



H&R REIT Closes Construction Financing For The Bow

Toronto, Ontario, April 23, 2009 - H&R Real Estate Investment Trust ("H&R REIT") (TSX: HR.UN; HR.DB) is pleased to announce that it has now closed a \$425-million, 42-month construction facility (the "Financing") for H&R REIT's development project in Calgary "The Bow", with a syndicate of lenders led by RBC Capital Markets and TD Securities and including The Bank of Nova Scotia, Bank of Montreal, Alberta Treasury Branches and Canadian Western Bank.

H&R REIT has now fulfilled 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 bearing interest at a rate of 11.5% per annum (the "Fairfax Debentures"). Closing of the Fairfax Debentures, together with the warrants to be issued in connection therewith, is scheduled for April 24, 2009. In combination with the funds from the Financing, the Fairfax Debentures, funds retained from operations, existing credit facilities and the assumed successful completion of anticipated mortgage transactions and asset sales, H&R REIT is satisfied that it has the capital required to successfully complete construction of The Bow. The agreement with EnCana provides for a phased occupancy with the first tranche available in 2011, and full occupancy to occur in 2012. H&R REIT projects the net operating income in the first full year of operations of The Bow to be approximately \$94.3 million, with annual contractual rental escalations thereafter.

H&R REIT President & CEO Tom Hofstedter said, "We are very pleased to have reached this important milestone in the development of what will be the largest and most prominent office tower in Canada west of Toronto, and a magnificent addition to H&R REIT's North American portfolio. The successful syndication of the Financing is a testament to the confidence that Canadian financial institutions have in our ability to complete this landmark development on time and on budget. Our ultimate strategy is to secure a strategic joint venture partner, and to use a portion of the sale proceeds to repay our construction facility, thereby leaving us with excess cash proceeds and our remaining interest in The Bow free and clear of any debt."

Construction Update

H&R REIT is currently building The Bow, a two million square foot office building in Calgary's downtown financial district. EnCana will be head-leasing the entire office tower and all of the 1,361 underground parking spaces on a triple-net basis for an initial term of 25 years. The new skyscraper, designed by Fosters + Partners, is expected to reach 32 storeys by the end of this year and its full height of 58 storeys by June 2010.

As at March 31, 2009, H&R REIT has incurred approximately \$420.0 million of the \$1.33-billion budget, excluding capitalized interest costs for accounting purposes (the "Total Budget"). This Total Budget includes approximately \$85.0 million in development cost contingencies. In order to minimize the risk of cost overruns, H&R REIT has entered into fixed-price contracts amounting to 68% of the budgeted \$1.05 billion of hard construction costs. In addition, H&R REIT has entered into an interest rate swap that has effectively hedged its interest rate exposure during the term of the Financing. The annual effective interest rate for the Financing, including the cost of the swap, will be 6.90%. Budgeted interest expense, including the cost of the swap, for the Financing has been capitalized to the Total Budget. The interest rate swap, together with the fixed price construction contracts awarded and costs incurred to date, results in H&R REIT having effectively locked in 80% of the Total Budget before contingencies.

"We believe that we have now successfully resolved key issues regarding our sources of capital for the project and have secured fixed-cost contracts for all the major construction components. We are confident that our expected \$900 million equity investment required for this remarkable project will produce stable and growing returns for our unitholders for many years to come," added Mr. Hofstedter.



Appraisal

In connection with the Financing, H&R REIT has obtained an appraisal from a leading national appraisal firm indicating the estimated fair market value of The Bow, upon completion and full occupancy, based on market conditions as at April 1, 2009 to be \$1.36 billion.

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, 123 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 REIT'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.