 square foot data centre in Lithia Springs, Georgia for a purchase price of U.S. $60.8 million. The property is leased for 20 years to PricewaterhouseCoopers LLP;
- acquired two industrial properties comprising 232,000 square feet in St. John, New Brunswick and Boucherville, Quebec for a purchase price of $19.8 million. The properties are leased to Carquest Canada for 20 years and indemnified by General Parts International Inc.;
- acquired 595 Bay Street, 20 & 40 Dundas Street West and 306 Yonge Street in Toronto, Ontario, which are collectively known as the "Atrium on Bay" for a total purchase price of $344.8 million. H&R REIT assumed a partial-recourse, $190 million mortgage having a remaining term to maturity of approximately 6 years. The property comprises 915,378 square feet of Class "A" office space and 135,929 square feet of prime retail space;
- acquired a 1,038,000 square foot distribution center in Jeffersonville, Georgia for a purchase price of U.S. $55.3 million. The property is leased for 20 years to Academy, Ltd. and
- together with H&R Finance Trust issued 9,030,000 Stapled Units at a price of $22.15 per Stapled Unit for gross proceeds of approximately $200 million;

Subsequent to June 30, 2011, H&R REIT entered into an agreement to acquire, for U.S. $415.5 million, a State-of-the-Art office tower in Long Island City, New York known as Two Gotham Center. The recently completed 22 storey Class A office tower comprises 661,000 rentable square feet of office space, 100% leased to the City of New York for an initial term of 20 years with contracted rental escalations of approximately 8% every 5 years, providing a bondable income stream secured by the superior AA credit of the City of New York, as well as an additional 9,000 square feet of prime ground floor retail space. The REIT secured a mortgage commitment of U.S. $250 million for a ten year term at an attractive annual fixed interest rate of 4.25% reflecting the high quality and security of the cash flow. The balance of the purchase price will be funded from the REIT's existing operating lines. Closing is expected to occur by the end of 2011; and

H&R REIT's President and CEO, Tom Hofstedter said: "*Considering the unprecedented global demand for superior New York properties, we are thrilled that we were able to enter into an agreement to acquire this trophy asset and secure such exceptional mortgage financing. This acquisition will enhance the REIT's portfolio of high quality assets leased on a long term basis to creditworthy tenants, and is a perfect compliment to our flagship development "The BOW" in downtown Calgary".*

Development Highlights
The REIT is currently developing the Bow in Calgary, AB. The Bow is a 2-million square foot head office complex pre-leased, on a triple net basis, to EnCana Corporation for a term of 25 years. The total annualized year one projected income from the Bow is expected to be approximately $94 million. Rent escalations will be 0.75% per annum on the office space and 1.5% per annum on the parking income for

the full 25-year term. Occupancy is currently expected to occur in tranches commencing in Q1 2012 with full occupancy expected by Q4 2012. The North Block budget has been revised to $1.60 billion to reflect IFRS changes and costs associated with the revised estimated occupancy tranches. As at June 30, 2011, H&R REIT had incurred approximately $1.18 billion of the $1.38-billion budgeted costs (excluding interest costs capitalized for accounting purposes).

Distribution Policy Adopted
H&R previously announced that the trustees have adopted a distribution policy pursuant to which the monthly combined distribution is intended to be increased as shown in the following table:

Distribution Period	Intended Monthly Distribution Per Stapled Unit	Intended Annualized Distribution Per Stapled Unit
Q3 2011 (July, August and September)	$0.08333	$1.00
Q4 2011 (October, November and December)	$0.08750	$1.05
Q1 2012 (January, February and March)	$0.09167	$1.10
Q2 2012 (April, May and June)	$0.09583	$1.15
Q3 2012 (July, August and September)	$0.10000	$1.20
Q4 2012 (October, November and December)	$0.10417	$1.25

The trustees retain the right to re-evaluate the distribution policy from time to time as they consider appropriate. As all distributions remain subject to the discretion, approval and declaration by the REIT's trustees, there is no assurance that the actual distributions declared will be as provided in the distribution policy.

Monthly Distributions Declared
The next declared distributions are scheduled as follows:

	Distribution/Stapled Unit	Annualized	Record date	Distribution date
September 2011	$0.08333	$1.00	September 14, 2011	September 28, 2011
October 2011	$0.08750	$1.05	October 17, 2011	October 31, 2011
November 2011	$0.08750	$1.05	November 16, 2011	November 30, 2011

About H&R REIT and H&R Finance Trust
H&R REIT is an open-ended real estate investment trust, which owns a North American portfolio of 37 office, 118 industrial and 131 retail properties comprising over 40 million square feet, with a net book value of approximately $5 billion. The foundation of H&R REIT's success since inception in 1996 has been a disciplined strategy that leads to consistent and profitable growth. H&R REIT leases its properties long term to creditworthy tenants and strives to match those leases with primarily long-term, fixed-rate financing.

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 is U.S. $130.9 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 Toronto Stock Exchange.

Forward-looking Statements

Certain information in this news release contains 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, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts including, in particular, H&R REIT's expectation regarding future developments in connection with *The Bow*, and the amount of actual distributions to unitholders notwithstanding the trustees adoption of a distribution policy. 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 risk 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; availability of cash for distributions; development and financing relating to *The Bow* development; 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; currency risk; unitholder liability; co-ownership interest in properties; competition for real property investments; environmental matters; reliance on one corporation for management of substantially all H&R REIT's properties; 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.

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