H&R REIT
2023 First Quarter Earnings Conference Call
May 12, 2023

3.00p.m. E.T.

Operator: Good afternoon, and welcome to H&R Real Estate Investment Trust's 2023 first quarter earnings conference call. Before beginning the call, H&R would like to remind listeners that certain statements, which may include predictions, conclusions, forecasts, or projections in the remarks that follow may contain forward-looking information, which reflect the current expectations of management regarding future events and performance, and speak only as of today's date.

Forward-looking information requires management to make assumptions or rely on certain material factors, and is subject to inherent risks and uncertainties, and actual results could differ materially from those statements in the forward-looking information. In discussing H&R's financial and operating performance, and in responding to your questions, we may reference certain financial measures, which do not have a meaning recognized or standardized under IFRS or Canadian, generally accepted accounting principles, and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers.

Non-GAAP measures should not be considered as alternatives to net income or comparable metrics determined in accordance with IFRS as indicators of H&R's performance, liquidity, cash flows, and profitability. H&R's management uses these measures to aid in assessing the REIT's underlying performance, and provides these additional measures so that investors can do the same. Additional information about the material factors, assumptions, risk and uncertainties that could cause actual results to differ materially from the statements in the forward-looking information and the material factors or (audio gap) that may have been applied in making such statements, together with details on H&R's use of non-GAAP financial measures, are discussed in more detail in H&R's public filings, which can be found on H&R's website and www.sedar.com.

I would now like to introduce Mr. Tom Hofstedter, Chief Executive Officer of H&R REIT. Please go ahead, Mr. Hofstedter.

Tom Hofstedter: Good afternoon. I'm Tom Hofstedter. I'd like to thank everyone for joining us today to discuss H&R's first quarter financial and operating results and strategy. With me on the call are Don Clow, Lead Independent Trustee; Larry Froom, our Chief Financial Officer; and Emily Watson, Chief Operating Officer from our Lantower Residential Division. Before I dive into my prepared remarks, I'd like to ask Don to make a few opening remarks. Don?

Don Clow: Thank you, Tom. And hello, everyone. I'm pleased to be here today, with the H&R management team, on behalf of the Board of Trustees. Over the last two months, I've spent a considerable amount of time meeting with investors and activists, alike. I understand their point of view. I'm pleased the process resulted in the nomination of two, strong board

members, Lindsay Brand and Leonard Abramsky, both of whom have extensive experience in the capital markets and the real estate industries, and will add significant value to H&R.

I want everyone to know that H&R's Board is supportive of the re-positioning strategy articulated in October 2021. We are also supportive of Tom and the management team, and their strong execution of the strategy, to date. The Board will continue to hold management accountable to deliver on the strategy, over the short-, medium-, and long-term.

In summary, on behalf of the Board, we're excited about the Board renewal and expansion that's taken place. We're pleased at the caliber of trustees that have been assembled, and we look forward to supporting management to achieve our strategy. Tom?

Tom Hofstedter: Thanks, Don.

Since we announced our transformational, strategic repositioning plan on October 27, 2021, we have made very meaningful progress. By year-end 2021, we completed the sale of over $4 billion of retail and office properties, successfully enhancing portfolio geographical exposure, asset mix, tenant diversification, while also lowering leverage and increasing liquidity. Throughout 2022, we sold over $463 million in non-core properties, re-allocating that capital to buy back stock through our NCIB. Last year, we bought back and canceled almost $300 million of our units, or 22.9 million units, at a 40% discount to our net asset value, creating a $0.66 per unit increase in our NAV.

As we are approaching the halfway mark to 2023, our year-to-date, completed dispositions totaled $296 million, mainly comprised of the office property at 160 Elgin in Ottawa, and we anticipate a further $300 million in sales throughout the balance of the year, including the successful closing of four, Canadian single-tenant in Ronas.

As a result of this disciplined, capital allocation approach over this time period, we have augmented our growth profile meaningfully, achieving double-digit growth in same-property NOI since the announcement of our repositioning strategy, and increasing our allocation to residential and industrial, from 23, and 8%, respectively, at Q2 2021, to 39% and 15%, a total of 54%, as of Q1 of this year. Over this time period, our office exposure, excluding the rezoning portfolio, has declined from 38% to 20%.

Coinciding with this progress is the improvement to our liquidity position and balance sheet metrics, our results in one of the top performing REITs in 2022, beating the Canadian Capped REIT index by 17%.

Year-to-date, our portfolio and team are producing strong, financial and operating results across all our property classes. Residential continues to be strong, with rental grade growth; our high-quality, well-located office properties, with long-weighted, average lease terms remained attractive investments for potential buyers, at 98.6% occupancy.

Industrial properties, located in key, industrial markets remained in high demand, as we realized continued rental growth; and our high-quality, grocery-anchored and single-tenant retail property portfolio are well -- are performing well, providing essential services to their respective communities. With each passing quarter, we are moving H&R through our re-positioning plan and will continue to drive further momentum as we execute on our plans to deliver value to our unitholders.

As we announced earlier this week, Phillippe Lapointe has stepped down as President of the REIT. In his almost 10-year tenure with H&R, he was instrumental in the creation and growth of Lantower Residential, where he oversaw the residential team. On behalf of the H&R

REIT and the Lantower teams, I would like thank Phillippe for his service, and wish him the best of luck in his future endeavours.

Phillippe leaves H&R in a strong position, with a highly skilled and experienced residential management and development platform at Lantower, that will continue H&R's successful execution against our re-positioning plan.

Leading this team is Emily Watson, Lantower's Chief Operating Officer, with over 25 years of multi-residential experience. Emily is responsible for driving operational execution and performance, including leading and overseeing portfolio and property management, development, finance, operations, and strategic planning. She is a highly experienced real estate executive, and in combination with Lantower's senior leadership team, they have over $4 billion of transaction volume under their belts and $2.5 billion in development deliveries. I am thrilled to have an individual of her caliber leading the Lantower team, driving growth for our unitholders.

Turning to our performance, we have achieved a number of key milestones, year-to-date, aligned to strategy. First, is the successful disposition of 160 Elgin, for $277 million, which closed on April 20th, H&R's only Ottawa to office property, comprising 973,000 square feet in downtown Ottawa. Given the considerable headwinds of the public and private real estate markets, we are very pleased to have completed this transaction.

This one property represented 19% of our Canadian office portfolio, and reduces our total office exposure, excluding the rezoning properties, to 20%, on a fair-value basis. This brings our year-to-date dispositions to a total of $296 million. Our remaining office portfolio consists of three segments, totaling approximately $3 billion. Number one is the U.S. office

segment, which almost exclusively consists of two high-rises, in New York City and Houston, representing approximately $1.3 billion, or approximately 42% of the $3 billion total office portfolio. Number two is the Canadian office segment currently undergoing re-zoning, representing $815 million, which will increase in value once the re-zoning is complete, moving properties to their highest and best use. And number three, the Canadian office portfolio not subject to re-zoning, that's slated for disposition, which represents the remaining $674 million.

The second milestone accomplished during the quarter was the unlocking of value through the re-zoning of selected office properties, which we have realized through fair value increases in the quarter. Third, we increased distributions by 11.1%, effective January 2023. And lastly, we've enhanced our balance sheet with reduced leverage and increased liquidity. As we approach our annual general meeting on June 15, on behalf of the H&R team, I'd like to thank Ronald Rutman for his 27 years of service as a Trustee on H&R's Board, including eight years as Chair, and most recently as Vice Chair and Lead Independent Trustee.

We're really excited about the new trustees joining the Board and we've already welcomed Don Clow as Lead Independent Trustee. Many of you know Don from his Crombie days, where under his leadership, Crombie delivered consistent growth and superior unitholder returns, while achieving record occupancy levels and significantly strengthening the balance sheet. His experience and expertise encompassed the entire real estate development cycle, from land assembly, acquisitions and divestments and developments, planning approval, and capital structure.

In a very short period of time, Don has already made a meaningful impact on our company, and I know his guidance will continue to be invaluable as we continue to complete

the REIT's transformational strategy. As Don mentioned earlier, last month, we announced two, very strong board nominees, Lindsay Brand and Leonard Abramsky, additional bench strength to our Board.

Lindsay is an experienced, real estate industry executive and investor, who most recently served as Chief Investment Officer at Dream Unlimited, where she led over $2 billion of acquisitions and structured over $3 billion of development partnerships. Prior to Dream, Lindsay held positions at CIBC, in real estate commercial banking and corporate development.

Leonard is the founder of President of the Dunloe Group, a real estate investment company. Previously, he was managing partner at Brookfield Financial Corporation, where he held positions of increasing responsibility in a number of areas, including the active trading and financing of all forms of commercial property, and also oversaw its international expansion.

On successful election of Lindsay and Leonard at our upcoming AGM, and with the addition of Don Clow as Lead Independent Trustee, our Board will be comprised of 80% independent trustees and 40% women. As a result of our board renewal process that began in 2017, all eight of the REIT's independent Trustees that have joined the Board within the last three years. With the unwavering support of this distinguished board, the H&R team continues to have a clear direction, as we execute on our repositioning strategy.

You should expect us to continue to act on our plan, and as have been doing since October 27, 2021, with discipline, transacting when we can to service value for our unitholders. With today's strong, quarterly results, we are on our way to creating a simplified growth-oriented company that will serve as significant value for unitholders.

And with that, I will turn it over to Larry.

Larry Froom: Thank you, Tom, and good afternoon, everyone. In our comments to follow, all references of the growth and increasing in operating results are in reference to the three months ended 2023, compared to three months ended 2022.

As Tom mentioned, the strategy of selling office and retail properties in order to increase allocations to residential and industrial properties, is bearing fruit.

H&R's same-property, net operating income, on a cash basis, increased by 10.5%. Breaking the growth down between our segments. Lantower, our residential division, led the way, with a 21.3% increase, primarily driven by an increase in occupancy at Jackson Park in New York, a strengthening of the U.S. dollar, and strong growth in rents from our properties in the sunbelt states. Lantower, same-property net operating income, in U.S. dollars, grew by a very healthy 14.1%. Emily will provide more detail on this growth shortly.

Industrial, same-property, net operating income increased by 10.2%, driven by rent increases from new and renewing tenants, as well as an increase in occupancy. Office, same-property net operating income increased by 5.4%. The increase was largely attributable to the strengthening U.S. dollar and the receipt of $855,000 as a lease-termination payment. Our office properties are in strong, urban centres, with a weighted-average lease term of 7.2 years, and leased to strong, creditworthy tenants, with 80.4% of office revenues coming from tenants of investment-grade ratings.

I would like to point out that only 346,000 square feet of leases expire, and that mainly in office property, through the remainder of 2023, which is approximately 5% of the total square footage in our office portfolio.

Of the 346,000 square feet that expire, 105,000 is from 6900 Maritz, in Mississauga, which now expires in 2023. H&R received a termination payment of $865,000 in Q1 2023, and will receive an additional $2.5 million in Q3. H&R is preparing a Site Plan application for submission to the City of Mississauga, for a new, single-story, 120,000 -- 122,000 square foot, industrial building to replace the 105,000 square foot building. Site Plan approval is expected by Q4 of this year.

And lastly, retail, same-property NOI increased by 6.2%, primarily driven by the strengthening of the U.S. dollar.

Q1 2023 FFO was $0.21 per unit, compared to $0.28 per unit in Q1 2022, an 11% increase, driven by strong, operational performance across all segments, and aided by the U.S. dollar.

Commencing in January 2023, H&R's monthly cash distribution increased to $0.05 per unit, or $0.60 per annum, an 11% increase over 2022 distribution, excluding a special distribution in December 2022. H&R's Q1 2023 payout ratios remain healthy, at 48% of FFO and 58% of AFFO, notwithstanding the increase in distributions.

Net asset value per unit, as of March 31, 2023, was $21.95 per unit, up from $21.80 at December 31, 2022. The following, overall, weighted average cap weights were used in deriving the fair values of the investment properties – 4.31% for residential properties, 5.2% for industrial properties, 6.4% for retail properties, 6.85% for U.S. office properties, 4.52% for the eight, Canadian office properties advancing through the re-zoning and incentivization process, to be converted into predominately residential properties, and 7.18% for the remaining eight, Canadian office properties.

On debt, I would like to draw your attention to page 25 of the MD&A for new disclosures on the breakdown of debt per segment.

Debt to total assets at March 31, 2023, was 43.9%, compared to 44% at the end of 2022, and liquidity was in excess of $900 million. In terms of development spending for the remainder of this year, we expect to spend approximately $101 million U.S. on our U.S. residential developments, and approximately $40 million on our Canadian, industrial developments.

In summary, we are very pleased with our 2023 results, to date, and confident that our high-quality properties and strong balance sheet will continue producing good results for the remainder of the year.

With that, I will turn the call over to Emily.

Emil Watson: Thank you, Larry.

Good afternoon, everyone. I am delighted to join the call to share with you some of our first quarter highlights from our multi-family platform. Before we jump in, on behalf of the Lantower team, I'd to thank Phillippe for his leadership, guidance, and mentorship and wish him success in the future. I am excited to continue to lead the Lantower team in making meaningful contributions to H&R's repositioning plan. Additionally, I look forward to working more closely with Tom, the H&R executive team, and the Board of Trustees.

Jumping into first quarter results, we are pleased with the performance of the portfolio. When excluding Jackson Park, same-property, net operating income from our portfolio, in U.S. dollars, increased by 12.9% for the three months ending on March 31, 2023, compared to the respective 2022 period. When including Jackson Park, same-property operating income from our portfolio, in U.S. dollars, increased by 14.1%.

As we have seen in previous quarters, long-term demographic trends remained strong for the apartment sector. Although new supply continues to make headlines, an overall housing shortage still remains, interest rates continue to rise, with a gap between rent-to-own rates, making it harder for our residents to become homeowners. We continue to experience strong, rental rate growth in all of our U.S. sunbelt markets.

For Q1, our blended lease trade-out for our portfolio, included Jackson Par -- excluding Jackson Park, was 6.4%. Despite the reports of elevated supply, we believe our well-located and high-quality product will buoy our future occupancy and continue to support our rental growth. Despite the reported headwinds, our multi-family portfolio ended the first quarter at 95.3% occupancy, while still achieving healthy rent growth.

On the development front, Lantower West Love, in Dallas, Texas, is on schedule and on budget, and recently finished most of the concrete garage and foundation work. Framing for the first few turns of the development should reach floor five, its top floor within a couple of weeks. Also in Dallas, Texas, Lantower Mid-Town is on schedule and on budget, with planning commencing next week.

As mentioned in previous quarters, we expected limited variance in the hard-cost budget, based on how we are tracking. As it relates to the balance of Lantower's development pipeline, we are progressing through the different phases of design, drawing, and permitting. We've received multiple, new building permits in Q1 for new projects, underscoring our intent to be fully prepared to capitalize our development pipeline, when the time is right. As we prepare for the future growth of our portfolio, we continue our prop-tech initiative, to set the foundation for scalability.

Fortunately, technology has emerged that creates efficiencies, provides transparency to optimize staffing levels, and reduces the dependency on thinning labour pools. In Q1, some of our prop-tech advances included expanding our centralized services, which included transitioning renewal negotiations from our onsite team to a central service team. Additionally, we began testing artificial intelligence to improve rent collections. Our AI software sends residents that are past due on their rent, emails and text messages to encourage and remind them payment is due.

Early indicators show great success with the artificial intelligence platform, saving over 170 hours of our team's time, handling over 1,000 conversations with late payers, while decreasing delinquency from prior months.

I would also like to take a moment to comment on our residential platform's growth and culture. We recently concluded Lantower's leadership conference at Universal Studios Orlando, where we hosted all of our leaders, and future leaders, across the Lantower platform.

It was great to bring our team together, recognizing the achievements the team has made, and part of the culture recipe that has led us to being awarded Best Places to Work in Texas for 2023. I know many of you on the call today also saw a glimpse of that culture when you attended our Investor Day a few weeks ago. The team cohesion and vision alignment, paired with a strong track record, should provide support of continued outperformance from the Lantower platform.

In closing, our unified and skillful teams will continue the work we have done for years. We will execute the same vision, with the same team and therefore are confident in our ability to continue to grow the Lantower platform and make meaningful contributions to H&R's

successful execution against the repositioning plan. I am thrilled to lead this incredible team and honoured to continue along the same trajectory that we have created.

And with that, I will pass it back to Tom.

Tom Hofstedter: Thank you, Emily. I want to thank our investors for the time, patience, and feedback. Despite the persistent volatility in the public and private markets, the challenging disposition environments, and macro-economic headwinds, we are executing against strategy. Our strong, financial results are a testament to our actions.

Recognizing that there is still significant, important work ahead of us, we are committed and are well on our way to creating a simplified, growth-oriented company that will serve a significant value to our unit holders.

We will now be pleased to answer any questions from our call participants. Operator, please open the line for questions.

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press the * followed by the 1, on your touchtone phone. You will hear a three-tone prompt, acknowledging your request. If you are using a speakerphone, please lift the handset before pressing any keys.

First question comes from Mario Saric from Scotia Capital. Please go ahead.

Mario Saric: Hey, good afternoon. Just wanted to ask a question on the strategic plan. In the press release, I think in relation to welcoming Don Clow as an Independent Trustee, I noted that the comment was a plan to seek to accelerate the transformation strategy. Am I reading too much into that? Or is, indeed, the plan to get stuff done sooner than what you laid out for?

Tom Hofstedter: When you're about talking about applying your timeline and you have COVID and you have all the other economic conditions that are out there, it's pretty hard to answer that question definitively. We would like to accelerate it. Whether we can actually achieve that result is in a -- totally in our hands. So, I think the answer, quite frankly, is yes, if possible, but not in our hands, though, hopefully, we'll get there.

Mario Saric: Okay. And then, the end game, though, has been 80% multi-family, 20% industrial, U.S. to -- and Canadian, respectively. Not sure if there's a lot of synergy between those two asset classes. Is industrial a long-term asset class for you? Or would you consider disposing of the portfolio, under the right scenario?

Tom Hofsteder: We'd consider disposing of the portfolio in the right scenario, but you have to appreciate the fact that we are a Canadian REIT, with unsecured debt, and the Canadian concept has definitely came up, from the tax perspective, from unsecured banking, from unsecured debt perspective, and from a banking perspective. So whether we can actually become a totally based U.S. REIT is very questionable, at this point in time.

If the right deal comes across, and depending on where with the other -- with the disposition program, it's something that we would consider. But it's not something on it -- on our radar screen, at this point in time.

Mario Saric: Okay. And then, with respect to the office assets, has there been any change in the overall acquisition disposition environment in the last two to three months, of consequence?

Tom Hofstedter: So acquisitions, there's been no change to. I don't think the market, from the acquisition side, at least from H&R, that's never been on our radar screen. The

disposition side -- I don’t think anything’s changed. I think, when we -- if we manage, and hopefully we will manage to do some dispositions -- they’ll be strategic, they’ll be creative. I don’t think it’ll be real-estate, one-to-one, where you put an asset on -- an office moving in the market and deals flow. In the world -- that world currently doesn’t exist, but we are still optimistic in our disposition program.

Mario Saric: Got it. Okay. My last question, just with the respect to the recent management changes -- any implications at all, with respect to the strategy?

Tom Hofstedter: Any -- what was the question?

Mario Saric: Any implications on the communicated, strategic vision, after the recent management changes?

Tom Hofstedter: I’m having a hard time understanding what the definition of that question really means. Emily, Don -- do you understand?

Don Clow: Nope. Sorry, Mario, we’re having trouble -- a little bit of trouble hearing you. I apologize.

Tom Hofstedter: Maybe change the question -- in different words, because we’re not understanding the question.

Mario Saric: Okay. Following the recent -- following the Phillippe’s departure, is there any implication to the strategic plan laid out, as it was?

Don Clow: No, Mario. In simple terms, we laid out the strategic plan in 2021. Phillippe was a great leader and, it was a mutual departure. But at this stage, we’re very pleased with Emily’s leadership at Lantower. And in terms of the actual strategy, it’s the same strategy we articulated in 2021. And we’re very pleased, as a Board, I can tell you, as I said in my remarks,

with management's execution, to date. And we're really cheering them on here and really going to hold them accountable to actually achieving this -- executing the strategy. So, there's no change -- long-winded answer.

Mario Saric: Perfect. Okay. That's it. Thanks, guys.

Tom Hofstedter: Thanks, Mario.

Don Clow: Thanks, Mario.

Operator: Thank you. Ladies and gentlemen, as a reminder, should you have any questions, please press * 1 now. Next question, from Jimmy Shan at RBC Capital Markets. Please go ahead.

Jimmy Shan: Yeah, thanks. So it looks like you're making some good progress on some of the re-zoning -- re-zoning the office. I think you've increased the value in the office portfolio this quarter. It -- a le -- should we expect any monetization of any of those projects, in the near-term? Is -- are those -- any one of them candidate for that?

Tom Hofstedter: Not in the -- let's put it this way -- not this year. And, I would say, not for the most part of next year. But you could see a monetization event, of potentially one property towards the lat -- maybe Q4 of 2024. We still have a lease on 55 Yonge Street with CIBC. We are not completely finished all of the re-zoning.

The world has changed, and the re-zoning process has -- not process. The re-zoning result, as of the change, as well as office, becomes much more difficult for the city to rationalize replacing and -- as residential. The residential department probably needs a segment of affordable, which Toronto doesn't have, currently. So when that process is finished, I think the first monetization event is going to be Q4 2024, or thereabouts.

Jimmy Shan: Okay. Gotcha. And then, I guess, since Don is on the line, you mentioned a couple times that you'll hold management accountable in the execution of charges. Just curious as to, sort of what are the key milestones going, or metrics that you guys are going to be setting to assess the success of the strategy, and whether or not that would include timelines or, maybe you could just give us your general, kind of guideline on how you would assess that?

Don Clow: I mean, Jimmy, the timeline would communicated in 2021, is a five-year timeline. And, honestly, the progress the management team has made, to date, I think has been extremely strong. You're talking about $4.5 billion worth of dispositions, including Elgin this -- the early part of this year. And Tom indicated possibly another $300 million before the end of the year.

I don't see anybody else in the industry executing at that kind of pace, especially in office. It's very difficult. And so, for us, we're sticking to that five-year timeline. Right now, we're ahead of plan. I know people are impatient, as we've seen over the last couple of months. But the Board is, I think, overall, pleased with the progress. And then, as I said, very strongly going to be holding management accountable to achieve the plan. So, yeah.

Jimmy Shan: Okay. And then, maybe just last question, with respect to Phillippe -- I mean, hopefully, my questions are -- is clear. But, so the -- like, we're outsiders, looking at the company. Obviously, we're not privy to the discussions that go inside the tent. But, when we look at, sort of Phillippe, he's been kind of the most visible cheerleader of the firm, to the street in the last year. And, obviously, he's built, has helped build Lantower the last eight, nine years, and seemed to be very passionate about it.

And then, we see sort of the 180-degree turn. And so, rightly or wrongly, again, as an outsider looking in, it kind of raises the question of whether there's something going on that should or should not be of concern to shareholders. So, I don't know what my question is, but there is any comment that you could make to maybe help us get a better read of the situation?

Don Clow: This is Don. I'll speak to it. I mean, Number one, we can't talk about Phillippe's departure. I mean, as a -- I think we indicated in the press release, it was a mutually agreed upon departure. And so, that is what it is. I think, importantly, we are saying that we're committed to the strategy. There's no change in direction. We're very confident in both the H&R leadership and Lantower leadership.

Emily is an outstanding leader. Her team loves her, and -- in my experience in walking around properties with her. And her execution, I think, is very strong. So it's important that people know there's no change in the strategy. And the execution, as I said, is ahead of schedule. So, if anything, Tom and the team deserve congratulations for executing on what are very difficult transactions, as I'm sure many of you saw, with the Elgin transaction -- the complexity, how things are structured in the financing, and the end of the day. This is not easy stuff.

But we are sticking to the plan and we're executing well. So, in terms of the interpretation of what happened, it's -- people are creating their own negative, narratives, and I don't that's really going to help people too much. I think where it's most important is that we stick to the plan and then execute the plan.

Jimmy Shan: Okay. Thank you. Appreciate the comment.

Operator: Thank you. The next question comes from Sam Damiani at TD Cowen. Please go ahead.

Sam Damiani: Thanks, and good afternoon, everyone. Maybe, Tom, for you -- just on the sort of enhanced disposition outlook for this year -- what types of properties or geographies are you thinking about, that might be possible to transact on?

Tom Hofstedter: Office and retail.

Sam Damiani: Okay. So Canadian retail?

Tom Hofstedter: Yes. Just for clarification, there is no U.S. retail.

Sam Damiani: All right.

Tom Hofstedter: Well, almost no retail. There -- it -- in those are the small, little -- couple, little oil and gas that's left. But that's not meaningful.

Sam Damiani: Okay. And then, any update on the 160 Elgin buyer, with their ability to arrange full, first-mortgage financing?

Tom Hofstedter: I don't -- I have an update, but I can't disclose it. I can't -- it's -- I think -- it's not baked yet. He had a 90-day VTB from us. We expect to be able to get there. There's no extension rights. And it's 90 days, or 120 days -- that's not meaningfully different. He expects to get there. I have no -- I can't confirm if that's going to actually happen or not. He's -- the buyer's optimistic that they're going to get there.

Sam Damiani: Okay. And with the remaining dispositions, the Ronas and others this year, do you see providing more VTB financing to the buyers?

Tom Hofstedter: Currently, into what we have under the go, when I say the $300 million, it does not have any VTBs. But I put a caveat to that, if those aren't the deals, there are

other deals, are the deals are going to the future, beyond this year, into next year. I think it's a way of life right now. And I think that most deals have some element of VTB.

It's a function to the -- to, really to where lenders are and what percentage of purchase price they're going to finance and what interest rates are. So I see almost all deals out there, other than the deals that we have undergoing in the $300 million, having some form of structured enhancement, whether it's a buy-down or rate, or whether it's advanced financing -- I think that's a way of life right now.

Sam Damiani: Okay, great. Last one from me -- Larry, maybe for you. Is the same property NOI growth guidance that was given last quarter -- any change to that?

Larry Froom: Hey, Sam. Yeah, I think we've had a really strong start to the year, really quarter. Based on that and based on the U.S. dollar staying as strong as it was during the quarter, and with 160 Elgin coming out of same-property, which has been declining and keeps declining in its operating income, I think we're going to be a part in the upper end, and probably maybe even a little bit better.

Sam Damiani: Okay, great. Thank you. I'll turn it back.

Tom Hofstedter: Thanks, Sam.

Operator: Thank you. There are no further questions. I will now turn the call back over for closing comments.

Tom Hofstedter: Thank you, everybody. Thanks for joining and have a great day.

Operator: Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and we ask that you please disconnect your lines.