



B #:	2445-14
Date:	December 24, 2014
To:	All Participants
Category:	Dividends
From:	International Services
Attention:	Operations, Reorg & Dividend Managers, Partners & Cashiers
Subject:	<u>Tax Relief</u> : Country: Canada H&R Real Estate Investment Trust <u>CUSIP</u> : 404428203 <u>Record Date</u> : 12/15/2014 <u>Payable Date</u> : 12/31/2014 <u>H&R Finance Trust EDS CO</u> : 12/29/2014 7:59 PM (EST) <u>H&R REIT EDS CO</u> : 12/29/2014 8:00 PM (EST)

*******Important Information - Please Read*******

The distribution by of H&R Real Estate Investment Trust (“H&R REIT”) has been classified as having two components that require DTC to run two TaxReliefSM events.

1. **\$0.103374** – H&R REIT Distribution– Please read “H&R Real Estate Investment Trust (“H&R REIT”)” below for more information.
2. **\$0.009125** - H&R Finance Trust Distribution - Please read “H&R Finance Trust (“Finance Trust”)”

See below for TaxRelief requirements and eligibility prior to making an EDS tax election.

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Stapled units (“Stapled Units”) of H&R Real Estate Investment Trust (“HR REIT”) and H&R Finance Trust (“Finance Trust”).

CANADIAN WITHHOLDING TAX CONSIDERATIONS

DTCC clients should be aware of the Canadian tax withholding requirements on distributions to the holders of the Stapled Units of HR REIT and Finance Trust.

Under Canadian tax withholding law, each of the underlying securities of the Stapled Units are treated as separate and therefore the distributions to holders of the Stapled Units will be processed as follows:

H&R Finance Trust (“Finance Trust”)

For the portion of the distribution attributable to Finance Trust, only “Eligible Canadian Residents” as defined in Canada TaxInfo, will be able to make tax elections.

The following two tax rates will be available for the portion of the distribution attributable to Finance Trust:

“Eligible Canadian Residents” – 0%

“Eligible Canadian Residents”, as defined in Canada TaxInfo, are eligible to elect at the 0% withholding rate. When electing the 0% rate of withholding, eligible Canadian residents are required to provide a CRA identification number beginning with an 8 or 9, or for registered Canadian charities should use the identifier “CRC001”. Prior to electing at the exempt rate for registered Canadian charities, Participants must confirm that the Canadian charity is listed on the CRA website <http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html> and the charity status indicates ‘registered’.

Non “Eligible Canadian Residents” – 25%

Non “Eligible Canadian Residents” as defined in Canada TaxInfo, will only be allowed to elect at the 25% tax withholding rate. This is because for U.S. and Canadian income tax purposes, Finance Trust is treated as a hybrid entity and under Article IV(7)(b) of the income tax treaty between Canada and the United States (the “Treaty”), holders of certain hybrid entities are ineligible for the benefits of the Treaty with respect to distributions from such hybrid entities.

Please note that because Finance Trust is treated as a grantor trust for U.S. federal income tax purposes, distributions from the Staples Units that are attributable to Finance Trust may be subject to U.S. federal income tax withholding.

H&R Real Estate Investment Trust ("H&R REIT")

The portion of the distribution attributable to H&R REIT has been characterized as being made from a real estate investment trust ("REIT") or other investment trust which is not subject to the specified investment flow-through ("SIFT") rules. Only Canadian resident entities and U.S. charitable trusts are eligible for the 0.00% "Exempt" rate. In order to qualify for the exempt rate, participants must enter a tax control number issued by the Canada Revenue Agency; For Canadian residents the tax control number begins with an 8 or 9 followed by 5 digits; For U.S. charitable trusts must enter a tax control number that starts with a 1 followed by 5 digits.

Participants who do not certify for the favorable rate or exempt rate will receive payment at the 25% unfavorable tax withholding rate. Participants electing for the exempt rate and not complying with the required tax control number sequence may be subject to audit and reversal. Please refer to B# 0292-12 at <http://www.dtcc.com> for details.

If there are any questions regarding this Important Notice or the processing of related instructions via EDS, participants should contact DTCC's Customer Service Center at 1-(888)-382-2721.

Important Legal Information: *The Depository Trust Company ("DTC") does not represent or warrant the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of the information contained in this communication, which is based in part on information obtained from third parties and not independently verified by DTC and which is provided as is. The information contained in this communication is not intended to be a substitute for obtaining tax advice from an appropriate professional advisor. In providing this communication, DTC shall not be liable for (1) any loss resulting directly or indirectly from mistakes, errors, omissions, interruptions, delays or defects in such communication, unless caused directly by gross negligence or willful misconduct on the part of DTC, and (2) any special, consequential, exemplary, incidental or punitive damages.*

To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; and (b) as a matter of policy, DTC does not provide tax, legal or accounting advice and accordingly, you should consult your own tax, legal and accounting advisor before engaging in any transaction.