

Tax Treatment of 1997 Distributions

During 1997, distributions to its Unitholders by the H & R Real Estate Investment Trust were as follows:

<u>Record Date</u>	<u>Payment Date</u>	<u>Distribution Per Unit</u>
March 31	April 15	\$0.170
June 30	July 15	0.174
September 17	October 15	0.150
September 30	October 15	0.018
December 15	December 31	<u>0.170</u>
		<u>\$0.682</u>

No part of these distributions is required to be included in the Unitholders' taxable income for 1997. **Accordingly, no T3 Supplementary slips will be issued to Unitholders for the 1997 taxation year.**

For income tax purposes, the 1997 distributions are treated as return of capital which reduces the adjusted cost base of the units to the Unitholders.