



H&R Announces Concurrent Offerings of \$125 Million of Stapled Units and \$75 Million of Convertible Debentures

TORONTO, November 8, 2011 – H&R Real Estate Investment Trust (the “REIT”) and H&R Finance Trust (together with the REIT, “H&R”) (TSX: HR.UN) have announced that H&R will sell approximately \$125 million of stapled units (the “Stapled Units”) at a price of \$22.00 per Stapled Unit and that the REIT will concurrently sell \$75 million principal amount of 4.50% convertible unsecured subordinated debentures (the “Debentures”). Both offerings are being sold on a bought deal basis to a syndicate of underwriters co-led by CIBC and RBC Capital Markets. Closing is expected to occur on November 22, 2011, subject to regulatory approval.

The net proceeds from the offerings will be utilized by H&R to repay bank indebtedness, fund future property acquisitions and for general trust purposes.

The Debentures will bear interest at a rate of 4.50% per annum payable semi-annually in arrears on June 30 and December 31 in each year commencing on December 31, 2011, and will mature on December 31, 2016 (the “Maturity Date”). The Debentures will be convertible at the holder’s option into stapled units of H&R (the “Stapled Units”) at any time prior to the earlier of the Maturity Date and the date fixed for redemption at a conversion price of \$25.70 per Stapled Unit (the “Conversion Price”). The Debentures will not be redeemable on or before November 30, 2014. After November 30, 2014 and prior to November 30, 2015, the Debentures may be redeemed in whole or in part from time to time at the REIT’s option provided that the volume weighted average trading price for the Stapled Units is not less than 125% of the Conversion Price. On and after November 30, 2015 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at the REIT’s option at a price equal to their principal amount plus accrued and unpaid interest. Subject to regulatory approval, the REIT may satisfy its obligation to repay the principal amount of the Debentures on redemption or at maturity, in whole or in part, by delivering that number of Stapled Units equal to the amount due divided by 95% of the market price for the Stapled Units at that time, plus accrued interest in cash.

The offerings are being made under H&R’s existing short form base shelf prospectus dated March 31, 2011. The terms of the offerings will be described in a prospectus supplement to be filed with Canadian securities regulators.

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’s expectation regarding the closing of the offering of the Stapled Units and the Debentures and future acquisition of properties. 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 of H&R'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.

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