



## **H&R Announces \$75 Million Offering of Convertible Debentures**

TORONTO, July 21, 2009 – H&R Real Estate Investment Trust (“H&R”) (TSX: HR.UN) has announced that it has entered into an agreement to sell, to a syndicate of underwriters co-led by CIBC, RBC Capital Markets and TD Securities Inc., on a bought deal basis, \$75 million principal amount 6.75% convertible unsecured subordinated debentures (“Debentures”). H&R has granted the underwriters an option, exercisable in whole or in part up to 48 hours prior to closing, to purchase an additional \$25 million of principal amount of Debentures. Should the option be fully exercised, the total gross proceeds of the financing will be \$100 million. Closing is expected to occur on or about July 30, 2009, subject to regulatory approval.

The net proceeds of the offering will be used to fund The Bow development in Calgary, Alberta and in the interim for general trust purposes.

The Debentures will bear interest at a rate of 6.75% per annum payable semi-annually in arrears on June 30 and December 31 in each year commencing on December 31, 2009, and will mature on December 31, 2014 (the “Maturity Date”). The Debentures will be convertible at the holder’s option into stapled units of H&R (the “Stapled Units”) at any time prior to the earlier of the Maturity Date and the date fixed for redemption at a conversion price of \$14.00 per Stapled Unit (the “Conversion Price”). The Debentures will not be redeemable on or before July 30, 2012. After July 30, 2012 and prior to July 30, 2013, the Debentures may be redeemed in whole or in part from time to time at H&R’s option provided that the volume weighted average trading price for the Stapled Units is not less than 125% of the Conversion Price. On and after July 30, 2013 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at H&R’s option at a price equal to their principal amount plus accrued interest. Subject to regulatory approval, H&R may satisfy its obligation to repay the principal amount of the Debentures on redemption or at maturity, in whole or in part, by delivering that number of Stapled Units equal to the amount due divided by 95% of the market price for the units at that time, plus accrued interest in cash.

The offering is being made under H&R’s existing short form base shelf prospectus dated May 11, 2009. The terms of the offering will be described in a prospectus supplement to be filed with Canadian securities regulators.

### **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, 122 industrial and 120 retail properties comprising 41 million square feet, with a net book value of \$4.5 billion. The foundation of H&R’s success since inception in 1996 has been a disciplined strategy that leads to consistent and profitable growth. The REIT leases its properties long term to creditworthy tenants and strives to match those leases with primarily long-term, fixed-rate financing. As a result, leases representing 6.7% of total rentable area will expire between the end of the first quarter 2009 and 2011, during which 13.7% of H&R REIT’s total mortgage principal will become payable.

H&R Finance Trust is an unincorporated investment trust, which primarily invests in notes issued by an H&R REIT subsidiary. 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. Accordingly, H&R provides its financial summary on a combined basis as management views it to be the most useful information to unitholders.

H&R’s unaudited Combined Financial Statements and the notes thereto and Management’s Discussion and Analysis (MD&A) relating thereto for the three months ended March 31, 2009 are available on H&R REIT’s website ([www.hr-reit.com](http://www.hr-reit.com)) and have been concurrently filed on SEDAR ([www.sedar.com](http://www.sedar.com)), as well as the unaudited Consolidated Financial Statements and the Notes thereto and Management’s

Discussion and Analysis for H&R REIT and for H&R Finance Trust. Additional information regarding H&R REIT and H&R Finance Trust is available at [www.hr-reit.com](http://www.hr-reit.com) and on [www.sedar.com](http://www.sedar.com).

### 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 ("the Trusts"), strategies to achieve those objectives, the Trusts' 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 the Trusts' current beliefs and are based on information currently available to management. These statements are not guarantees of future performance and are based on the Trusts' estimates and assumptions that are subject to risk and uncertainties, including those discussed in the Trusts' materials filed with the Canadian securities regulatory authorities from time to time, which could cause the actual results and performance of the Trusts to differ materially from the forward-looking statements contained in this news release. Those risks and uncertainties include, among other things, risks related to: Unit prices; 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; mezzanine financing credit risk; competition for real property investments; environmental matters; reliance on one corporation for management of substantially all the REIT's properties; changes in legislation and indebtedness of the Trusts. 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. The Trusts caution that this list of factors is not exhaustive. Although the forward-looking statements contained in this news release are based upon what the Trusts 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 the Trusts, except as required by applicable law, assume no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances.

For further information please contact:

Larry Froom, Chief Financial Officer  
Phone: (416) 635-7520  
Email: [info@hr-reit.com](mailto:info@hr-reit.com)

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