



H&R Closes Offering of \$150 Million Convertible Debentures

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Toronto, Ontario, July 30, 2009 – H&R Real Estate Investment Trust ("H&R REIT") (TSX: HR.UN) today closed its previously announced offering of 6.75% Series B convertible unsecured subordinated debentures due December 31, 2014 (the "Debentures"). H&R REIT had previously agreed to sell \$150 million of the Debentures, to a syndicate of underwriters co-led by CIBC, RBC Dominion Securities Inc. and TD Securities Inc. on a bought deal basis. The net proceeds of the offering will be used to fund H&R REIT's the Bow development project in Calgary, and in the interim for general trust purposes.

H&R REIT President & CEO Tom Hofstedter said, "With the closing of this debenture issue, we have now secured all of the funds required for completion of our trophy office development, the Bow in downtown Calgary, and we have the financial capacity to pursue additional investment opportunities as they arise."

In addition, DBRS has updated its ratings for H&R REIT and has confirmed H&R REIT's issuer rating of BBB with a Stable Trend.

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 34 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 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. 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.

Additional information regarding H&R REIT and H&R Finance Trust is available at www.hr-reit.com and on 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 (together, 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: prices and market value of securities of the Trusts; 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 H&R 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.