H&R ACQUIRES A U.S. RETAIL PLATFORM AND ENTERS INTO AN AGREEMENT FOR THE SALE OF A 50% NON-MANAGING INTEREST IN PLACE D'ORLEANS

Toronto, August 7, 2013 - H&R Real Estate Investment Trust ("H&R REIT") (TSX: HR.UN; HR.DB.D; HR.DB.E; HR.DB.H) is pleased to announce that it has acquired a one-third interest in ECHO Realty LP ("ECHO"). ECHO will be accounted for as an equity investment and will be immediately accretive on a Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") basis. In accordance with the management internalization announced last week, there will be no external acquisition or property management fees payable on this transaction.

Since the formation of ECHO in March 2000, ECHO has focused on two primary areas of business: (i) developing and owning a core portfolio of real estate, tenanted by Giant Eagle, Inc. ("Giant Eagle"), the leading grocer in the western Pennsylvania and eastern Ohio regions operating under the Giant Eagle, Market District, GetGo and Good Cents banners; and (ii) developing and selling shopping centres anchored by other large national retailers throughout the Eastern United States. ECHO is the largest landlord for Giant Eagle.

ECHO's portfolio consists of 176 properties, totaling approximately 7.4 million square feet and is expected to generate in excess of $84 million in net operating income annually with an average remaining lease term of 12.9 years. ECHO's portfolio is comprised of five property types: 160 retail assets, four office buildings, six industrial properties, four retail development projects, and two land parcels.

Giant Eagle is a tenant in 161 of the properties and contributes approximately 79% to ECHO's total annual revenue. Giant Eagle had revenue of $9.9 billion for their fiscal year ended June 2012 and has a mortgage bond rating of NAIC 2. The average annual sales per square foot of the Giant Eagle supermarkets in ECHO's portfolio is in excess of $600 per square foot.

The portfolio value amounts to approximately $1.165 billion at a weighted average cap rate of 7.3%. The portfolio has first mortgages totalling $410 million with an average remaining term of 10 years at an average annual interest rate of 6.1%. H&R will acquire limited partnership units from treasury in consideration for a total purchase price of approximately $294 million for H&R REIT's one-third share in ECHO. One-third of this purchase price was paid on closing, with a further one-third payable in 18 months from closing and the balance payable in 30 months. The second and third installments of the purchase price will bear interest at 3% per annum. H&R REIT will have the right to appoint two of the six ECHO board members. The proceeds from this transaction will be used by ECHO to further expand its retail portfolio by acquiring additional retail properties in the Eastern United States. H&R REIT also has a 5-year conditional option to acquire additional units resulting in H&R REIT owning up to 49.9% of ECHO at a purchase price no greater than fair market value.

H&R REIT's President and CEO, Tom Hofstedter states: "H&R is thrilled to be a partner in ECHO which provides H&R with a professional platform to consolidate and expand its U.S. retail holdings with a seasoned and well respected management team who shares H&R's disciplined approach to investing in real estate with a conservative outlook in leasing and financing long term."

ABOUT THE ECHO TEAM

Thomas Karet currently serves as Chief Executive Officer of ECHO Realty. Mr. Karet was the founding officer of ECHO Real Estate Services Company and has served in several of the company's senior leadership positions throughout the past thirteen years. Prior to joining ECHO Realty, Mr. Karet was a partner in the Chicago office of the law firm of Katten Muchin Rosenman LLP and was associated with the New York City office of the law firm of Morgan Lewis & Bockius LLP. Mr. Karet is a graduate of Phillips Academy Andover, Amherst College and Georgetown University Law Center.

Dr. Howard Biel currently serves as Senior Vice President of Acquisitions and Development for ECHO Realty. Prior to joining ECHO, he was the Senior Managing Director at Faison where he was responsible for the real estate acquisitions and development for the Northeast / Mid-Atlantic region. Dr. Biel also served as Chief Development Officer at Federal Realty Investment Trust, President of Palisades Realty and Development, Executive Vice President at Western Development, and Senior Vice President for Development at Edward J. DeBartolo Corporation.

Drew Gorman currently serves as Senior Vice President of Acquisitions and Development for ECHO Realty. Prior to joining ECHO, he was the Managing Director for Faison where he was responsible for all leasing and sales activities for the Northeast / Mid-Atlantic region. He also served as Senior Vice President of Development for Palisades Realty & Development and Chief Operating Officer-Northeast Region for Federal Investment Realty Trust.

Aaron Savin currently serves as Senior Vice President of Leasing and is currently responsible for ECHO Realty's retail brokerage group. He has conducted successful rollouts of Western Pennsylvania area stores for Pier 1 Imports, Michaels, Best Buy, Office Max, and ULTA. Mr. Savin has also overseen disposition efforts for K-Mart and Giant Eagle throughout Ohio and Pennsylvania. Since joining ECHO Realty, he has overseen the leasing of over 2 million square feet of shopping center space and represents several national retailers in connection with their expansion strategies.

John Palovsky is Vice President of Construction. Mr. Palovsky is currently responsible for ECHO Realty's construction management group and has been instrumental in the development of thirteen major retail projects totaling over 3 million square feet. Mr. Palovsky is a twenty-eight-year veteran of the real estate development and construction industry and served in various engineering, construction, and maintenance positions at Phar-Mor, Inc. Crown American Corporation, K-Mart Corporation, and J.C. Penney Company.

John Thomas currently serves as Vice President of Finance. Mr. Thomas has over seventeen years of public and private sector accounting experience with an emphasis on real estate syndication modeling, tax, financial due diligence, and business valuation. Mr. Thomas was formerly a special projects consultant for Louis Plung & Company where he was involved in various projects, including consulting for Giant Eagle and ECHO. Mr. Thomas is a graduate of Pennsylvania State University's Behrend College where he received a BS in Accounting. He is also a Certified Public Accountant in the State of Pennsylvania.

Philip Bishop currently serves as Vice President of Engineering. Mr. Bishop has over twenty five years of experience in the real estate development and engineering industry. While at ECHO Realty, Mr. Bishop has completed the design and development of numerous Target stores, Giant Eagle grocery stores, GetGo convenience stores, and other retail developments throughout the eastern United States. Prior to joining ECHO Realty, Mr. Bishop was a manager at Civil & Environmental Consultants, Inc. where he managed the design efforts for projects such as the Pittsburgh Mills Galleria Mall and The Waterfront.

SALE OF 50% NON MANAGING INTEREST IN PLACE D'ORLEANS

H&R REIT is also pleased to announce that it has, through its Primaris retail division, entered into an agreement to sell a 50% non-managing interest in Place d'Orleans, an approximately 760,000 square foot enclosed shopping centre in the Ottawa region, to a fund managed by Montez Corporation ("Montez"). Montez will be assuming 50% of the outstanding mortgage balance on the shopping centre being $55.1 million at an annual interest rate of 5.3% maturing in January 2018. The sale price for the 50% interest is approximately $110 million (before mark to market adjustment on the mortgage) which sale price represents a capitalization rate of approximately 5.5% before management fee income. The sale is expected to close mid-August.

“This sale of a non-managing 50% interest in Place d’Orleans is consistent with H&R’s strategy to leverage the Primaris platform, to act as both owners of regional shopping centres and as third-party managers, where appropriate” said Tom Hofstedter, CEO of H&R REIT. “We have said all along that the Primaris management platform is uniquely poised to add value and this transaction is a fulfillment of that vision. The sale proceeds will provide H&R with a significant portion of the current funds required for the acquisition of its interest in ECHO. In addition, we are very pleased to be partnering with Montez Corporation, a company known for its similar disciplined investment philosophy and focus on long-term real estate value. We are confident that this is just the beginning of what will be a lasting and mutually rewarding relationship for both companies.”

About MONTEZ

Montez Corporation, incorporated in 2002, is a diversified investment organization specializing in pension fund real estate investment management with properties in the shopping centre, office and industrial categories. Over the past 11 years, Montez Corporation has created 5 funds and 2 special purpose companies and currently manages assets of approximately $2 billion.

About H&R REIT

H&R REIT is an open-ended real estate investment trust, which owns a North American portfolio of 41 office, 112 industrial and 165 retail properties comprising over 53 million square feet and 3 development projects, with a fair value of approximately $13 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.

Forward-looking Statements

Non-GAAP Measures

H&R REIT's consolidated financial statements are prepared in accordance with international financial reporting standards ("IFRS"). However, in this press release, a number of measures which do not have a meaning recognized under IFRS or Canadian Generally Accepted Accounting Principles ("GAAP") are presented. FFO and AFFO are non-GAAP financial measures widely used in the real estate industry as a measure of operating performance. Management believes FFO to be a useful measure for investors as it adjusts for items included in net income that are not recurring including gain (loss) on sale of real estate assets, as well as non-cash items such as the fair value adjustments on investment properties. FFO should not be construed as an alternative to net income or cash flows provided by operating activities calculated in accordance with IFRS. AFFO is calculated by adjusting FFO for non-cash items such as: straight-lining of contractual rent, rent amortization of tenant inducements, effective interest rate accretion and unit-based compensation. Non-recurring costs that impact operating cash flow may be adjusted, and capital and tenant expenditures incurred and capitalized in the period by H&R REIT are deducted. There is no standard industry definition of AFFO.

Neither of these non-GAAP financial measures should be construed as alternative to financial measures calculated in accordance with GAAP. Further, H&R REIT's method of calculating these supplemental non-GAAP financial measures may differ from the methods of other real estate investment trusts or other issuers, and accordingly, these measures may not be comparable to those measures presented by other real estate investment trusts or issuers.

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