



H&R REAL ESTATE INVESTMENT TRUST

H&R Redeems Fairfax Warrants and Closes Offering of \$175 Million Convertible Debentures

Toronto, December 30, 2009 – H&R Real Estate Investment Trust ("H&R REIT") (TSX: HR.UN; HR.DB; HR.DB.B; HR.DB.C) announced today that it redeemed the 28,571,429 warrants issued to Fairfax Financial Holdings Limited and a subsidiary thereof, for an aggregate cash redemption price of approximately \$185.7 million on December 29th, and closed its previously announced offering of 6.00% Series C convertible unsecured subordinated debentures due June 30, 2017 (the "Debentures"). H&R REIT had previously agreed to sell \$175 million of the Debentures to a syndicate of underwriters co-led by RBC Capital Markets and CIBC World Markets on a bought deal basis. The net proceeds of the offering will be used for general trust purposes.

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, strategies to achieve those objectives, H&R REIT'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 offering of the Debentures and the redemption of the Fairfax warrants. 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 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 estimates and assumptions that are subject to risk and uncertainties, including those discussed in H&R REIT'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 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 H&R REIT; 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 H&R REIT. 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 cautions 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 believes are reasonable assumptions, including assumptions regarding achievable income property acquisition opportunities available to H&R REIT and the terms of available financing in connection with such acquisitions, 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, 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.

For further information:

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