



H&R Reports 2009 Fourth Quarter and Annual Results

Toronto, Ontario, February 25, 2010 - H&R Real Estate Investment Trust ("H&R REIT") and H&R Finance Trust (collectively, "H&R") (TSX: HR.UN; HR.DB; HR.DB.B, HR.DB.C) announced today its financial results for the fourth quarter and year ended December 31, 2009, which are set out below.

Financial Highlights

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 funds from operations ("FFO") and adjusted funds from operations ("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 Dec.31		12 months ended Dec.31	
	2009	2008	2009	2008
FFO (millions) *	\$54.5	\$46.9	\$225.2	\$228.3
FFO per stapled unit (basic)	\$0.37	\$0.32	\$1.52	\$1.61
AFFO (millions) *	\$51.1	\$54.8	\$223.4	\$214.3
AFFO per stapled unit (basic)	\$0.34	\$0.37	\$1.51	\$1.51
Cash distributions paid (millions)(net of DRIP)	\$24.4	\$44.0	\$97.7	\$161.8
Cash distributions per stapled unit	\$0.18	\$0.36	\$0.72	\$1.44

* Reconciliations of net earnings to FFO, and AFFO to cash provided by operations are included in the Trust's combined MD&A.

Excluding net losses on foreign exchange and swap derivatives, basic FFO per unit would have been \$0.39 for the three months ended December 31, 2009 (Q4 2008 - \$0.39), and \$1.64 for the year ended December 31, 2009 (2008 - \$1.66). Excluding tenant and capital expenditures, basic AFFO per unit would have been \$0.39 for the three months ended December 31, 2009 (Q4 2008 - \$0.40) and \$1.62 for the year ended December 31, 2009 (2008 - \$1.59). Cash distributions per unit decreased 50% in both the fourth quarter and year end after distributions were reduced in January 2009 to preserve capital for funding H&R's landmark development project – *The Bow* in downtown Calgary.

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

	3 months ended Dec.31		12 months ended Dec.31	
	2009	2008	2009	2008
Rentals from income properties (millions)	\$151.7	\$151.3	\$605.2	\$592.0
Net earnings (millions) *	\$29.9	\$45.8	\$86.5	\$97.7
Net earnings per stapled unit (basic)	\$0.21	\$0.33	\$0.61	\$0.73
Cash provided by operations (millions) *	\$66.6	\$73.4	\$238.9	\$233.2

As at December 31, 2009, H&R's debt to gross book value (calculated in accordance with the Declaration of Trust) was 52.5% (2008 - 54.8%) and non-recourse debt to total debt was 44.9% (2008 - 51.4%).

Development Highlights

H&R REIT is currently building *The Bow*, a two million square foot office building in Calgary's downtown financial district. EnCana Corporation has head-leased the entire office tower and all underground parking spaces on a triple-net basis for an initial term of 25 years. As at December 31, 2009, H&R REIT had incurred approximately \$652 million of the \$1.33-billion budget (excluding capitalized interest costs for accounting purposes). H&R has effectively locked in approximately 87% of total budgeted costs before contingencies, and secured all of the funds required for completion of this trophy office development. The annualized net rent from *The Bow* is expected to be \$94 million.



Operating Highlights

H&R'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 as at December 31, 2009 was 10.5 years for leases and 8.3 years for mortgages payable, and the REIT's overall portfolio occupancy rate was 99%.

Capital Transaction Highlights

During the fourth quarter of 2009, H&R issued \$175 million of 6.00% convertible unsecured subordinated debentures, sold an industrial property for gross proceeds of \$140 million, and redeemed 28.6 million warrants issued to Fairfax Financial Holdings Limited for approximately \$186 million. During 2009, the REIT did not acquire any properties, sold seven properties for gross proceeds of \$217 million, and raised \$525 million from three debentures.

Subsequent to year end, as previously announced in February 2010, H&R issued \$115 million of 5.196% Series A senior unsecured debentures maturing February 3, 2015 and \$115 million of 5.902% Series B senior unsecured debentures maturing February 3, 2017, and repurchased \$200 million of outstanding non-convertible 11.5% debentures for a total repurchase price of approximately \$230 million (including accrued interest of approximately \$2.1 million). H&R will recognize a one-time, non-recurring charge to its consolidated statement of earnings of approximately \$38.9 million, representing the difference between the repurchase price (excluding accrued interest expense) and the non-convertible debentures carrying value of approximately \$189 million. These accretive transactions have reduced H&R's interest costs and extended and staggered its debt maturity profile.

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
March 2010	March 17	March 31
April 2010	April 16	April 30
May 2010	May 14	May 31

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, 118 industrial and 117 retail properties comprising over 38 million square feet, with a net book value of \$4.1 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 only 7.5% of total rentable area will expire over the next three years, during which time \$352.8 million of mortgages will mature representing 12.5% of H&R REIT's mortgages payable.

H&R Finance Trust is an unincorporated investment trust, which primarily invests in notes issued by a subsidiary of H&R REIT. During 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. In particular, the financial statements, and management's discussion and analysis as at and for the year ended December 31, 2009 in respect of H&R REIT, H&R Finance Trust and H&R have been concurrently filed on SEDAR and are available on H&R REIT's website. For more information, please contact Larry Froom, Chief Financial Officer, H&R REIT, 416-635-7520, or e-mail info@hr-reit.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, "H&R"), strategies to achieve those objectives, H&R'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'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's estimates and assumptions that are subject to risk and uncertainties, including those discussed in H&R's materials filed with the Canadian securities regulatory authorities from time to time, which could cause the actual results and performance of H&R 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; 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. 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 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 believes is 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, 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.