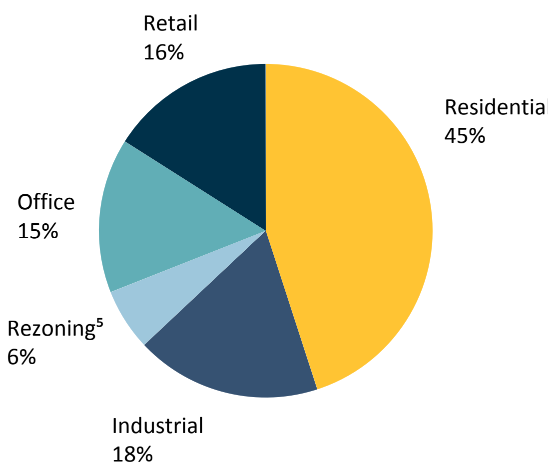
H&R REIT Reports First Quarter 2024 Results

Toronto, Ontario, May 14, 2024 - H&R Real Estate Investment Trust ("H&R" or "the REIT") (TSX: HR.UN) is pleased to announce its financial results for the three months ended March 31, 2024.

Q1 2024 HIGHLIGHTS:

- Net operating income decreased by 3.2% compared to Q1 2023 primarily due to $460.4 million of property sales between January 1, 2023 and March 31, 2024.
- Same-Property net operating income (cash basis)[(1)] increased by 1.4% compared to Q1 2023 driven by various factors across H&R's operating segments:
  - Residential 3.2% Strong operating results from properties in gateway cities
  - Industrial 5.1% Higher rent and occupancy
  - Office (3.7%) Lower occupancy primarily from properties advancing through rezoning
  - Retail 5.7% Increase in occupancy at River Landing Miami
- Funds From Operations ("FFO") per Unit[(2)] was $0.30 per Unit compared to $0.31 per Unit in Q1 2023. The REIT's payout ratio as a % of FFO[(2)] was 50.5% compared to 48.4% in Q1 2023 .
- Overall portfolio occupancy was 96.4% at March 31, 2024.
- Unitholders' equity per Unit was $20.18 and Net Asset Value ("NAV") per Unit[(2)] was $21.05 at March 31, 2024.
- Liquidity was in excess of $805 million at March 31, 2024.
- Unencumbered assets[(3)] to unsecured debt[(3)] coverage was 2.2x as at March 31, 2024.
- As at March 31, 2024, properties sold or under contract to be sold in 2024 total $411.7 million.
- H&R's proforma March 31, 2024 real estate assets at the REIT's proportionate share[(1)(4)] post closing of the real estate assets held for sale is as follows:



(1) These are non-GAAP measures. Refer to the "*Non-GAAP Measures*" section of this news release.
(2) These are non-GAAP ratios. Refer to the "*Non-GAAP Measures*" section of this news release.
(3) Unencumbered assets are investment properties and properties under development without encumbrances for mortgages or lines of credit. Unsecured debt includes debentures payable, unsecured term loans and unsecured lines of credit.
(4) Excludes the Bow and 100 Wynford, which were legally sold in October 2021 and August 2022, respectively.
(5) Includes six office real estate assets advancing through the rezoning and intensification process to be developed into residential properties.

FINANCIAL HIGHLIGHTS

	March 31	December 31
	2024	2023
Total assets (in thousands)	**$10,874,352**	$10,777,643
Debt to total assets per the REIT's Financial Statements[1]	**34.7%**	34.2%
Debt to total assets at the REIT's proportionate share[1][2]	**44.5%**	44.0%
Debt to Adjusted EBITDA at the REIT's proportionate share[1][2][3]	**8.8**	8.5
Unitholders' equity (in thousands)	**$5,283,580**	$5,192,375
Units outstanding (in thousands)	**261,880**	261,868
Exchangeable units outstanding (in thousands)	**17,974**	17,974
Unitholders' equity per Unit	**$20.18**	$19.83
NAV per Unit[2]	**$21.05**	$20.75

	Three months ended March 31	
	2024	2023
Rentals from investment properties (in millions)	**$209.5**	$218.3
Net operating income (in millions)	**$94.2**	$97.3
Same-Property net operating income (cash basis) (in millions)[4]	**$128.3**	$126.5
Net income from equity accounted investments (in millions)	**$12.6**	$9.9
Fair value adjustment on real estate assets (in millions)	**($44.2)**	$85.0
Net income (in millions)	**$31.8**	$94.8
FFO (in millions)[4]	**$83.1**	$87.9
Adjusted funds from operations ("AFFO") (in millions)[4]	**$68.8**	$73.7
Weighted average number of Units and exchangeable units for FFO (in 000's)	**279,847**	283,892
FFO per basic and diluted Unit[2]	**$0.297**	$0.310
AFFO per basic and diluted Unit[2]	**$0.246**	$0.260
Cash Distributions per Unit	**$0.150**	$0.150
Payout ratio as a % of FFO[2]	**50.5%**	48.4%
Payout ratio as a % of AFFO[2]	**61.0%**	57.7%

(1) Debt includes mortgages payable, debentures payable, unsecured term loans and lines of credit.
(2) These are non-GAAP ratios. Refer to the *"Non-GAAP Measures"* section of this news release.
(3) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") is calculated by taking the sum of net operating income (excluding straight-lining of contractual rent, IFRIC 21, as well as the Bow and 100 Wynford non-cash rental adjustments) and finance income and subtracting trust expenses (excluding the fair value adjustment to unit-based compensation) for the trailing 12 months. Refer to the "Non-GAAP Measures" section of this news release.
(4) These are non-GAAP measures. Refer to the *"Non-GAAP Measures"* section of this news release.

SUMMARY OF SIGNIFICANT Q1 2024 ACTIVITY

2024 Net Operating Income Highlights:

	Three months ended March 31		
(in thousands of Canadian dollars)	**2024**	2023	% Change
Operating Segment:			
Same-Property net operating income (cash basis) - Residential[1]	**$42,340**	$41,026	3.2%
Same-Property net operating income (cash basis) - Industrial[1]	**17,386**	16,535	5.1%
Same-Property net operating income (cash basis) - Office[1]	**43,884**	45,560	(3.7)%
Same-Property net operating income (cash basis) - Retail[1]	**24,691**	23,367	5.7%
Same-Property net operating income (cash basis)[1]	**128,301**	126,488	1.4%
Net operating income (cash basis) from Transactions at the REIT's proportionate share[1][2]	**29,527**	36,791	(19.7)%
Realty taxes in accordance with IFRIC 21 at the REIT's proportionate share[1][3]	**(43,821)**	(45,798)	4.3%
Straight-lining of contractual rent at the REIT's proportionate share[1]	**4,976**	3,758	32.4%
Net operating income from equity accounted investments[1]	**(24,796)**	(23,939)	(3.6)%
Net operating income per the REIT's Financial Statements	**$94,187**	$97,300	(3.2)%

(1) These are non-GAAP measures. Refer to the *"Non-GAAP Measures"* section of this news release.
(2) Transactions includes acquisitions, dispositions, and transfers of investment properties to or from properties under development during the 15-month period ended March 31, 2024.
(3) Realty taxes in accordance with IFRS Interpretations Committee Interpretation 21, *Levies* ("IFRIC 21") relates to the timing of the liability recognition for U.S. realty taxes. By excluding the impact of IFRIC 21, U.S. realty tax expenses are evenly matched with realty tax recoveries received from tenants throughout the period.

Q1 2024 and Subsequent Transaction Highlights

Property Dispositions

In December 2023, H&R announced it had entered into an agreement to sell 25 Dockside Drive for $232.5 million. The property is an office property located directly on the waterfront in downtown Toronto, comprising 479,437 square feet and is substantially leased to Corus Entertainment. The sale closed in April 2024. The property was encumbered with a $60.0 million mortgage bearing interest at 4.9%, which was repaid on closing. H&R used the remaining proceeds to repay its lines of credit.

In March 2024, H&R sold two automotive-tenanted retail properties in Georgia totalling 23,830 square feet for approximately $10.3 million (U.S. $7.7 million).

In March 2024, H&R sold two vacant industrial properties and one single tenanted industrial property which was occupied by a tenant on a month-to-month lease in British Columbia, totalling 60,797 square feet for approximately $8.7 million, all at H&R's 50% ownership interest.

In March 2024, H&R sold a 155,552 square foot single tenanted industrial property in Varennes, QC for approximately $8.5 million, all at H&R's 50% ownership interest. The property was sold to the tenant who exercised its option to purchase.

In March 2024, H&R entered into an agreement to sell its 50% ownership interest in 3777/3791 Kingsway, Burnaby, BC (the "Kingsway Property") for $82.5 million. The Kingsway Property comprises 671,555 of office space. The sale is expected to close in May 2024 and is subject to customary closing conditions.

In addition, a tenant exercised their option to purchase one Canadian industrial property. Gross proceeds at H&R's 50% ownership interest are expected to be $60.7 million and closing is expected to occur in Q4 2024. H&R also entered into an agreement to sell its 100% ownership interest in one U.S. industrial property for approximately U.S. $6.3 million and closing is expected to occur in Q2 2024.

H&R continues to successfully execute on its strategic repositioning plan with properties sold or under contract to be sold in 2024 totalling approximately $411.7 million.

Development Update

Canadian Properties under Development

In January 2024, development of two of the REIT's industrial properties, 1965 and 1925 Meadowvale Boulevard in Mississauga, ON were substantially complete and transferred from properties under development to investment properties. The properties are fully leased with annual contractual rental escalations, with both leases commencing in February 2024 and expiring in May 2036 and January 2037, respectively. The REIT recognized a fair value increase of $19.3 million on these properties between the start of construction and substantial completion.

In Q1 2023, H&R entered into a lease amendment with its tenant at 6900 Maritz Drive in Mississauga, ON to terminate their lease in December 2023. In January 2024, H&R received approval from the City of Mississauga to replace the existing 104,689 square foot office building on the property with a new 122,413 square foot industrial building. The property was transferred from investment properties to properties under development during Q1 2024. Demolition of the existing office building was completed in April 2024. Construction has commenced and substantial completion is expected in December 2024. As at March 31, 2024, the total development budget for this property is approximately $43.6 million with costs remaining to complete the new building of approximately $22.5 million.

U.S. Properties under Development

The REIT commenced construction on two U.S. residential development properties in 2022. As at March 31, 2024, the total development budget for these two properties is approximately $283.2 million (U.S. $209.8 million) with costs remaining to complete of approximately $88.6 million (U.S. $65.6 million). Both properties are expected to be completed on budget in the latter half of 2024.

Creation of Lantower Real Estate Development Trust

In February 2024, the REIT created Lantower Residential Real Estate Development Trust (No. 1) (the "REDT") which completed an initial public offering in April 2024 and raised U.S. $52.0 million of equity capital to acquire an interest in and fund the development of two residential development projects ("the Projects") in Florida that had been wholly-owned by a subsidiary of the REIT. The Projects are expected to contain an aggregate of 601 residential rental units. The REIT contributed the Projects to a joint venture with the REDT in exchange for a 29.1% ownership interest in the joint venture. The REIT will account for its ownership interest in the Projects as an equity accounted investment. The REDT will use the proceeds of the initial public offering, together with debt financing to develop the assets, commence lease-up and operate the Projects, and subsequently achieve a liquidity event. H&R retains an option to acquire the Projects. H&R will earn a development fee of 4% of the total hard and soft costs of the Projects (excluding land and financing costs) and a 1% asset management fee on gross proceeds raised by the REDT. H&R will also be entitled to 20% of the distribution proceeds over and above its pro-rata share of the equity after investors receive an 8% internal rate of return and 30% after investors receive a 15% internal rate of return.

Debt & Liquidity Highlights

In January 2024, H&R redeemed all of its $350.0 million Series N Senior Debentures, which bore interest at 3.369% per annum.

In February 2024, H&R completed a private placement of $250.0 million Series T Senior Debentures, bearing interest at 5.457% and maturing February 28, 2029.

As at March 31, 2024, H&R had cash and cash equivalents of $74.6 million, $730.7 million available under its unused lines of credit and an unencumbered property pool of approximately $4.3 billion.

MONTHLY DISTRIBUTIONS DECLARED

H&R today declared distributions for the months of May and June scheduled as follows:

	Distribution/Unit	Annualized	Record date	Distribution date
May 2024	$0.05	$0.60	May 31, 2024	June 14, 2024
June 2024	$0.05	$0.60	June 28, 2024	July 15, 2024

CONFERENCE CALL AND WEBCAST

Management will host a conference call to discuss the financial results of the REIT on Wednesday, May 15, 2024 at 9.30 a.m. Eastern Time. Participants can join the call by dialing 1-800-717-1738 or 1-289-514-5100. For those unable to participate in the conference call at the scheduled time, a replay will be available approximately one hour following completion of the call. To access the archived conference call by telephone, dial 1-289-819-1325 or 1-888-660-6264 and enter the passcode 71315 followed by the "#" key. The telephone replay will be available until Wednesday, May 22, 2024 at midnight.

A live audio webcast will be available through www.hr-reit.com/investor-relations/#investor-events. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. The webcast will be archived on H&R's website following the call date.

The investor presentation is available on H&R's website at www.hr-reit.com/investor-relations/#investor-presentation.

About H&R REIT

H&R REIT is one of Canada's largest real estate investment trusts with total assets of approximately $10.9 billion as at March 31, 2024. H&R REIT has ownership interests in a North American portfolio comprised of high-quality residential, industrial, office and retail properties comprising over 26.9 million square feet. H&R's strategy is to create a simplified, growth-oriented business focused on residential and industrial properties in order to create sustainable long term value for unitholders. H&R plans to sell its office and retail properties as market conditions permit. H&R's target is to be a leading owner, operator and developer of residential and industrial properties, creating value through redevelopment and greenfield development in prime locations within Toronto, Montreal, Vancouver, and high growth U.S. sunbelt and gateway cities.

Forward-Looking Disclaimer

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 made or implied under the heading "Summary of Significant Q1 2024 Activity" relating to H&R's objectives, beliefs, plans, estimates, targets, projections and intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts, including with respect to H&R's future plans and targets, the REIT's ability to take advantage of value-creating opportunities, the REIT's strategic repositioning plan to surface significant value for unitholders, H&R's strategy to grow its exposure to residential assets in U.S. sunbelt and gateway cities, the sale of the Kingsway Property and other assets held for sale H&R's expectations with respect to the activities of its development properties, including the building of new properties and the redevelopment of existing properties, the use of such properties, the timing of construction and completion, expected construction plans and costs, anticipated square footage, future intensification opportunities, management's expectations regarding future distributions by the REIT, and management's expectation to be able to meet all of the REIT's ongoing obligations. 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.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements are not guarantees of future performance and are based on H&R's estimates and assumptions that are subject to risks, uncertainties and other factors including those risks and uncertainties discussed in H&R's materials filed with the Canadian securities regulatory authorities from time to time, which could cause the actual results, performance or achievements of H&R to differ materially from the forward-looking statements contained in this news release. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements include assumptions relating to the general economy, including the effects of increased inflation; debt markets continue to provide access to capital at a reasonable cost, notwithstanding rising interest rates; and assumptions concerning currency exchange and interest rates. Additional risks and uncertainties include, among other things, risks related to: real property ownership; the current economic environment; credit risk and tenant concentration; lease rollover risk; interest rate and other debt-related risk; development risks; residential rental risk; capital expenditures risk; currency risk; liquidity risk; risks associated with disease outbreaks; cyber security risk; financing credit risk; ESG and climate change risk; co-ownership interest in properties; general uninsured losses; joint arrangement and investment risks; dependence on key personnel and succession planning; potential acquisition, investment and disposition opportunities and joint venture arrangements; potential undisclosed liabilities associated with acquisitions; competition for real property investments; Unit price risk; potential conflicts of interest; availability of cash for distributions; credit ratings; ability to access capital markets; dilution; unitholder liability; redemption right risk; risks relating to debentures; tax risk; additional tax risks applicable to unitholders; investment eligibility; and statutory remedies. H&R cautions that these lists of factors, risks and uncertainties are not exhaustive.

Although the forward-looking statements contained in this news release are based upon what H&R believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

Readers are also urged to examine H&R's materials filed with the Canadian securities regulatory authorities from time to time as they may contain discussions on risks and uncertainties which could cause the actual results and performance of H&R to differ materially from the forward-looking statements contained in this news release. All forward-looking statements contained in this news release are qualified by these cautionary statements. These forward-looking statements are made as of May 14, 2024 and the REIT, except as required by applicable Canadian law, assumes no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances.

Non-GAAP Measures

The unaudited condensed consolidated financial statements of the REIT and related notes for the three months ended March 31, 2024 (the "REIT's Financial Statements") were prepared in accordance with International Financial Reporting Standards ("IFRS"). However, H&R's management uses a number of measures, including NAV per Unit, FFO, AFFO, FFO per Unit, AFFO per Unit, payout ratio as a % of FFO, payout ratio as a % of AFFO, debt to total assets at the REIT's proportionate share, debt to Adjusted EBITDA at the REIT's proportionate share, Same-Property net operating income (cash basis) and the REIT's proportionate share, which do not have meanings recognized or standardized under IFRS or GAAP. These non-GAAP measures and non-GAAP ratios should not be construed as alternatives to financial measures calculated in accordance with GAAP. Further, H&R's method of calculating these supplemental non-GAAP measures and ratios may differ from the methods of other real estate investment trusts or other issuers, and accordingly may not be comparable. H&R uses these measures to better assess H&R's underlying performance and provides these additional measures so that investors may do the same.

For information on the most directly comparable GAAP measures, composition of the measures, a description of how the REIT uses these measures and an explanation of how these measures provide useful information to investors, refer to the "Non-GAAP Measures" section of the REIT's management's discussion and analysis as at and for the three months ended March 31, 2024 available at www.hr-reit.com and on the REIT's profile on SEDAR at www.sedarplus.com, which is incorporated by reference into this news release.

Financial Position

The following table reconciles the REIT's Statement of Financial Position from the REIT’s Financial Statements to the REIT’s proportionate share (a non-GAAP Measure):

	March 31, 2024			December 31, 2023		
(in thousands of Canadian dollars)	**REIT's Financial Statements**	**Equity accounted investments**	**REIT's proportionate share**	REIT's Financial Statements	Equity accounted investments	REIT's proportionate share
Assets						
Real estate assets						
Investment properties	**$7,844,939**	**$2,192,927**	**$10,037,866**	$7,811,543	$2,148,012	$9,959,555
Properties under development	**1,145,306**	**144,601**	**1,289,907**	1,074,819	135,635	1,210,454
	8,990,245	**2,337,528**	**11,327,773**	8,886,362	2,283,647	11,170,009
Equity accounted investments	**1,194,266**	**(1,194,266)**	**—**	1,165,012	(1,165,012)	—
Assets classified as held for sale	**383,885**	**—**	**383,885**	293,150	—	293,150
Other assets	**231,373**	**21,629**	**253,002**	369,008	21,866	390,874
Cash and cash equivalents	**74,583**	**32,727**	**107,310**	64,111	36,933	101,044
	$10,874,352	**$1,197,618**	**$12,071,970**	$10,777,643	$1,177,434	$11,955,077
Liabilities and Unitholders’ Equity						
Liabilities						
Debt	**$3,773,411**	**$1,121,215**	**$4,894,626**	$3,686,833	$1,097,839	$4,784,672
Exchangeable units	**166,261**	**—**	**166,261**	177,944	—	177,944
Deferred Revenue	**937,639**	**—**	**937,639**	947,671	—	947,671
Deferred tax liability	**439,764**	**—**	**439,764**	437,214	—	437,214
Accounts payable and accrued liabilities	**273,697**	**56,402**	**330,099**	335,606	60,176	395,782
Non-controlling interest	**—**	**20,001**	**20,001**	—	19,419	19,419
	5,590,772	**1,197,618**	**6,788,390**	5,585,268	1,177,434	6,762,702
Unitholders’ equity	**5,283,580**	**—**	**5,283,580**	5,192,375	—	5,192,375
	$10,874,352	**$1,197,618**	**$12,071,970**	$10,777,643	$1,177,434	$11,955,077

Debt to Adjusted EBITDA at the REIT's Proportionate Share

The following table provides a reconciliation of Debt to Adjusted EBITDA at the REIT's proportionate share (a non-GAAP ratio):

	March 31 2024	December 31 2023
Debt per the REIT's Financial Statements	**$3,773,411**	$3,686,833
Debt - REIT's proportionate share of equity accounted investments	1,121,215	1,097,839
Debt at the REIT's proportionate share	**4,894,626**	4,784,672
(Figures below are for the trailing 12 months)		
Net income (loss) per the REIT's Financial Statements	**(1,320)**	61,690
Net income from equity accounted investments (within equity accounted investments)	(310)	(426)
Finance costs - operations	265,763	266,795
Fair value adjustments on financial instruments and real estate assets	451,933	363,547
Loss on sale of real estate assets, net of related costs	6,418	9,420
Income tax recovery	(53,147)	(30,484)
Non-controlling interest	1,447	1,254
Adjustments:		
The Bow and 100 Wynford non-cash rental income adjustments	(93,124)	(92,920)
Straight-lining of contractual rent	(13,318)	(12,100)
IFRIC 21 - realty tax adjustment	(1,977)	—
Fair value adjustment to unit-based compensation	(6,952)	(5,134)
Adjusted EBITDA at the REIT's proportionate share	**$555,413**	$561,642
Debt to Adjusted EBITDA at the REIT's proportionate share	**8.8**	8.5

RESULTS OF OPERATIONS

The following table reconciles the REIT’s Results of Operations from the REIT’s Financial Statements to the REIT’s proportionate share (a non-GAAP Measure):

	Three months ended March 31, 2024			Three months ended March 31, 2023		
(in thousands of Canadian dollars)	**REIT's Financial Statements**	**Equity accounted investments**	**REIT's proportionate share**	REIT's Financial Statements	Equity accounted investments	REIT's proportionate share
Rentals from investment properties	**$209,521**	**$37,975**	**$247,496**	$218,295	$37,594	$255,889
Property operating costs	**(115,334)**	**(13,179)**	**(128,513)**	(120,995)	(13,655)	(134,650)
Net operating income	**94,187**	**24,796**	**118,983**	97,300	23,939	121,239
Net income (loss) from equity accounted investments	**12,550**	**(12,621)**	**(71)**	9,896	(9,851)	45
Finance costs - operations	**(53,514)**	**(12,320)**	**(65,834)**	(54,971)	(11,895)	(66,866)
Finance income	**2,346**	**115**	**2,461**	1,757	60	1,817
Trust expenses	**(6,414)**	**(1,831)**	**(8,245)**	(8,091)	(754)	(8,845)
Fair value adjustment on financial instruments	**18,890**	**(22)**	**18,868**	(19,877)	300	(19,577)
Fair value adjustment on real estate assets	**(44,167)**	**2,340**	**(41,827)**	84,991	13	85,004
Gain (loss) on sale of real estate assets, net of related costs	**866**	**10**	**876**	(497)	(1,629)	(2,126)
Net income before income taxes and non-controlling interest	**24,744**	**467**	**25,211**	110,508	183	110,691
Income tax (expense) recovery	**7,048**	**(103)**	**6,945**	(15,706)	(12)	(15,718)
Net income before non-controlling interest	**31,792**	**364**	**32,156**	94,802	171	94,973
Non-controlling interest	**—**	**(364)**	**(364)**	—	(171)	(171)
Net income	**31,792**	**—**	**31,792**	94,802	—	94,802
Other comprehensive income (loss):						
Items that are or may be reclassified subsequently to net income	**98,578**	**—**	**98,578**	(32,872)	—	(32,872)
Total comprehensive income attributable to unitholders	**$130,370**	**$—**	**$130,370**	$61,930	$—	$61,930

Same-Property net operating income (cash basis)

The following table reconciles net operating income per the REIT’s Financial Statements to Same-Property net operating income (cash basis) (a non-GAAP measure):

	Three months ended March 31		
(in thousands of Canadian dollars)	**2024**	2023	Change
Rentals from investment properties	**$209,521**	$218,295	($8,774)
Property operating costs	**(115,334)**	(120,995)	5,661
Net operating income per the REIT's Financial Statements	**94,187**	97,300	(3,113)
Adjusted for:			
Net operating income from equity accounted investments	**24,796**	23,939	857
Straight-lining of contractual rent at the REIT's proportionate share	**(4,976)**	(3,758)	(1,218)
Realty taxes in accordance with IFRIC 21 at the REIT's proportionate share[1]	**43,821**	45,798	(1,977)
Net operating income (cash basis) from Transactions at the REIT's proportionate share	**(29,527)**	(36,791)	7,264
Same-Property net operating income (cash basis)	**$128,301**	$126,488	$1,813

(1) The allocation of realty taxes in accordance with IFRIC 21 (in thousands of Canadian dollars) at the REIT’s proportionate share by operating segment for the three months ended March 31, 2024 is as follows: (i) Residential: $26,916; (ii) Industrial: nil; (iii) Office: $10,324; and (iv) Retail: $6,581.

NAV per Unit (a non-GAAP Ratio)

The following table reconciles Unitholders' equity per Unit to NAV per Unit:

Unitholders' Equity per Unit and NAV per Unit (in thousands except for per Unit amounts)	**March 31 2024**	December 31 2023
Unitholders' equity	**$5,283,580**	$5,192,375
Exchangeable units	**166,261**	177,944
Deferred tax liability	**439,764**	437,214
Total	**$5,889,605**	$5,807,533
Units outstanding	**261,880**	261,868
Exchangeable units outstanding	**17,974**	17,974
Total	**279,854**	279,842
Unitholders' equity per Unit[(1)]	**$20.18**	$19.83
NAV per Unit	**$21.05**	$20.75

(1) Unitholders' equity per Unit is calculated by dividing unitholders' equity by Units outstanding.

Funds from Operations and Adjusted Funds from Operations

The following table reconciles net income per the REIT's Financial Statements to FFO and AFFO (non-GAAP measures):

FFO AND AFFO	Three Months ended March 31	
(in thousands of Canadian dollars except per Unit amounts)	**2024**	2023
Net income per the REIT's Financial Statements	**$31,792**	$94,802
Realty taxes in accordance with IFRIC 21	**40,221**	42,181
FFO adjustments from equity accounted investments	**1,272**	4,933
Exchangeable unit distributions	**2,696**	2,696
Fair value adjustments on financial instruments and real estate assets	**25,277**	(65,114)
Fair value adjustment to unit-based compensation	**(522)**	1,296
(Gain) loss on sale of real estate assets, net of related costs	**(866)**	497
Deferred income tax expense (recovery) applicable to U.S. Holdco	**(7,387)**	15,378
Incremental leasing costs	**615**	587
The Bow and 100 Wynford non-cash rental income and accretion adjustments	**(10,032)**	(9,364)
FFO	**$83,066**	$87,892
Straight-lining of contractual rent	**(4,829)**	(3,624)
Rent amortization of tenant inducements	**1,130**	1,123
Capital expenditures	**(8,583)**	(9,232)
Leasing expenses and tenant inducements	**(215)**	(760)
Incremental leasing costs	**(615)**	(587)
AFFO adjustments from equity accounted investments	**(1,167)**	(1,140)
AFFO	**$68,787**	$73,672
Basic and diluted weighted average number of Units and exchangeable units (in thousands of Units)[1]	**279,847**	283,892
FFO per basic and diluted Unit	**$0.297**	$0.310
AFFO per basic and diluted Unit	**$0.246**	$0.260
Cash Distributions per Unit	**$0.150**	$0.150
Payout ratio as a % of FFO	**50.5%**	48.4%
Payout ratio as a % of AFFO	**61.0%**	57.7%

(1) For the three months ended March 31, 2024 and 2023, included in the weighted average and diluted weighted average number of Units are exchangeable units of 17,974,186 and 17,974,186, respectively.

For further information

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