H&R Increases AFFO Per Unit 5% in Second Quarter 2009

Toronto, Ontario, August 13**,** 2009 - H&R Real Estate Investment Trust ("H&R REIT") and H&R Finance Trust (collectively, "H&R") (TSX: HR.UN; HR.DB and HR.DB.B) announced today that H&R's combined adjusted funds from operations ("AFFO") per unit increased by 5% in the three months ended June 30, 2009 and in the first half of 2009 compared to the same periods last year.

Financial Results

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

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
AFFO (millions) *	$58.4	$51.9	$119.6	$105.9
AFFO per stapled unit (basic)	$0.40	$0.38	$0.81	$0.77
Cash distributions (millions)	$26.6	$50.1	$53.2	$98.9
Cash distributions per stapled unit	$0.18	$0.36	$0.36	$0.72

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

	3 months ended June 30		6 months ended June 30	
	2009	2008	2009	2008
Rentals from income properties (millions)	$149.8	$149.5	$306.9	$295.8
Net earnings (millions) *	$18.9	$33.0	$41.0	$72.6
Net earnings per stapled unit (basic)	$0.13	$0.25	$0.29	$0.56
Cash provided by operations (millions) *	$50.2	$50.4	$120.2	$121.7

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

As at June 30, 2009, H&R reported financial ratios of 55.4% for debt to gross book value versus 56.5% as at December 31, 2008, and 49.5% for non-recourse debt to total debt (51.4% at December 31, 2008).

H&R REIT President and CEO Tom Hofstedter said, "We are confident that the difficulties we have encountered with restricted credit markets and US bankruptcies are largely behind us. We have successfully secured all the financing required to complete our trophy development of The Bow in Calgary. We have also completed a variety of capital transactions that have increased our liquidity and strengthened our balance sheet that provides us with the financial capacity to pursue additional attractive investment opportunities as they arise."

Operating Highlights

H&R REIT's operating strategy is to stabilize annual income and minimize market risk by leasing and mortgaging its properties for long periods of time. As a result, the average remaining term to maturity was 11.1 years for leases and 8.7 years for mortgages payable at the end of the second quarter, and the REIT's overall portfolio occupancy rate was 95.9%.

The Bow Development Project

H&R REIT is currently building The Bow, a two million square foot office building in Calgary's downtown financial district. EnCana Corporation will be head-leasing the entire office tower and all underground parking spaces on a triple-net basis for an initial term of 25 years. As at June 30, 2009, H&R REIT had incurred approximately $511 million of the $1.33-billion budget (excluding capitalized interest costs for accounting purposes). With the recent closing of a convertible debenture offering, H&R has secured all of the funds required for completion of this trophy office development.

Capital Transaction Highlights

Subsequent to June 30, 2009, H&R completed the following capital transactions:

- H&R REIT received $85-million, for a 5-year, first mortgage financing at a fixed interest rate of 6.5% for its newly completed Bell Corporate Centre Phase III expansion in Mississauga, Ontario;
- The REIT closed a public offering of $150 million of 6.75% Series B convertible unsecured subordinated debentures maturing December 31, 2014.
- H&R REIT secured a commitment to renew its general operating facility of $300 million with a Canadian national bank for a two-year period due August 15, 2011.

Monthly Distributions Declared

H&R announced a 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
September 2009	September 16	September 30
October 2009	October 16	October 30
November 2009	November 16	November 30

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, 121 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 5.8% of total rentable area will expire between the end of the second quarter 2009 and 2011, during which 13.5% 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.

For more information, please contact Larry Froom, Chief Financial Officer, H&R REIT, 416-635-7520, or e-mail info@hr-reit.com.

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