H&R Reports Solid Q4 Results and Increases the Quarterly Distribution Policy

Toronto, Ontario, February 24, 2011 - 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; HR.DB.D) announced its financial results for the fourth quarter ended December 31, 2010.

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"), normalized funds from operations ("NFFO") and adjusted funds from operations ("AFFO") under GAAP. Management believes that these are meaningful measures of operating performance. Readers are encouraged to refer to H&R's combined MD&A for further discussion of non-GAAP information presented.

	3 months ended December 31		12 months ended December 31	
	2010	2009	2010	2009
FFO (millions) [1]	$57.0	$52.0	$191.9	$215.1
FFO per Stapled Unit (basic)	$0.38	$0.35	$1.28	$1.45
NFFO (millions) [1] [2]	$58.1	$56.4	$220.3	$235.9
NFFO per Stapled Unit (basic)	$0.39	$0.38	$1.47	$1.59
AFFO (millions) [1]	$55.4	$51.1	$178.5	$223.4
AFFO per Stapled Unit (basic)	$0.37	$0.34	$1.19	$1.51
Cash distributions paid (millions)	$28.5	$24.4	$103.7	$97.7
Distributions per Stapled Unit	$0.22	$0.18	$0.79	$0.72

(1) H&R's MD&A includes reconciliations of: net earnings to FFO and NFFO; FFO to AFFO; and AFFO to cash provided by operations. Readers are encouraged to review such reconciliations in the MD&A.

(2) NFFO adjusts FFO for additional recoveries of capital expenditures in excess of items expensed in property operating costs, the net loss on derivative instruments and foreign exchange, the mortgage interest accruals on non-recourse mortgage defaults and other non-recurring items.

For the 12 months ended December 31, 2010, FFO and AFFO were each reduced by a one-time, non-recurring loss of $38.8 million which resulted from the early repayment of the Fairfax non-convertible debentures in February 2010. Excluding this one-time debenture repayment loss, FFO and AFFO for the 12 months ended December 31, 2010 would have been $1.54 and $1.45, respectively, per Stapled Unit. The following table includes results reported in accordance with Canadian GAAP.

	3 months ended December 31		12 months ended December 31	
	2010	2009	2010	2009
Rentals from income properties (millions)	$160.3	$151.7	$615.6	$605.2
Net earnings (millions)	$10.6	$29.9	$172.3	$86.5
Net earnings per Stapled Unit (basic)	$0.07	$0.21	$1.19	$0.61
Cash provided by operations (millions)	$79.7	$66.6	$243.2	$238.9

During the second quarter of 2010, H&R REIT completed the necessary restructuring to qualify for the REIT Exemption under the SIFT rules commencing January 1, 2011. Accordingly, net future income tax liability of $123.3 million was reversed into earnings for the 12 months ended December 31, 2010. Excluding this income tax recovery and the one-time debenture repayment loss of $38.8 million, basic net earnings per Stapled Unit would have been $0.59 for the 12 months ended December 31, 2010.

As at December 31, 2010, the ratio of H&R's debt to gross book value (calculated in accordance with H&R REIT's Declaration of Trust) was 50.3% compared to 52.5% as at December 31, 2009. The improvement was primarily due to changes to the definition of this ratio which were approved by the unitholders at the annual and special general meeting in June 2010.

Development Highlights
H&R REIT is currently building "*The Bow*", a two million square foot landmark office building in Calgary's downtown financial district. EnCana Corporation is head-leasing the entire office tower and all underground parking spaces on a triple-net basis for an initial term of 25 years including annual contractual escalations. As at December 31, 2010, H&R REIT had incurred approximately $1.0 billion of the $1.33-billion budgeted costs (excluding interest costs capitalized for accounting purposes). H&R REIT has effectively locked in 97% of total budgeted costs before contingencies and has successfully secured all of the financing required for completion of this trophy office development. Once the Bow is complete, H&R REIT expects that it will generate net annual rent of approximately $94 million.

Capital Transaction Highlights
During the fourth quarter 2010, H&R REIT:

- amended the construction facility for the Bow which included, among other things, eliminating the limit on distributions and reducing the annual effective interest rate, including the cost of the swap, from 6.9% to 4.65%; and
- acquired one retail property and two office properties located in the United States having an aggregate leasable area of approximately 241,000 square feet for an aggregate purchase price of approximately U.S. $38.8 million. H&R REIT assumed approximately U.S. $28.5 million of mortgages on these properties and expects to earn an initial levered return in excess of 10% per annum.

Subsequent to December 31, 2010, H&R REIT:

- entered into a conditional agreement to purchase 595 Bay Street, 20 & 40 Dundas Street West and 306 Yonge Street in Toronto, Ontario, which are collectively known as the "Atrium on Bay" for a total purchase price of $344.8 million. As part of the foregoing purchase price, but subject to lender approval, H&R REIT will assume a non-recourse, $190 million mortgage having a remaining term to maturity of approximately 6 years;
- issued $180 million of unsecured senior debentures bearing interest at an annual rate of 4.78% due July 27, 2016; and
- acquired two retail properties comprising 158,000 square feet in the United States for a purchase price of U.S. $32 million. A mortgage payable of U.S. $6.4 million was assumed on one of the properties.

Operating Highlights
H&R REIT's operating strategy is to stabilize annual earnings and minimize market risk by leasing and mortgaging its properties on a long-term basis. As a result, the average remaining term to maturity as at December 31, 2010 was 10.2 years for leases and 8.0 years for mortgages payable. Leases representing only 1.2% of total rentable area will expire in 2011, and only 6.5% of H&R REIT's total mortgage payable will mature in 2011.

Increase to the Intended Distribution Policy
Consistent with H&R REIT's positive outlook, the trustees have adopted an updated distribution policy to replace the distribution policy previously announced in May 2010, by increasing the annualized intended distribution per Stapled Unit and extending the policy for an additional two quarters until the quarter ending December 31, 2012.

The updated intended annualized distribution per Stapled Unit and the previously announced intended annualized distribution per Stapled Unit is set out in the table below:

Distribution Period	Updated Intended Annualized Distribution Per Stapled Unit	Previously Announced Intended Annualized Distribution Per Stapled Unit
Q1 2011 (January, February and March)	$0.90	$0.90
Q2 2011 (April, May and June)	$0.95	$0.93
Q3 2011 (July, August and September)	$1.00	$0.96
Q4 2011 (October, November and December)	$1.05	$0.99
Q1 2012 (January, February and March)	$1.10	$1.02
Q2 2012 (April, May and June)	$1.15	$1.05
Q3 2012 (July, August and September)	$1.20	$ -
Q4 2012 (October, November and December)	$1.25	$ -

The trustees retain the right to re-evaluate the distribution policy from time to time as they consider appropriate. As all distributions remain subject to the discretion, approval and declaration by the REIT's trustees, there is no assurance that the actual distributions declared will be as provided in the distribution policy.

Monthly Distributions Declared
The next declared distributions are scheduled as follows.

	Distribution/stapled unit	Annualized	Record date	Distribution date
March 2011	$0.0750	$0.90	March 17, 2011	March 31, 2011
April 2011	$0.0792	$0.95	April 15, 2011	April 29, 2011
May 2011	$0.0792	$0.95	May 16, 2011	May 31, 2011

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, 118 industrial and 129 retail properties comprising over 39 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.

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.

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*, and the

amount of actual distributions to unitholders notwithstanding the trustees adoption of a distribution policy. 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; competition for real property investments; environmental matters; reliance on one corporation for management of substantially all H&R REIT's properties; and 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.

Additional information regarding H&R REIT and H&R Finance Trust is available at www.hr-reit.com and on www.sedar.com. 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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