



H&R Increased Distributable Cash 7% in 2008;
Provides Update on The Bow Construction Financing

Toronto, Ontario, March 3, 2009 - H&R Real Estate Investment Trust (“H&R REIT”) and H&R Finance Trust (collectively, “H&R”) (TSX: HR.UN; HR.DB) announced today that their combined distributable cash increased by 3% in the three months ended December 31, 2008, and by 7% for the year as a whole, compared to the same periods in the previous year. As previously announced on October 1, 2008, H&R REIT completed an internal reorganization which resulted in, among other things, 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. Accordingly, H&R is providing its financial summary presented herein on a combined basis as in management’s view, the value of H&R unitholders’ investment is based on the combined financial performance of H&R and the combined financial information would therefore be the most useful information to unitholders.

Financial Results

H&R management considers H&R’s distributable cash to be an indicative measure in evaluating H&R’s performance. The following table includes non-GAAP (Generally Accepted Accounting Principles) information that should not be construed as an alternative to net earnings or cash flows from operations and may not be comparable to similar measures presented by other issuers as there is no standardized meaning of distributable cash under GAAP. Financial information for the periods ending after October 1, 2008 is presented herein on a combined and/or stapled basis. Financial information for the periods ended prior to October 1, 2008 is presented for H&R REIT.

	3 months ended Dec. 31		12 months ended Dec. 31	
	2008	2007	2008	2007
Combined distributable cash (millions) *	\$55.8	\$54.1	\$221.7	\$206.2
Combined distributable cash per stapled unit (basic)	\$0.38	\$0.40	\$1.57	\$1.57
Combined cash distributions (millions)	\$52.7	\$46.3	\$204.1	\$180.0
Combined cash distributions per stapled unit	\$0.36	\$0.34	\$1.44	\$1.37

Combined distributable cash per Stapled Unit (basic) decreased 5% in the fourth quarter 2008 (unchanged for the year) due to dilution resulting from the securities offering completed in June 2008 and to costs associated with H&R’s internal reorganization. Combined cash distributions increased 14% in the fourth quarter, and rose 13% (5% per stapled unit) for the 2008 year.

The following table includes results reported in accordance with Canadian GAAP.

	3 months ended Dec. 31		12 months ended Dec. 31	
	2008	2007	2008	2007
Rentals from income properties (millions)	\$156.9	\$149.7	\$608.7	\$580.7
Combined net earnings (millions) *	\$46.0	\$48.7	\$98.5	(\$2.2)
Combined net earnings per stapled unit (basic)	\$0.32	\$0.38	\$0.71	(\$0.02)
Combined cash provided by operations (millions) *	\$73.8	\$63.4	\$235.1	\$196.6

* Reconciliations of combined distributable cash to combined net earnings and to combined cash provided by operations are included in H&R’s combined MD&A.

H&R reported a 5% increase in rental income in both the fourth quarter and full year 2008, due primarily to property acquisitions. Combined net earnings decreased 6% (down 13% per stapled unit) in the fourth quarter and increased to \$98.5 million in 2008 from a loss of \$2.2 million in 2007. Combined cash provided by operations rose 16% in the fourth quarter and 20% for the year.

As at year end 2008, H&R reported financial ratios of 54.7% for debt to gross book value (calculated in



accordance with H&R REIT's declaration of trust) versus 58.8% as at December 31, 2007, and 51.4% for non-recourse debt to total debt (49.5% at year end 2007).

H&R's audited Combined Financial Statements and the notes thereto and Management's Discussion and Analysis (MD&A) relating thereto for the year ended December 31, 2008 are available on H&R REIT's website (www.hr-reit.com) and have been concurrently filed on SEDAR (www.sedar.com), as well as H&R REIT's audited Consolidated Financial Statements and the notes thereto, and H&R Finance Trust's audited Financial Statements and the notes thereto (each for the fiscal period ended December 31, 2008) and Management's Discussion and Analysis relating thereto.

The Bow Construction Financing

H&R REIT is pleased to announce that it has signed an engagement letter with RBC Capital Markets ("RBC") and TD Securities ("TD"), who will collectively act as co-lead arrangers and co-bookrunners for a \$425 million construction facility for H&R REIT's development project The Bow in Calgary on a reasonable best efforts basis (the "Financing"). RBC and TD have received all necessary internal approvals to commit up to \$250 million of the Financing contingent upon securing commitments for the remainder of the Financing and certain other conditions. The marketing process for receiving commitments for the remainder of the Financing is currently underway. If H&R REIT is successful in signing definitive agreements for the Financing, it will have satisfied all of the conditions of the private placement with Fairfax Financial Holdings Limited ("Fairfax"), pursuant to which Fairfax has agreed to purchase, at par, \$200 million of debentures (the "Fairfax Debentures"). In combination with the funds arising from reduced distributions and the Fairfax Debentures, and on the assumption that the other strategic initiatives which have been undertaken by H&R REIT will be successful, H&R REIT believes that the Financing (if completed) will allow it to successfully complete construction of The Bow.

H&R REIT is currently building a two million square foot office building in Calgary's downtown financial district. The REIT spent \$49 million on the \$1.5 billion project during the fourth quarter 2008, bringing H&R REIT's total investment to \$402 million by year end. H&R REIT expects to spend approximately \$375 million on the trophy project over the next 12 months. Further information regarding the budgeted costs to complete The Bow and actual costs incurred as at December 31, 2008, as well as the estimated funds required and projected sources of funds for the 2009-2011 period, is available in H&R's combined MD&A and H&R REIT's MD&A.

Operating Strategy

H&R REIT's operating strategy is to take a disciplined approach to investing in quality commercial properties that produce sustainable and growing distributable cash and attractive returns on equity for unitholders in the long run. H&R REIT has a strong track record of leasing its properties long term to creditworthy tenants and matching those leases with primarily long-term, fixed-rate financing. As a result, H&R REIT reported an overall portfolio average 98.9% occupancy rate and average terms to maturity of 11.5 years for its leases and 9.3 years for its mortgages. Leases representing only 6.9% of total rentable area will expire from 2009 to 2011, during which only 14.7% of H&R REIT's total mortgage principal will become payable.

Monthly Distribution Declared

H&R also announced a combined monthly cash distribution of \$0.06 per Stapled Unit (representing \$0.72 on an annualized basis), which will be scheduled as follows.

	Record date	Distribution date
March 2009	March 17	March 31
April 2009	April 16	April 30
May 2009	May 14	May 29



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 35 office, 124 industrial and 121 retail properties comprising 42 million square feet, with a net book value of \$4.7 billion. H&R Finance Trust is an unincorporated investment trust, which primarily invests in notes issued by an H&R REIT subsidiary. The units of H&R REIT trade together with the units of H&R Finance Trust as stapled units on the Toronto Stock Exchange. The foundation of H&R's success since inception in 1996 has been a disciplined strategy that leads to consistent and profitable growth. 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.

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 H&R REIT's and H&R Finance Trust's objectives, strategies to achieve those objectives, REIT's and H&R Finance Trust'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. 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 REIT's and H&R Finance Trust'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 REIT's and H&R Finance Trust's estimates and assumptions that are subject to risk and uncertainties, including those discussed in H&R REIT's and H&R Finance Trust's materials filed with the Canadian securities regulatory authorities from time to time, which could cause the actual results and performance of H&R REIT and H&R Finance Trust to differ materially from the forward-looking statements contained in this news release. Those risks and uncertainties include, among other things: Unit prices; availability of cash for distributions; development and financing relating to The Bow development; liquidity; credit and tenant concentration; interest rates and financing; tax; ability to access capital markets; dilution; lease rollover; construction; real property; debentures; mezzanine financing credit; currency risk; environmental matters; redemption right; and unitholder liability. 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 REIT and H&R Finance Trust caution that this list of factors is not exhaustive. Although the forward-looking statements contained in this news release are based upon what H&R REIT and H&R Finance Trust 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 H&R REIT and H&R Finance Trust, 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.

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