# H&R REIT

FINANCIAL REPORT | Q1 2026

Lantower West Love
Dallas, TX

# ABOUT THE COVER

Lantower West Love is a premier residential community in Dallas, TX, designed for modern living. This newly built, five-storey property features 413 thoughtfully designed suites, upscale amenities, and seamless connectivity to the city. Residents enjoy a resort-style pool, co-working spaces, micro-offices, and a double-volume fitness center with a spin room, yoga studio, and on-demand classes—all within a National Green Building Standard Silver-certified community. Unique perks like a Grab & Go Market and a self-serve table tap system with cold brew coffee add an elevated touch to daily life. Ideally located near Dallas Love Field Airport and major highways, Lantower West Love is part of the vibrant West Love district, offering easy access to retail, dining, and entertainment. As Dallas-Fort Worth continues to grow, Lantower West Love delivers a dynamic living experience in one of the city's most exciting locations.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF H&R REAL ESTATE INVESTMENT TRUST

**For the three months ended March 31, 2026**

Dated: May 14, 2026

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## SECTION I

## BASIS OF PRESENTATION

Management's Discussion and Analysis ("MD&A") of the results of operations and financial position of H&R Real Estate Investment Trust ("H&R" or the "REIT") for the three months ended March 31, 2026 includes material information up to May 14, 2026. Financial data for the three months ended March 31, 2026 and 2025 have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the REIT and related notes for the three months ended March 31, 2026 ("REIT's Financial Statements"), together with the audited consolidated financial statements of the REIT and related notes and MD&A for the year ended December 31, 2025. All amounts in this MD&A are in thousands of Canadian dollars, except where otherwise stated. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

The Bow office property in Calgary, AB (the "Bow") was legally disposed of in October 2021. The 100 Wynford office property in Toronto, ON ("100 Wynford") was legally disposed of in August 2022. These transactions did not meet the criteria of a transfer of control under IFRS Accounting Standards ("IFRS") 15 *Revenue from Contracts with Customers* ("IFRS 15") as the REIT has an option to repurchase 100% of both of these properties for a fixed price in 2038 and 2036, respectively, or earlier under certain circumstances. As such, the REIT continues to recognize these income producing properties in the REIT's Financial Statements and MD&A. Certain operating metrics within this MD&A have been adjusted to exclude the impact of the Bow and 100 Wynford and H&R has identified these disclosures accordingly. Refer to the *"Other Liabilities - Deferred Revenue"* section of this MD&A for further information on the accounting treatment of these two dispositions.

## FORWARD-LOOKING DISCLAIMER

Certain information in this MD&A 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 headings "Investment Properties", "Completion of $1.5 Billion of Retail and Office Property Sales", "Other Liabilities", "Liquidity and Capital Resources", "Properties Under Development", "Equity Accounted Investments", and "Off-Balance Sheet Items" 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 the statements made under the heading "Summary of Significant Q1 2026 Activity" including with respect to H&R's future plans and targets, the benefits of the externalization of Lantower Residential's property management operations, the potential for additional asset sales, value maximization opportunities for the REIT, the expected timing of, and gross proceeds from, properties under contract to be sold, and the use of such proceeds, H&R's strategy to grow its exposure to residential assets in U.S. sun belt and gateway cities, the ability of H&R to capture potential upside in the Calgary office market, leasing of the REIT's investment properties and the termination and expiry of existing leases, anticipated lease vacancies and new lease commencements, H&R's expectation with respect to the future development, sustainability, and activities of its development properties, including the acquisition, development and use of new properties, the expected yield on cost from the REIT's development properties, including the REDT Projects, the timing of approvals, construction and completion, expected construction costs and funding thereof, anticipated number of units and square footage, H&R's expectations and intentions with respect to zoning and rezoning applications, expected credit losses, the impact of the REIT's commitment to sustainability on its portfolio, the value of assets and liabilities held for sale, capitalization rates and cash flow models used to estimate fair values, expectations regarding future operating fundamentals, 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 described below under "Risks and Uncertainties" and those 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 MD&A. 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 debt markets continuing to provide access to capital at a reasonable cost; and assumptions concerning currency exchange and interest rates. Additional risks and uncertainties include, among other things, those related to: real property ownership; the current economic environment; tariffs and other international trade disputes; property valuations; credit risk and tenant concentration; lease rollover risk; interest rate and other debt-related risks; inflation risk; development risks; residential rental risk; capital expenditure risk; currency risk; liquidity risk; cyber security risk and breach of privacy or information security systems; artificial intelligence and related technologies; expanding social media vehicles; financing credit risk; ESG and climate change risk; public health crises; co-ownership interest in properties; business continuity; general uninsured losses; joint arrangement and investment risks; talent management and succession planning; potential acquisition, investment and disposition opportunities and joint venture arrangements; potential undisclosed liabilities associated with acquisitions; competition for real property investments; potential conflicts of interest; litigation and regulatory risk; Unit prices; availability of cash for distributions; credit ratings; ability to access capital; dilution; unitholder liability; redemption right; investment eligibility; debentures; statutory remedies; unitholder activism; tax risk; and additional tax risks applicable to the REIT and to unitholders. H&R cautions that these lists of factors, risks and uncertainties are not exhaustive. Although the forward-looking statements contained in this MD&A 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 MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. These forward-looking statements are made as of May 14, 2026 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.

## OVERVIEW AND STRATEGY

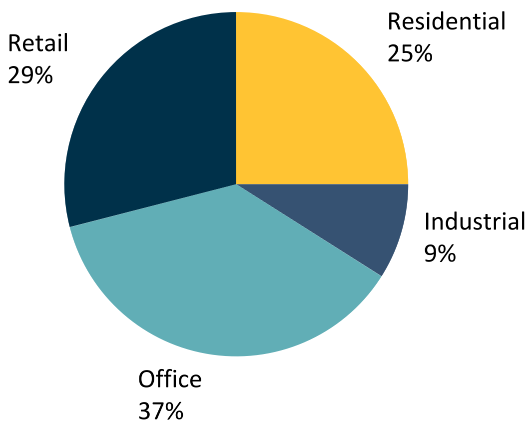
H&R is one of Canada's largest real estate investment trusts. H&R has ownership interests in a Canadian and U.S. portfolio primarily comprised of high-quality residential (operating as Lantower Residential), industrial and office properties totalling approximately 20.3 million square feet. H&R is an unincorporated open-ended trust created by a declaration of trust ("H&R's Declaration of Trust") and governed by the laws of the Province of Ontario. H&R's units ("Units") are listed and posted for trading on the Toronto Stock Exchange ("TSX") under the symbol HR.UN. H&R's objective is to maximize net asset value ("NAV") per Unit through ongoing active management of H&R's assets and the development and construction of projects.

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 is currently undergoing a repositioning plan and intends to sell its remaining office properties as market conditions permit. H&R's vision is to be a leading owner, operator and developer of residential and industrial properties, creating value through greenfield development in prime locations within Toronto and high growth U.S. sun belt and gateway cities.

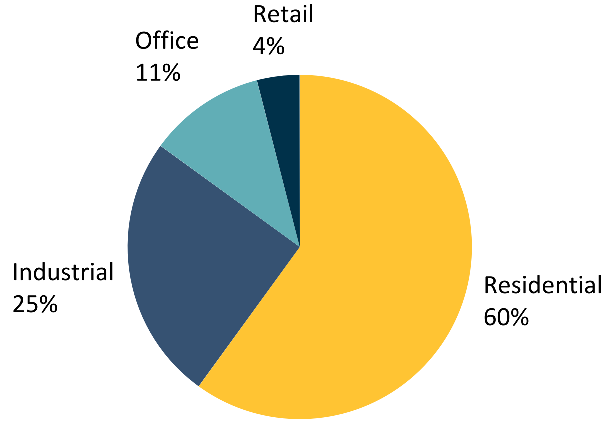
Since the announcement of H&R's strategic repositioning plan in 2021, H&R has sold ownership interests in 98 real estate assets totalling approximately $3.6 billion, including the Bow and 100 Wynford. In addition, H&R completed the following: (i) a spin off, on a tax-free basis, of 27 properties, including all of the REIT's enclosed shopping centres to a new publicly-traded REIT, Primaris REIT, valued at approximately $2.4 billion at the time of the spin off; and (ii) the sale of H&R's non-managing 33.1% interest in ECHO Realty LP ("ECHO") for net proceeds of approximately $441.6 million.

***Real Estate Assets (Fair Value by Segment)***[1]

**June 30, 2021**[2]

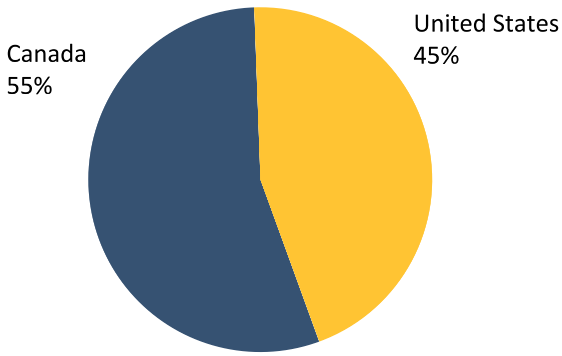



**March 31, 2026**[3]

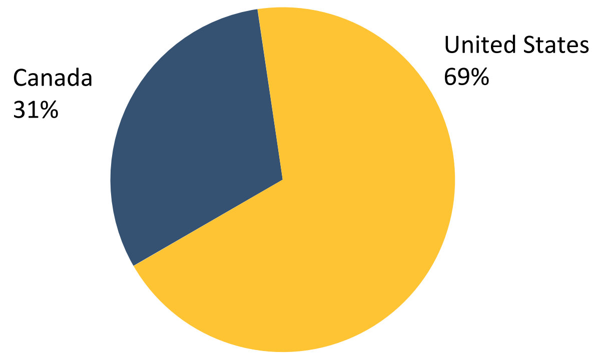



***Real Estate Assets (Fair Value by Region)***[1]

**June 30, 2021**[2]




**March 31, 2026**[3]




(1) At the REIT's proportionate share, excluding assets classified as held for sale. Refer to the *"Non-GAAP Measures"* section of this MD&A.
(2) June 30, 2021 has been used as a benchmark since H&R's strategic repositioning plan was announced prior to the release of H&R's Q3 2021 results.
(3) Excludes the Bow and 100 Wynford, which were legally sold in October 2021 and August 2022, respectively.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The REIT views sustainability as its responsibility to its unitholders in terms of transparency, to its employees in terms of communication, collaboration and opportunity, to its tenants in terms of providing healthy working and living environments and to the communities in which the REIT's employees live and the REIT does business. H&R is committed to, among other things, investing responsibly, monitoring its use of resources and associated emissions, reducing consumption and pollution, increasing energy efficiency and integrating sustainability into the REIT's business, including the REIT's decision-making processes.

H&R published its 2024 Sustainability Report in September 2025, highlighting Environmental, Social and Governance ("ESG") initiatives that exemplify how the REIT's commitment to sustainability is manifesting itself in its portfolio and resulting in lasting changes for its properties, tenants, employees, stakeholders and communities at large. This Sustainability Report outlines the REIT's ESG framework and the REIT's commitment to drive sustainable performance and improvement.

Key programs and initiatives are outlined in the *"Environmental, Social and Governance"* section of the REIT's annual management's discussion and analysis for the year ended December 31, 2025 ("Annual MD&A") as well as H&R's Annual Information Form for the year ended December 31, 2025 ("2025 Annual Information Form"), each of which were filed with the securities regulatory authorities in each of the provinces of Canada and are available on SEDAR+ at www.sedarplus.com.

For more information on H&R's Sustainability Policy and additional information about its Sustainability Committee, Sustainability Report and Sustainability Report Supplement as well as H&R's Green Financing Framework and Second-Party Opinion of Green Financing Framework, visit H&R's website under "Investor Relations - Sustainability". The contents of the REIT's website, including the REIT's Sustainability Policy, Sustainability Report and Sustainability Report Supplement, Green Financing Framework and Second-Party Opinion of Green Financing Framework, are expressly not incorporated by reference into, and do not form part of, this MD&A.

## SECTION II

## COMPLETION OF $1.5 BILLION OF RETAIL AND OFFICE PROPERTY SALES

The assets listed below were sold for approximately $1.5 billion in Q1 2026. Total debt assumed by the purchaser of the REIT's interest in ECHO Realty, L.P. ("ECHO") was approximately $424.5 million. The net proceeds of approximately $1.0 billion were used to repay corporate debt, including $375.0 million of unsecured term loans, and the remaining balance was used to repay unsecured operating lines of credit.

1) H&R's non-managing 33.1% ownership interest in ECHO;
2) 26 Canadian retail properties;
3) 145 Wellington Street West, a downtown Toronto office property;
4) 88 McNabb Street, an office property in the Greater Toronto Area; and
5) Hess Tower, a Houston, TX office property.

In aggregate, the assets sold in Q1 2026 contributed the following:

| | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | Change |
| Net operating income per the REIT's Financial Statements | **$8,439** | $6,534 | $1,905 |
| Net operating income from equity accounted investments[1] | **9,198** | 12,122 | (2,924) |
| Net operating income at the REIT's proportionate share[1] | **17,637** | 18,656 | (1,019) |
| Adjusted for: | | | |
| Straight-lining of contractual rent at the REIT's proportionate share[1] | **181** | 684 | (503) |
| Realty taxes in accordance with IFRIC 21 at the REIT's proportionate share[1][2] | **—** | 14,173 | (14,173) |
| Net operating income (cash basis) at the REIT's Proportionate share[1] | **17,818** | 33,513 | (15,695) |
| FFO[1][3] | **$14,568** | $25,686 | ($11,118) |

(1) These are non-GAAP measures. Refer to the *"Non-GAAP Measures"* section of this news release.
(2) Realty taxes in accordance with IFRIC 21 was $10,333 per the REIT's Financial Statements and $3,840 from equity accounted investments.
(3) Excludes finance costs savings from repayment of corporate debt.

As the proceeds from these sales were used to repay corporate debt, finance costs were lower in Q1 2026 compared to Q4 2025 by approximately $7.0 million. H&R expects a further reduction in finance costs in Q2 2026 compared to Q1 2026 by approximately $3.0 million.

## SUMMARY OF SIGNIFICANT Q1 2026 ACTIVITY

### *Net Operating Income Highlights*

| | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | % Change |
| **Operating Segment:** | | | |
| Same-Property net operating income (cash basis) - Residential(1) | **$43,249** | $44,132 | (2.0%) |
| Same-Property net operating income (cash basis) - Industrial(1) | **17,688** | 18,665 | (5.2%) |
| Same-Property net operating income (cash basis) - Office(1) | **24,309** | 26,267 | (7.5%) |
| Same-Property net operating income (cash basis) - Retail(1) | **4,861** | 4,339 | 12.0% |
| Same-Property net operating income (cash basis)(1) | **90,107** | 93,403 | (3.5%) |
| Net operating income (cash basis) from Transactions at the REIT's proportionate share(1)(2) | **45,288** | 61,940 | (26.9%) |
| Realty taxes in accordance with IFRIC 21 at the REIT's proportionate share(1)(3) | **(32,870)** | (49,194) | (33.2%) |
| Straight-lining of contractual rent at the REIT's proportionate share(1) | **3,218** | 3,658 | (12.0%) |
| Net operating income from equity accounted investments(1) | **(19,874)** | (26,844) | (26.0%) |
| Net operating income per the REIT's Financial Statements | **$85,869** | $82,963 | 3.5% |

(1) These are non-generally accepted accounting principles ("GAAP") measures. Refer to the *"Non-GAAP Measures"* section of this MD&A.
(2) Transactions are defined in the *"Net Operating Income"* section of this MD&A.
(3) IFRIC 21 is defined in the *"Non-GAAP Measures"* section of this MD&A.

Refer to the *"Net Operating Income"* section of this MD&A for further explanations on the net operating income changes for the three months ended March 31, 2026.

### *Fair Value Adjustment on Real Estate Assets*

| | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | Change |
| **Operating Segment:** | | | |
| Residential | **($16,753)** | ($2,511) | ($14,242) |
| Industrial | **14,330** | (17,219) | 31,549 |
| Office | **(70,592)** | (30,756) | (39,836) |
| Retail | **(1,444)** | 5,432 | (6,876) |
| Land and properties under development | **(22,065)** | (31,529) | 9,464 |
| Fair value adjustment on real estate assets per the REIT's proportionate share(1) | **(96,524)** | (76,583) | (19,941) |
| Less: equity accounted investments | **17,471** | 23,885 | (6,414) |
| Fair value adjustment on real estate assets per the REIT's Financial Statements | **($79,053)** | ($52,698) | ($26,355) |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.

During the three months ended March 31, 2026, fair value adjustments on real estate assets were primarily due to a reduction in valuations of certain office properties to reflect increased leasing uncertainty and vacancy risk.

Refer to the *"Valuation of Real Estate Assets"* section of this MD&A for further information.

### *Lantower Residential Update*

Effective April 1, 2026, Lantower Residential, the REIT's residential division, externalized its property management operations and entered into a master management agreement with Greystar Real Estate Partners ("Greystar"). This strategic action is intended to enhance operating efficiency, improve cost structure, and increase strategic flexibility across the residential platform. The transition to a third-party management model is expected to yield cost savings of approximately U.S. $5.0 million annually.

Greystar hired the majority of Lantower's onsite property management employees and key home office associates, supporting operational continuity at the property level. Emily Watson is continuing as Chief Operating Officer of Lantower Residential, and Hunter Webb continues to lead the development platform, ensuring continuity of leadership, strategy, and execution. Lantower

Residential has retained approximately 20 employees in asset management, development and accounting functions for Lantower Residential's properties.

Included in trust expenses for the three months ended March 31, 2026 were employee termination costs, legal costs and other one-time costs relating to Lantower Residential externalizing its property management operations, totalling approximately $2.6 million.

***Development Update***

Equity Accounted Investments

H&R has a 50% managing ownership interest in 560 & 600 Slate Drive, a 26.6 acre land site in Mississauga, ON, located next to Toronto Pearson International Airport and in close proximity to access points on the 410, 401 and 407 Highways. In 2024, construction commenced on two single storey industrial buildings totalling 312,218 square feet and 162,395 square feet, respectively, at the 100% level. The buildings include sustainability elements such as EV charging stations and solar panel readiness and are targeting LEED Gold certification. Both properties have been leased at market rents for approximately 11 years to a single tenant. The lease at 560 Slate Drive commenced in March 2026 and the lease at 600 Slate Drive will commence in October 2026, with a 5-month rent free period at both properties commencing at the start of the respective lease term. As at March 31, 2026, the total budget for 560 & 600 Slate Drive was approximately $65.5 million with costs remaining to complete of $7.7 million, all at H&R's ownership interest. The yield on cost for the overall project is expected to be approximately 6.5% with completion expected in Q2 2026.

H&R has a 29.1% ownership interest in Lantower Residential REDT (No.1) JV LP ("REDT JV LP"). The REDT JV LP owns two residential development projects (the "REDT Projects") in Florida, consisting of 601 residential rental units currently under construction to be completed in mid-2026. As at March 31, 2026, H&R's share of the total budget for the REDT Projects was approximately $84.8 million (U.S. $61.0 million) with costs remaining to complete of $12.0 million (U.S. $8.6 million), all at H&R's ownership interest. During the three months ended March 31, 2026, H&R earned $3.8 million in interest income, development management fees and asset management fees from the REDT JV LP (March 31, 2025 - $1.6 million).

H&R has a non-managing 50% ownership interest in 8.4 acres of land in Santa Ana, CA. The site is expected to be developed in two phases, and consist of 644 residential rental units and 15,131 square feet of retail space once complete, all at the 100% level. The site is located within one block of the I-5 freeway and within several miles of Downtown Santa Ana, South Coast Metro, Irvine, Anaheim and Orange County. In September 2025, construction commenced on the first phase, known as "Elio", which will consist of a 5-storey property across 4.2 acres, including 325 residential units, as well as 9,568 square feet of retail space, all at the 100% level. As at March 31, 2026, H&R's share of the total budget for Elio was approximately $129.6 million (U.S. $93.2 million) with costs remaining to complete of $87.0 million (U.S. $62.6 million), all at H&R's ownership interest. The yield on cost for Elio is expected to be approximately 5.3% with completion expected in Q1 2028.

***Debt & Liquidity Highlights***

Unsecured Term Loans

In January 2026, H&R repaid its $250.0 million and $125.0 million unsecured term loans, which bore interest at 4.14% and 5.19%, respectively, using a portion of the $1.0 billion in net proceeds received from retail and office property sales completed in Q1 2026.

Liquidity

As at March 31, 2026, H&R had cash and cash equivalents of $68.5 million and $897.0 million available under its unused lines of credit. H&R has an unencumbered property pool of approximately $3.2 billion, which is 2.99x unsecured debt.

As at March 31, 2026, debt to total assets per the REIT's Financial Statements was 31.7% compared to 38.4% as at December 31, 2025. As at March 31, 2026, debt to total assets at the REIT's proportionate share (a non-GAAP ratio, refer to the *"Non-GAAP Measures"* section of this MD&A) was 42.6% compared to 49.8% as at December 31, 2025. Debt to Adjusted EBITDA at the REIT's proportionate share (a non-GAAP ratio, refer to the *"Non-GAAP Measures"* section of this MD&A) was 7.0x as at March 31, 2026.

## PORTFOLIO SUMMARY

| (in thousands of Canadian dollars, except for statistics) | Q1 2026 | Q4 2025 | Q1 2025 |
|---|---|---|---|
| **Residential:[1]** | | | |
| Number of properties | **26** | 26 | 26 |
| Square feet (in thousands) | **8,152** | 8,152 | 8,152 |
| Residential rental units | **8,929** | 8,929 | 8,929 |
| Occupancy | **90.9%** | 92.1% | 91.2% |
| Debt | **$1,715,257** | $1,685,815 | $1,815,055 |
| Investment properties including those classified as held for sale | **$3,781,835** | $3,768,089 | $4,268,213 |
| Capitalization rate | **4.73%** | 4.73% | 4.72% |
| Rentals from investment properties | **$76,006** | $78,481 | $79,058 |
| Net operating income | **$13,214** | $56,980 | $12,276 |
| Same-Property net operating income (cash basis)[2] | **$43,249** | $46,805 | $44,132 |
| **Industrial:[1]** | | | |
| Number of properties | **66** | 66 | 65 |
| Square feet (in thousands) | **8,295** | 8,295 | 8,168 |
| Occupancy | **92.8%** | 90.7% | 98.2% |
| Average remaining term to maturity of commercial leases (in years) | **5.2** | 5.7 | 5.3 |
| Debt | **$452,651** | $453,273 | $454,864 |
| Investment properties including those classified as held for sale | **$1,488,988** | $1,472,309 | $1,502,106 |
| Capitalization rate[3] | **5.86%** | 5.84% | 5.74% |
| Rentals from investment properties | **$25,481** | $24,373 | $26,303 |
| Net operating income | **$18,612** | $17,724 | $19,647 |
| Same-Property net operating income (cash basis)[2] | **$17,688** | $17,465 | $18,665 |
| **Office (excluding The Bow and 100 Wynford):[1]** | | | |
| Number of properties | **12** | 15 | 16 |
| Square feet (in thousands) | **3,346** | 4,426 | 4,521 |
| Occupancy | **89.7%** | 96.0% | 96.7% |
| Average remaining term to maturity of commercial leases (in years) | **4.2** | 5.2 | 5.8 |
| Debt | **$129,532** | $131,196 | $136,085 |
| Investment properties including those classified as held for sale | **$950,013** | $1,366,379 | $1,914,251 |
| Capitalization rate[3] | **9.13%** | 9.33% | 7.74% |
| Rentals from investment properties | **$51,073** | $65,462 | $64,637 |
| Net operating income | **$35,275** | $44,444 | $31,037 |
| Same-Property net operating income (cash basis)[2] | **$24,309** | $25,533 | $26,267 |
| **Retail:[1]** | | | |
| Number of properties | **1** | 256 | 257 |
| Square feet (in thousands) | **491** | 4,726 | 4,799 |
| Occupancy | **88.3%** | 96.8% | 97.6% |
| Average remaining term to maturity of commercial leases (in years) | **9.4** | 7.4 | 8.0 |
| Debt | **$—** | $— | $381,043 |
| Investment properties including those classified as held for sale[4] | **$286,340** | $530,420 | $1,489,868 |
| Capitalization rate | **6.46%** | 6.84% | 7.05% |
| Rentals from investment properties | **$18,867** | $35,510 | $36,320 |
| Net operating income | **$11,083** | $28,457 | $19,476 |
| Same-Property net operating income (cash basis)[2] | **$4,861** | $4,930 | $4,339 |
| **Total (excluding The Bow and 100 Wynford):[1]** | | | |
| Number of properties | **105** | 363 | 364 |
| Square feet (in thousands) | **20,284** | 25,599 | 25,640 |
| Occupancy | **91.3%** | 93.1% | 95.6% |
| Average remaining term to maturity of commercial leases (in years) | **5.1** | 6.0 | 6.4 |
| Debt[5] | **$2,297,440** | $2,270,284 | $2,787,047 |
| Investment properties including those classified as held for sale[4] | **$6,507,176** | $7,137,197 | $9,174,438 |
| Capitalization rate[3] | **5.68%** | 5.97% | 5.83% |
| Rentals from investment properties | **$171,427** | $203,826 | $206,318 |
| Net operating income | **$78,184** | $147,605 | $82,436 |
| Same-Property net operating income (cash basis)[2] | **$90,107** | $94,733 | $93,403 |

(1) All figures have been reported at the REIT's proportionate share, which is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.

(2) Same-Property net operating income (cash basis) is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.

(3) Capitalization rates as at March 31, 2026 and December 31, 2025 exclude one office property (March 31, 2025 - four office properties and one industrial property) advancing through the process of rezoning to residential use, which has been valued using the comparable sales approach.

(4) Includes right-of-use assets in a leasehold interest for Q1 2025 of $29.1 million (included within equity accounted investments), which was measured at an amount equal to the corresponding lease liabilities.

(5) Excludes corporate debt which consists of debentures payable, unsecured term loans and unsecured operating lines of credit.

## KEY PERFORMANCE DRIVERS

The following table is presented at the REIT's proportionate share by H&R's reportable operating segments and includes investment properties classified as assets held for sale.

| OPERATIONS | | Residential | Industrial | Office[3] | Retail | Total |
|---|---|---|---|---|---|---|
| Occupancy as at March 31 | **2026** | **90.9%** | **92.8%** | **89.7%** | **88.3%** | **91.3%** |
| | 2025 | 91.2% | 98.2% | 96.7% | 97.6% | 95.6% |
| Occupancy – Same-Property as at March 31[1] | **2026** | **90.9%** | **92.7%** | **89.7%** | **88.3%** | **91.2%** |
| | 2025 | 91.2% | 98.2% | 96.6% | 88.7% | 94.8% |
| Average annual contractual rent per sq.ft. as at March 31 Canadian properties[2] | **2026** | **N/A** | **$9.91** | **$21.53** | **N/A** | **$12.66** |
| | 2025 | N/A | $9.52 | $21.78 | $13.20 | $12.86 |
| Average annual contractual rent per sq.ft. as at March 31 U.S. properties (USD)[2] | **2026** | **$27.28** | **$3.47** | **$45.03** | **$27.51** | **$27.67** |
| | 2025 | $26.84 | $3.39 | $39.18 | $19.63 | $25.81 |
| Average remaining term to maturity of leases as at March 31 (in years) | **2026** | **N/A** | **5.2** | **4.2** | **9.4** | **5.1** |
| | 2025 | N/A | 5.3 | 5.8 | 8.0 | 6.4 |
| Average interest rate on mortgages payable as at March 31 (in years) | **2026** | **3.7%** | **4.9%** | **3.7%** | **N/A** | **3.8%** |
| | 2025 | 3.8% | 4.8% | 3.7% | 5.0% | 3.9% |
| Average remaining term to maturity of mortgages payable as at March 31 (in years) | **2026** | **2.6** | **1.5** | **0.9** | **N/A** | **2.4** |
| | 2025 | 3.5 | 2.4 | 1.9 | 8.0 | 3.5 |

(1) Same-Property refers to those properties owned by H&R for the 15-month period ended March 31, 2026, excluding transfers of investment properties to or from properties under development.
(2) Excludes properties sold in their respective year.
(3) The Bow and 100 Wynford have been excluded from the above statistics as they were legally sold in October 2021 and August 2022, respectively. Refer to the *"Other Liabilities - Deferred Revenue"* section of this MD&A for further information on the accounting treatment of these two dispositions.

The following table is presented at the REIT's proportionate share for H&R's residential properties.

| | March 31, 2026 | | | | March 31, 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| **Region** | Number of properties | Number of residential rental units | Weighted average monthly rent per occupied unit (USD) | Occupancy | Number of properties | Number of residential rental units | Weighted average monthly rent per occupied unit (USD) | Occupancy |
| Texas[1] | **10** | **3,227** | **$1,491** | **88.9%** | 10 | 3,227 | $1,475 | 84.1% |
| North Carolina | **5** | **1,634** | **1,559** | **91.0%** | 5 | 1,634 | 1,583 | 93.6% |
| Florida[2] | **7** | **2,433** | **1,839** | **89.4%** | 7 | 2,433 | 1,830 | 94.9% |
| Gateway Cities[2] | **4** | **1,635** | **3,893** | **97.0%** | 4 | 1,635 | 3,764 | 97.1% |
| **Total** | **26** | **8,929** | **$2,066** | **90.9%** | 26 | 8,929 | $2,042 | 91.2% |

As at March 31, 2026, annual rent as a percentage of median household income for households living in market rate Class A apartments in the United States was 22.4%[3]. As at March 31, 2026, annual rent as a percentage of median household income of the residences in the REIT's residential properties (excluding Jackson Park) was approximately 19.5%.

(1) Occupancy for Texas, excluding Lantower West Love and Lantower Midtown, which are in lease-up, was 90.1% and 91.2% as at March 31, 2026 and March 31, 2025, respectively.
(2) River Landing Residential, Miami, FL has been included in Gateway Cities.
(3) Source: RealPage, Market Analytics.

## PORTFOLIO OVERVIEW

The geographic diversification of the portfolio of investment properties in which the REIT has an interest and the related square footage is disclosed at the REIT's proportionate share as at March 31, 2026 in the tables below:

| **Number of Properties**[(1)(2)] | **Canada** | | | | | |
|---|---|---|---|---|---|---|
| | **Ontario** | **Alberta** | **Other** | **Subtotal** | **United States** | **Total** |
| Residential[(3)] | — | — | — | — | 26 | 26 |
| Industrial | 38 | 15 | 12 | 65 | 1 | 66 |
| Office | 6 | 1 | 3 | 10 | 2 | 12 |
| Retail | — | — | — | — | 1 | 1 |
| Total | 44 | 16 | 15 | 75 | 30 | 105 |

| **Square Feet (in thousands)**[(1)(2)] | **Canada** | | | | | |
|---|---|---|---|---|---|---|
| | **Ontario** | **Alberta** | **Other** | **Subtotal** | **United States** | **Total** |
| Residential[(3)] | — | — | — | — | 8,152 | 8,152 |
| Industrial | 5,057 | 1,913 | 912 | 7,882 | 413 | 8,295 |
| Office | 1,558 | 466 | 557 | 2,581 | 765 | 3,346 |
| Retail | — | — | — | — | 491 | 491 |
| Total | 6,615 | 2,379 | 1,469 | 10,463 | 9,821 | 20,284 |

(1) Excludes the Bow and 100 Wynford, as these properties were legally sold in October 2021 and August 2022, respectively. Refer to the *"Other Liabilities - Deferred Revenue"* section of this MD&A for further information on the accounting treatment of these two dispositions.

(2) Excludes all properties held for development. Refer to the *"Properties Under Development"* section of this MD&A for further information on properties held for development.

(3) The residential properties contain 8,929 residential rental units.

## LEASE MATURITY PROFILE

The following tables disclose H&R's leases expiring in Canada and the United States as at March 31, 2026 at the REIT's proportionate share, excluding the Residential segment where leases typically expire annually.

### Canadian Portfolio:

| | Industrial | | Office | | Retail | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| Lease Expiries | Sq.ft. | Rent per sq.ft. ($) on expiry | Sq.ft. | Rent per sq.ft. ($) on expiry | Sq.ft. | Rent per sq.ft. ($) on expiry | Sq.ft. | % of Canadian sq. ft. | Rent per sq.ft. ($) on expiry |
| 2026[1] | 241,734 | 10.54 | 587,255 | 14.26 | — | — | 828,989 | 7.9% | 13.18 |
| 2027 | 843,387 | 7.65 | 325,034 | 22.15 | — | — | 1,168,421 | 11.2% | 11.68 |
| 2028 | 486,114 | 11.85 | 73,685 | 24.39 | — | — | 559,799 | 5.3% | 13.50 |
| 2029 | 467,107 | 13.26 | 200,298 | 27.32 | — | — | 667,405 | 6.4% | 17.48 |
| 2030 | 571,523 | 11.21 | 190,128 | 23.63 | — | — | 761,651 | 7.3% | 14.31 |
| | 2,609,865 | 10.48 | 1,376,400 | 19.86 | — | — | 3,986,265 | 38.1% | 13.72 |

### U.S. Portfolio:

| | Industrial | | Office | | Retail | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| Lease Expiries | Sq.ft. | Rent per sq.ft. ($) on expiry[2] | Sq.ft. | Rent per sq.ft. ($) on expiry[2] | Sq.ft. | Rent per sq.ft. ($) on expiry[2] | Sq.ft. | % of U.S. sq. ft. | Rent per sq.ft. ($) on expiry[2] |
| 2026[1] | — | — | 5,212 | 26.26 | 1,351 | 50.06 | 6,563 | 0.4% | 31.16 |
| 2027 | — | — | — | — | 2,027 | 23.20 | 2,027 | 0.1% | 23.20 |
| 2028 | — | — | — | — | — | — | — | —% | — |
| 2029 | — | — | 41,598 | 26.60 | — | — | 41,598 | 2.5% | 26.60 |
| 2030 | — | — | 668,991 | 48.50 | 3,000 | 62.15 | 671,991 | 40.3% | 48.56 |
| | — | — | 715,801 | 47.07 | 6,378 | 47.21 | 722,179 | 43.3% | 47.07 |

(1) For the balance of the year.
(2) U.S. dollars.

## TOP TWENTY SOURCES OF REVENUE BY TENANT

The following table discloses H&R's top twenty tenants, based on rentals from investment properties, as at March 31, 2026 at the REIT's proportionate share:

| | Tenant | % of Rentals from Investment Properties(1) | Number of Locations | H&R owned sq.ft. (in 000's) | Average Lease Term to Maturity (in years)(2) | Credit Ratings (S&P) |
|---|---|---|---|---|---|---|
| 1. | New York City Department of Health and Mental Hygiene | 10.0% | 1 | 660 | 4.7 | A+ Stable |
| 2. | TC Energy Corporation | 4.2% | 1 | 466 | 5.1 | BBB+ Stable |
| 3. | Canadian Tire Corporation Ltd. | 3.3% | 2 | 2,104 | 5.8 | BBB Stable |
| 4. | Ovintiv Inc.(3) | 2.5% | — | — | 12.1 | BBB- Stable |
| 5. | Toronto-Dominion Bank | 2.2% | 1 | 263 | 1.7 | A+ Stable |
| 6. | Bell Canada | 1.5% | 1 | 437 | 0.8 | BBB Negative |
| 7. | Finning International Inc. | 1.3% | 8 | 320 | 5.0 | BBB+ Stable |
| 8. | Miami-Dade County(4) | 1.1% | 1 | 112 | 11.1 | AA Stable |
| 9. | Purolator Inc. | 1.1% | 12 | 535 | 4.6 | Not Rated |
| 10. | Deutsche Post AG | 0.9% | 1 | 343 | 4.8 | Not Rated |
| 11. | Nestlé Canada Inc. | 0.8% | 1 | 73 | 3.4 | Not Rated |
| 12. | Government of Ontario | 0.8% | 1 | 103 | 4.6 | AA- Stable |
| 13. | iA Financial Group | 0.8% | 1 | 89 | 3.3 | Not Rated |
| 14. | Armour Transport Inc. | 0.7% | 1 | 187 | 10.2 | Not Rated |
| 15. | O-I Canada Corp. | 0.7% | 1 | 371 | 1.8 | Not Rated |
| 16. | UAP Inc. | 0.7% | 2 | 230 | 11.1 | Not Rated |
| 17. | Government of Nova Scotia | 0.6% | 2 | 77 | 4.0 | A+ Negative |
| 18. | United Way Greater Toronto | 0.5% | 1 | 50 | 6.8 | Not Rated |
| 19. | Advantech Supply Chain Solutions Inc. | 0.5% | 1 | 157 | 6.4 | Not Rated |
| 20. | TJX Companies(5) | 0.5% | 2 | 279 | 2.8 | Not Rated |
| | Total | **34.7%** | **41** | **6,856** | **5.8** | |

(1) The percentage of rentals from investment properties is based on estimated annualized gross revenue excluding straight-lining of contractual rent, rent amortization of tenant inducements and capital expenditure recoveries.
(2) Average lease term to maturity is weighted based on net rent.
(3) Ovintiv Inc. includes 15% of the net rent payable under the Ovintiv lease (as defined in the *"Other Liabilities - Deferred Revenue"* section of this MD&A).
(4) Miami-Dade County includes The Public Health Trust and Offices for State Attorney.
(5) TJX Companies includes Winners and TJ Maxx.

## FINANCIAL HIGHLIGHTS

| | **March 31 2026** | December 31 2025 | December 31 2024 |
|---|---|---|---|
| Total assets (in thousands) | **$8,065,061** | $9,108,286 | $10,620,487 |
| Debt to total assets per the REIT's Financial Statements(1) | **31.7%** | 38.4% | 33.4% |
| Debt to total assets at the REIT's proportionate share(1)(2) | **42.6%** | 49.8% | 43.7% |
| Debt to Adjusted EBITDA at the REIT's proportionate share(1)(2)(3) | **7.0x** | 9.3x | 9.4x |
| Unitholders' equity (in thousands) | **$4,117,616** | $4,135,718 | $5,278,743 |
| Units outstanding (in thousands) | **264,567** | 264,558 | 262,016 |
| Exchangeable units outstanding (in thousands) | **15,442** | 15,442 | 17,974 |
| Unitholders' equity per Unit | **$15.56** | $15.63 | $20.15 |
| NAV per Unit(2)(4) | **$15.96** | $16.09 | $20.92 |

| | Three months ended March 31 | |
|---|---|---|
| **(in thousands except for per Unit amounts)** | **2026** | 2025 |
| Rentals from investment properties | **$184,253** | $205,639 |
| Net operating income | **$85,869** | $82,963 |
| Same-Property net operating income (cash basis)(5) | **$90,107** | $93,403 |
| Net loss from equity accounted investments | **($7,264)** | ($10,082) |
| Fair value adjustment on real estate assets | **($79,053)** | ($52,698) |
| Net loss | **($34,870)** | ($52,018) |
| Funds from Operations ("FFO")(5) | **$76,265** | $83,098 |
| Adjusted Funds from Operations ("AFFO")(5) | **$65,499** | $68,013 |
| Weighted average number of Units and exchangeable units | **280,003** | 279,990 |
| FFO per basic and diluted Unit(2) | **$0.272** | $0.297 |
| AFFO per basic and diluted Unit(2) | **$0.234** | $0.243 |
| Cash distributions per Unit | **$0.150** | $0.150 |
| Payout ratio as a % of FFO(2) | **55.1%** | 50.5% |
| Payout ratio as a % of AFFO(2) | **64.1%** | 61.7% |

(1) Debt includes mortgages payable, debentures payable, unsecured term loans, lines of credit and liabilities classified as held for sale.
(2) These are non-GAAP ratios. Refer to the *"Non-GAAP Measures"* section of this MD&A.
(3) Adjusted EBITDA is based on the trailing 12 months and is defined in the "*Debt"* section of this MD&A.
(4) Refer to the *"Unitholders' Equity"* section of this MD&A for a detailed calculation of NAV per Unit.
(5) These are non-GAAP measures. Refer to the *"Non-GAAP Measures"* section of this MD&A.

## SECTION III

## FINANCIAL POSITION

The following foreign exchange rates have been used in the statements of financial position when converting U.S. dollars to Canadian dollars except where otherwise noted:

| | **March 31 2026** | December 31 2025 |
|---|---|---|
| For each U.S. $1.00 | **$1.39 CAD** | $1.37 CAD |

The following table reconciles the REIT's Statements of Financial Position from the REIT's Financial Statements to the REIT's proportionate share:

| | **March 31, 2026** | | | December 31, 2025 | | |
|---|---|---|---|---|---|---|
| **(in thousands of Canadian dollars)** | **REIT's Financial Statements** | **Equity accounted investments** | **REIT's proportionate share[1]** | REIT's Financial Statements | Equity accounted investments | REIT's proportionate share[1] |
| Assets | | | | | | |
| Real estate assets | | | | | | |
| Investment properties | **$6,343,489** | **$1,050,380** | **$7,393,869** | $6,370,453 | $1,053,283 | $7,423,736 |
| Properties under development | **771,599** | **262,771** | **1,034,370** | 785,184 | 240,930 | 1,026,114 |
| | **7,115,088** | **1,313,151** | **8,428,239** | 7,155,637 | 1,294,213 | 8,449,850 |
| Equity accounted investments | **489,424** | **(489,424)** | **—** | 484,702 | (484,702) | — |
| Assets classified as held for sale | **91,500** | **—** | **91,500** | 1,142,900 | — | 1,142,900 |
| Other assets | **300,529** | **7,030** | **307,559** | 272,910 | 6,979 | 279,889 |
| Cash and cash equivalents | **68,520** | **13,545** | **82,065** | 52,137 | 6,503 | 58,640 |
| | **$8,065,061** | **$844,302** | **$8,909,363** | $9,108,286 | $822,993 | $9,931,279 |
| Liabilities and Unitholders' Equity | | | | | | |
| Liabilities | | | | | | |
| Debt | **$2,553,815** | **$823,631** | **$3,377,446** | $3,501,891 | $800,889 | $4,302,780 |
| Exchangeable units | **150,865** | **—** | **150,865** | 157,968 | — | 157,968 |
| Deferred revenue | **850,637** | **—** | **850,637** | 862,139 | — | 862,139 |
| Deferred tax liability | **199,241** | **—** | **199,241** | 212,781 | — | 212,781 |
| Accounts payable and accrued liabilities | **192,887** | **20,671** | **213,558** | 237,789 | 22,104 | 259,893 |
| | **3,947,445** | **844,302** | **4,791,747** | 4,972,568 | 822,993 | 5,795,561 |
| Unitholders' equity | **4,117,616** | **—** | **4,117,616** | 4,135,718 | — | 4,135,718 |
| | **$8,065,061** | **$844,302** | **$8,909,363** | $9,108,286 | $822,993 | $9,931,279 |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.

## INVESTMENT PROPERTIES

### 2026 Acquisitions

H&R did not acquire any investment properties during the three months ended March 31, 2026.

### 2025 Acquisitions

H&R did not acquire any investment properties during the year ended December 31, 2025.

### 2026 Dispositions

The total net selling price of H&R's 2026 dispositions was approximately $1.5 billion during the three months ended March 31, 2026.

| Property | Segment | Date Sold | Square Feet | Ownership Interest Sold |
|---|---|---|---|---|
| Net investment in ECHO[1][2] | Retail | January 6, 2026 | 2,872,088 | 33.1% |
| 145 Wellington St. W., Toronto, ON[2] | Office | January 27, 2026 | 160,098 | 100.0% |
| 88 McNabb St., Markham, ON[2] | Office | January 27, 2026 | 74,592 | 100.0% |
| 775 Panet Rd., Winnipeg, MB[2] | Retail | January 27, 2026 | 121,962 | 100.0% |
| 1880 Innes Rd., Ottawa, ON[2] | Retail | January 27, 2026 | 118,526 | 100.0% |
| 730 Ottawa St. S., Kitchener, ON[2] | Retail | January 27, 2026 | 105,978 | 100.0% |
| 275 Boul. Rideau, Rouyn-Noranda, QC[1][2] | Retail | January 27, 2026 | 20,844 | 20.0% |
| 1550 & 1580 Cameron St., Hawkesbury, ON[2] | Retail | January 27, 2026 | 103,596 | 100.0% |
| 1333 Sargent Ave., Winnipeg, MB[2] | Retail | January 27, 2026 | 87,769 | 100.0% |
| 1058-1100 10th St., Hanover, ON[2] | Retail | January 27, 2026 | 78,114 | 100.0% |
| 590-640 River St., Thunder Bay, ON[2] | Retail | January 27, 2026 | 76,980 | 100.0% |
| 4610 Ontario St., Beamsville, ON[2] | Retail | January 27, 2026 | 50,457 | 100.0% |
| 15 & 35 Alkenbrack St., Napanee, ON[2] | Retail | January 27, 2026 | 49,718 | 100.0% |
| 17 Alkenbrack St., Napanee, ON[2] | Retail | January 27, 2026 | 3,399 | 100.0% |
| 110 Hwy. 20 E., Pelham, ON[2] | Retail | January 27, 2026 | 47,804 | 100.0% |
| 231-247 Mill St., Angus, ON[2] | Retail | January 27, 2026 | 47,504 | 100.0% |
| 315 Grand River St. N., Paris, ON[2] | Retail | January 27, 2026 | 45,711 | 100.0% |
| 2080 Jans Blvd., Innisfil, ON[2] | Retail | January 27, 2026 | 43,816 | 100.0% |
| 812, 814, 818 Durham St., Kincardine, ON[2] | Retail | January 27, 2026 | 42,132 | 100.0% |
| 191 Indian Rd. S., Sarnia, ON[2] | Retail | January 27, 2026 | 40,464 | 100.0% |
| 20210 Communication Rd., Blenheim, ON[2] | Retail | January 27, 2026 | 35,076 | 100.0% |
| 560 Exmouth St., Sarnia, ON[2] | Retail | January 27, 2026 | 32,214 | 100.0% |
| 1012 Broad St. E., Dunnville, ON[2] | Retail | January 27, 2026 | 30,320 | 100.0% |
| 14 Main St., Brighton, ON[2] | Retail | January 27, 2026 | 29,730 | 100.0% |
| 2755 Laurier St., Rockland, ON[2] | Retail | January 27, 2026 | 16,890 | 100.0% |
| 902 Mohawk Rd. E., Hamilton, ON[2] | Retail | January 27, 2026 | 15,847 | 100.0% |
| 1501 McKinney St., Houston, TX[2] | Office | February 25, 2026 | 844,763 | 100.0% |
| 1800-1812 LaSalle Blvd., Sudbury, ON[2] | Retail | March 17, 2026 | 42,689 | 100.0% |
| 140 Algonquin Blvd. W., Timmins, ON[2] | Retail | March 17, 2026 | 40,640 | 100.0% |
| 505 Arthur St. W., Thunder Bay, ON[2] | Retail | March 17, 2026 | 34,713 | 100.0% |
| Total | | | **5,314,434** | |

(1) Square feet and selling price are based on the ownership interest sold, and H&R no longer holds any ownership interest in these assets.
(2) Classified as held for sale as at December 31, 2025.

**2025 Dispositions**

The total selling price of H&R's 2025 dispositions was approximately $121.0 million during the year ended December 31, 2025.

| Property | Segment | Date Sold | Square Feet | Ownership Interest Sold |
|---|---|---|---|---|
| 500 Hwy. 118 W. & 100/150 Muskoka Rd. Hwy. 118 W., Bracebridge, ON[(1)(2)] | Retail | January 6, 2025 | 30,485 | 50.0% |
| 505 Hwy. 118 W., Bracebridge, ON[(1)(2)] | Retail | January 6, 2025 | 65,791 | 50.0% |
| 555 Rossland Rd. E., Oshawa, ON[(1)(2)] | Retail | January 6, 2025 | 33,438 | 50.0% |
| 1020 & 1090 Dawson Rd., Thunder Bay, ON[(1)(2)] | Retail | January 6, 2025 | 45,333 | 50.0% |
| 640 First St. Extension, Collingwood, ON[(2)] | Retail | January 6, 2025 | 38,000 | 100.0% |
| 2615 County Rd. 43, Kemptville, ON[(2)] | Retail | January 6, 2025 | 25,127 | 100.0% |
| 1020 Dawson Rd., Thunder Bay, ON[(2)] | Retail | January 6, 2025 | 98,521 | 100.0% |
| 502 37th Ave. S.E., Puyallup, WA[(2)] | Retail | March 31, 2025 | 10,102 | 100.0% |
| 32 Wellington St. E., Toronto, ON[(1)(3)] | Office | June 19, 2025 | 4,809 | 98.5% |
| 3990 Red Cedar Dr., Highlands Ranch, CO | Retail | July 18, 2025 | 9,751 | 100.0% |
| 69 Yonge St., Toronto, ON | Office | July 23, 2025 | 89,276 | 100.0% |
| 10450 42nd Ave., Edmonton, AB | Retail | November 27, 2025 | 150,457 | 100.0% |
| Total | | | **601,090** | |

(1) Square feet and selling price are based on the ownership interest sold, and H&R no longer holds any ownership interest in these assets.
(2) Classified as held for sale as at December 31, 2024.
(3) Consisted of one commercial unit adjacent to 26 Wellington St. E., Toronto, ON.

### *Real Estate Assets by Segment and Region*

The following tables disclose the fair values of the investment properties and properties under development by operating segment and geographic location, excluding assets held for sale for the periods indicated:

| **March 31, 2026** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | REIT's Financial Statements | | Equity Accounted Investments | | | | | |
| **Operating Segment (in thousands of Canadian dollars)** | Investment Properties | Properties Under Development | Investment Properties | Properties Under Development | REIT's Proportionate Share[(1)] | The Bow and 100 Wynford[(2)] | Total | % |
| Residential | $2,752,514 | $476,502 | $1,029,321 | $192,378 | $4,450,715 | $— | $4,450,715 | 59.7% |
| Industrial | 1,467,929 | 295,097 | 21,059 | 70,393 | 1,854,478 | — | 1,854,478 | 24.9% |
| Office | 1,836,706 | — | — | — | 1,836,706 | (978,193) | 858,513 | 11.6% |
| Retail | 286,340 | — | — | — | 286,340 | — | 286,340 | 3.8% |
| Total | **$6,343,489** | **$771,599** | **$1,050,380** | **$262,771** | **$8,428,239** | **($978,193)** | **$7,450,046** | **100.0%** |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.
(2) Excludes the Bow and 100 Wynford, as these properties were legally sold in October 2021 and August 2022, respectively. Refer to the *"Other Liabilities - Deferred Revenue"* section of this MD&A for further information on the accounting treatment of these two dispositions.

| March 31, 2026 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | REIT's Financial Statements | | Equity Accounted Investments | | | | | |
| **Geographic Location (in thousands of Canadian dollars)** | Investment Properties | Properties Under Development | Investment Properties | Properties Under Development | REIT's Proportionate Share[1] | The Bow and 100 Wynford[2] | Total | % |
| Ontario | $1,356,015 | $324,775 | $— | $70,393 | $1,751,183 | ($91,569) | $1,659,614 | 22.3% |
| Alberta | 1,262,373 | — | — | — | 1,262,373 | (886,624) | 375,749 | 5.1% |
| Other | 300,800 | — | — | — | 300,800 | — | 300,800 | 4.0% |
| Canada | 2,919,188 | 324,775 | — | 70,393 | 3,314,356 | (978,193) | 2,336,163 | 31.4% |
| United States | 3,424,301 | 446,824 | 1,050,380 | 192,378 | 5,113,883 | — | 5,113,883 | 68.6% |
| Total | **$6,343,489** | **$771,599** | **$1,050,380** | **$262,771** | **$8,428,239** | **($978,193)** | **$7,450,046** | **100.0%** |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.
(2) Excludes the Bow and 100 Wynford, as these properties were legally sold in October 2021 and August 2022, respectively. Refer to the *"Other Liabilities - Deferred Revenue"* section of this MD&A for further information on the accounting treatment of these two dispositions.

| December 31, 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | REIT's Financial Statements | | Equity Accounted Investments | | | | | |
| **Operating Segment (in thousands of Canadian dollars)** | Investment Properties | Properties Under Development | Investment Properties | Properties Under Development | REIT's Proportionate Share[1] | The Bow and 100 Wynford[2] | Total | % |
| Residential | $2,733,901 | $490,088 | $1,034,188 | $172,252 | $4,430,429 | $— | $4,430,429 | 59.4% |
| Industrial | 1,453,214 | 295,096 | 19,095 | 68,678 | 1,836,083 | — | 1,836,083 | 24.6% |
| Office | 1,901,118 | — | — | — | 1,901,118 | (991,039) | 910,079 | 12.2% |
| Retail | 282,220 | — | — | — | 282,220 | — | 282,220 | 3.8% |
| Total | $6,370,453 | $785,184 | $1,053,283 | $240,930 | $8,449,850 | ($991,039) | $7,458,811 | 100.0% |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.
(2) Excludes the Bow and 100 Wynford, as these properties were legally sold in October 2021 and August 2022, respectively. Refer to the *"Other Liabilities - Deferred Revenue"* section of this MD&A for further information on the accounting treatment of these two dispositions.

| December 31, 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | REIT's Financial Statements | | Equity Accounted Investments | | | | | |
| **Geographic Location (in thousands of Canadian dollars)** | Investment Properties | Properties Under Development | Investment Properties | Properties Under Development | REIT's Proportionate Share[1] | The Bow and 100 Wynford[2] | Total | % |
| Ontario | $1,360,996 | $343,981 | $— | $68,678 | $1,773,655 | ($93,565) | $1,680,090 | 22.5% |
| Alberta | 1,274,872 | — | — | — | 1,274,872 | (897,474) | 377,398 | 5.1% |
| Other | 297,600 | — | — | — | 297,600 | — | 297,600 | 4.0% |
| Canada | 2,933,468 | 343,981 | — | 68,678 | 3,346,127 | (991,039) | 2,355,088 | 31.6% |
| United States | 3,436,985 | 441,203 | 1,053,283 | 172,252 | 5,103,723 | — | 5,103,723 | 68.4% |
| Total | $6,370,453 | $785,184 | $1,053,283 | $240,930 | $8,449,850 | ($991,039) | $7,458,811 | 100.0% |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.
(2) Excludes the Bow and 100 Wynford, as these properties were legally sold in October 2021 and August 2022, respectively. Refer to the *"Other Liabilities - Deferred Revenue"* section of this MD&A for further information on the accounting treatment of these two dispositions.

## VALUATION OF REAL ESTATE ASSETS

The estimated fair values of the REIT's real estate assets are based on the following methods and significant assumptions:

(i) Discounted cash flow analyses which are based upon, among other things, future cash inflows in respect of rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the reporting period, less future cash outflows in respect of such leases and capital expenditures for the property utilizing appropriate discount rates and terminal capitalization rates, generally over a minimum term of 10 years;

(ii) The direct capitalization method which calculates fair value by applying a capitalization rate to future cash flows based on stabilized net operating income; and

(iii) The comparable sales approach, which estimates fair value based on the market value per unit of measure which is established by recent sales activity in the same or similar markets.

The REIT views the methods and assumptions that are most relevant and significant to the estimated fair values of the REIT's real estate assets to be (i) and (ii) above. The comparable sales approach is used in limited instances for certain properties under development and a single investment property advancing through the process of rezoning.

During the three months ended March 31, 2026, certain properties were valued by professional external independent appraisers or brokers. When an external independent appraisal is obtained, the REIT's internal valuation team assesses the significant assumptions used in the appraisal and holds discussions with the external independent appraiser on the reasonableness of their assumptions. External independent appraisals received throughout the period per the REIT's Financial Statements represent 11.3% and 3.9% of the fair value of investment properties and properties under development, respectively, as at March 31, 2026 (year ended December 31, 2025 - 18.9% and 31.2%, respectively). External independent appraisals received throughout the period per the REIT's proportionate share (a non-GAAP measure, refer to the *"Non-GAAP Measures"* section of this MD&A) including investment properties classified as held for sale and excluding The Bow and 100 Wynford represent 11.2% and 2.9% of the fair value of investment properties and properties under development, respectively, as at March 31, 2026 (year ended December 31, 2025 - 33.4% and 29.6%, respectively).

The REIT utilizes external industry sources to determine a range of capitalization, discount and terminal capitalization rates. To the extent that the ranges of these externally provided rates change from one reporting period to the next, the fair value of the investment properties is adjusted accordingly.

The weighted average capitalization rates disclosed below are reported by segment and geographic location at the REIT's proportionate share (a non-GAAP measure, refer to the *"Non-GAAP Measures"* section of this MD&A), including investment properties classified as held for sale, which differs from the REIT's Financial Statements. The Bow and 100 Wynford have been excluded from the Canada Office and Total capitalization rates for both periods below as these properties were legally sold in October 2021 and August 2022, respectively.

In addition, the Canadian Office capitalization rates as at March 31, 2026 and December 31, 2025 exclude one office property, which has been valued in accordance with method (iii) above.

**Weighted Average Capitalization Rates**

| March 31, 2026 | Residential | Industrial | Office | Retail | Total |
|---|---|---|---|---|---|
| **Canada** | — | 5.80% | 9.16% | — | 6.68% |
| **United States** | 4.73% | 9.55% | 9.08% | 6.46% | 5.24% |
| **Total** | 4.73% | 5.86% | 9.13% | 6.46% | 5.68% |

As at March 31, 2026, the weighted average capitalization rate for residential properties in the U.S. sun belt states was 4.97%, resulting in an overall weighted average capitalization rate of 4.73% for the residential portfolio.

| Weighted Average Capitalization Rates | | | | | |
|---|---|---|---|---|---|
| December 31, 2025 | Residential | Industrial | Office | Retail | Total |
| Canada | — | 5.79% | 8.68% | 7.27% | 6.69% |
| United States | 4.73% | 10.24% | 9.87% | 6.46% | 5.63% |
| Total | 4.73% | 5.84% | 9.33% | 6.84% | 5.97% |

As at December 31, 2025, the weighted average capitalization rate for the properties in the U.S. sun belt states was 4.97%, resulting in an overall weighted average capitalization rate of 4.73% for the residential portfolio.

## PROPERTIES UNDER DEVELOPMENT

As at March 31, 2026, properties under development per the REIT's Financial Statements totalled $771.6 million, which consisted of the following Canadian and U.S. future developments:

| **As at March 31, 2026** | **At H&R's Ownership Interest** | | |
|---|---|---|---|
| | **Ownership Interest** | **Number of Acres** | **Number of Expected Residential Rental Units** |
| ***Future Developments - Canada***[1] | | | |
| Industrial Lands (Remaining lands), Caledon, ON | 100.0% | 153.5 | — |
| 53 & 55 Yonge St., Toronto, ON | 100.0% | 0.4 | 836 |
| | | **153.9** | **836** |
| ***Future Developments - U.S.*** [1] | | | |
| The Cove, Jersey City, NJ | 100.0% | 12.4 | 2,840 |
| 459 Smith St., Brooklyn, NY | 75.0% | 3.0 | 779 |
| West Town, Orlando, FL | 50.0% | 13.5 | 271 |
| 9 Additional Developments | 100.0% | 67.5 | 3,141 |
| | | **96.4** | **7,031** |
| **Total Properties Under Development** | | **250.3** | **7,867** |

(1) Future Developments include sites advancing through zoning by-law applications, approvals, legal obligations, and clearing environmental encumbrances. These sites may be shovel ready but still require financial commitments and are not anticipated to commence active construction in the near future.

## EQUITY ACCOUNTED INVESTMENTS

| | ....................Associates..................... | | Joint Ventures[1] | |
|---|---|---|---|---|
| **(in thousands of Canadian dollars)** | Jackson Park | REDT JV LP | | **Total**[2] |
| Investment properties | $899,485 | $— | $150,895 | **$1,050,380** |
| Properties under development | — | 78,328 | 184,443 | **262,771** |
| Other assets | 4,652 | 1,754 | 624 | **7,030** |
| Cash and cash equivalents | 9,925 | 143 | 3,477 | **13,545** |
| Debt | (691,359) | (39,032) | (93,240) | **(823,631)** |
| Accounts payable and accrued liabilities | (8,546) | (6,041) | (6,084) | **(20,671)** |
| **March 31, 2026** | **$214,157** | **$35,152** | **$240,115** | **$489,424** |
| December 31, 2025 | $222,728 | $32,360 | $229,614 | $484,702 |

(1) Joint ventures include 170 Butts Street, 560 & 600 Slate Drive, Central Pointe, Sunny Creek, Hercules Project and Shoreline.

(2) Each of these line items represents the REIT's proportionate share of equity accounted investments, which are reconciled to the total equity accounted investments per the REIT's Financial Statements. This is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.

ECHO

In January 2026, the REIT sold its net investment in ECHO for $441.6 million (U.S. $320.0 million). ECHO historically reported its financial results to the REIT one month in arrears due to time constraints on its reporting. Therefore, the table reconciling the REIT's share of net income (loss) from equity accounted investments includes results for December 2025. Refer to the *"Completion of $1.5 Billion of Retail and Office Property Sales"* section of this MD&A for further information.

During the year ended December 31, 2025, the REIT determined that the investment met the criteria for classification as an asset held for sale in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*. Upon classification as held for sale, the investment was measured at the lower of its carrying amount and fair value less costs to sell, and no impairment loss was recognized. The net investment was reclassified to assets held for sale in the REIT's consolidated statement of financial position within the REIT's Financial Statements, and the equity method was no longer applied. As a result, ECHO's financial information was excluded from the table reconciling the REIT's share of net assets in equity accounted investments as at December 31, 2025, but continued to be included in the REIT's share of net income (loss) from equity accounted investments.

Jackson Park

H&R owns a 50% interest in Jackson Park, a 1,871 luxury residential rental unit property in Long Island City, NY.

REDT

In February 2024, the REIT created the Lantower Residential Real Estate Development Trust (No.1 ) (the "REDT"), which completed an initial public offering in April 2024. The REDT raised U.S. $52.0 million of equity capital from investors to acquire an interest in and fund the development of the REDT Projects in Florida totalling 601 residential rental units. The REIT contributed the land to REDT JV LP in exchange for a 29.1% ownership interest in the REDT JV LP. The REIT is accounting for its ownership interest in the REDT Projects as an equity accounted investment. H&R retains an option to acquire the REDT Projects, subject to approval by the investors of the REDT. H&R is earning a development fee of 4% of the total hard and soft costs of the REDT Projects (excluding land and financing costs) and is expecting to earn 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. As at March 31, 2026, H&R's share of the total budget for the REDT Projects was approximately $84.8 million (U.S. $61.0 million) with costs remaining to complete of $12.0 million (U.S. $8.6 million), all at H&R's ownership interest. The REDT JV LP entered into an agreement with the REIT to obtain a construction loan for a principal amount up to U.S. $136.2 million, bearing interest at 9.0% per annum. As at March 31, 2026, the balance outstanding on the REDT Loan was $134.1 million (U.S. $96.5 million), therefore the remaining balance that the REIT is committed to fund is $55.2 million (U.S. $39.7 million). The REDT Projects are expected to be completed in mid-2026. The yield on cost for the REDT Projects is expected to be approximately 6.0%.

170 Butts Street

H&R owns a 50.5% interest in 170 Butts Street, a 817,000 square foot industrial property in South Hill, VA, through a joint venture with its partners.

560 & 600 Slate Drive

H&R has a 50% managing ownership interest in 560 & 600 Slate Drive, a 26.6 acre land site in Mississauga, ON, located next to Toronto Pearson International Airport and in close proximity to access points on the 410, 401 and 407 Highways. In 2024, construction commenced on two single storey industrial buildings totalling 312,218 square feet and 162,395 square feet, respectively, at the 100% level. The buildings include sustainability elements such as EV charging stations and solar panel readiness and are targeting LEED Gold certification. Both properties have been leased at market rents for approximately 11 years to a single tenant. The lease at 560 Slate Drive commenced in March 2026 and the lease at 600 Slate Drive will commence in October 2026, with a 5-month rent free period at both properties commencing at the start of the respective lease term. As at March 31, 2026, the total budget for 560 & 600 Slate Drive was approximately $65.5 million with costs remaining to complete of $7.7 million, all at H&R's ownership interest. The yield on cost for the overall project is expected to be approximately 6.5% with completion expected in Q2 2026. In February 2025, the partnership owning the site obtained a $32.5 million construction financing facility, at H&R's ownership interest. As at March 31, 2026, the available balance was approximately $15.9 million, at H&R's ownership interest.

Central Pointe

H&R has a non-managing 50% ownership interest in 8.4 acres of land in Santa Ana, CA. The site is expected to be developed in two phases, and consist of 644 residential rental units and 15,131 square feet of retail space once complete, all at the 100% level. The site is located within one block of the I-5 freeway and within several miles of Downtown Santa Ana, South Coast Metro, Irvine, Anaheim and Orange County. In September 2025, construction commenced on the first phase, known as “Elio”, which will consist of a 5-storey property across 4.2 acres, including 325 residential units, as well as 9,568 square feet of retail space, all at the 100% level. As at March 31, 2026, H&R’s share of the total budget for Elio was approximately $129.6 million (U.S. $93.2 million) with costs remaining to complete of $87.0 million (U.S. $62.6 million), all at H&R’s ownership interest. In September 2025, the partnership owning the site obtained a $73.6 million (U.S. $52.9 million) construction financing facility, at H&R’s ownership interest, and expects to start drawing on the facility in 2026. The yield on cost for Elio is expected to be approximately 5.3% with completion expected in Q1 2028.

Sunny Creek

H&R has a 33.3% non-managing ownership interest in 17.6 acres of land in Carlsbad, CA, a coastal city in northwest San Diego County, approximately four miles from Carlsbad State Beach and downtown Carlsbad. The site is close to major highways and business parks, including the headquarters for TaylorMade and Callaway. The site will include 330 homes across courtyard flats, interlocking townhomes, row townhomes and single-family detached residences.

Hercules Project

H&R has a 31.7% non-managing ownership interest in 24.1 acres of land located in Hercules, CA, adjacent to San Pablo Bay, northeast of San Francisco, for the future development of residential rental units. This waterfront, multi-phase, master-planned, in-fill mixed use development surrounds a future intermodal transit centre, including train and ferry service, and is adjacent to an 11-acre future waterfront regional park. The initial investment to purchase the land was approximately $13.1 million (U.S. $10.0 million), at H&R’s ownership interest. As at March 31, 2026, H&R’s equity investment was approximately $41.0 million (U.S. $29.5 million).

Phase 2 of the Hercules Project, known as “The Grand at Bayfront”, consists of 232 residential rental units including a state-of-the-art fitness centre, bike shop, residents lounge and sporting club. It is situated on 3.0 acres of land and is located north/northeast of Phase 1 of the Hercules Project, which was disposed of by H&R in September 2021.

The remaining land parcels totalling 21.1 acres are secured against a $4.7 million (U.S. $3.4 million) land loan at H&R’s ownership interest. Future phases will be announced as further development information becomes available.

Shoreline

H&R has a 31.2% non-managing ownership interest in Shoreline, a residential property site, which consists of a 315 luxury residential rental unit tower with 6,447 square feet of retail space. Located in Long Beach, CA, Shoreline is the tallest residential tower in Long Beach with 35 floors enjoying views overlooking the Pacific Ocean.

### *Assets Classified as Held for Sale*

**March 31, 2026**

| Property | Segment | Expected Sale Date | Square Feet[(1)] | Occupancy |
|---|---|---|---|---|
| 25 Sheppard Ave. W., Toronto, ON | Office | 2026 | 390,268 | 100.0% |

(1) Square feet is based on H&R's ownership interest.

December 31, 2025

| Property | Segment | Sale Date/ Expected Sale Date | Square Feet[(1)] | Occupancy |
|---|---|---|---|---|
| Net investment in ECHO[(2)] | Retail | Jan 6, 2026 | 2,872,088 | 96.7% |
| 23 Canadian retail properties | Retail | Jan 27, 2026 | 1,244,851 | 99.8% |
| 145 Wellington St. W., Toronto, ON | Office | Jan 27, 2026 | 160,098 | 88.2% |
| 88 McNabb St., Markham, ON | Office | Jan 27, 2026 | 74,592 | 100.0% |
| 1501 McKinney St., Houston, TX ("Hess Tower") | Office | Feb 25, 2026 | 844,763 | 100.0% |
| Remaining 3 Canadian retail properties | Retail | Mar 27, 2026 | 118,042 | 100.0% |
| 25 Sheppard Ave. W., Toronto, ON | Office | 2026 | 390,268 | 78.4% |
| Total | | | 5,704,702 | |

(1) Square feet is based on the ownership interest sold as H&R no longer holds any ownership interest in these assets.
(2) H&R's net investment in ECHO was held at $438.4 million (U.S. - $320.0 million) as at December 31, 2025, which includes $859.9 million (U.S. - $627.6 million) of assets, net of $421.5 million (U.S. - $307.6 million) of liabilities.

### *Other Assets*

| **(in thousands of Canadian dollars)** | **March 31, 2026** | December 31, 2025 |
|---|---|---|
| Mortgages receivable - net of provision for expected credit loss of nil (2025 - nil) | **$255,010** | $220,263 |
| Prepaid expenses and sundry assets | **24,431** | 22,250 |
| Accounts receivable - net of provision for expected credit loss of $2,097 (2025 - $2,225) | **3,821** | 6,098 |
| Restricted cash | **6,682** | 9,988 |
| Derivative instruments | **10,585** | 14,311 |
| | **$300,529** | $272,910 |

Mortgages receivable increased by approximately $34.7 million from approximately $220.3 million as at December 31, 2025 to approximately $255.0 million as at March 31, 2026, primarily due to the REIT providing a construction loan to the REDT JV LP, which was further drawn upon during the three months ended March 31, 2026 and had a balance outstanding of $134.1 million (U.S. $96.5 million) as at March 31, 2026. In May 2026, $41.4 million of mortgages receivable as at March 31, 2026 was repaid upon maturity.

Refer to the *"Derivative Instruments"* section of this MD&A for further information on H&R's derivative instruments.

## DEBT

| | **March 31, 2026** | December 31, 2025 |
|---|---|---|
| Debt to total assets per the REIT's Financial Statements[1] | **31.7%** | 38.4% |
| Debt to total assets at the REIT's proportionate share[1][2] | **42.6%** | 49.8% |
| Unencumbered assets[3] (in thousands of Canadian dollars) | **$3,233,482** | $3,894,795 |
| Unsecured debt[3] (in thousands of Canadian dollars) | **$1,080,006** | $2,032,496 |
| Unencumbered asset to unsecured debt coverage ratio[3] | **2.99x** | 1.92x |
| Debt to Adjusted EBITDA at the REIT's proportionate share[1][2][4] | **7.0x** | 9.3x |
| Non-recourse mortgages to total mortgages ratio | **60.6%** | 60.4% |
| Weighted average interest rate of debt[1] | **3.8%** | 3.9% |
| Weighted average term to maturity of debt (in years)[1] | **1.5** | 1.8 |
| Weighted average interest rate of debt at the REIT's proportionate share[1][2] | **3.8%** | 3.9% |
| Weighted average term to maturity of debt (in years) at the REIT's proportionate share[1][2] | **1.9** | 2.1 |

(1) Debt includes mortgages payable, debentures payable, unsecured term loans and lines of credit.
(2) These are non-GAAP measures and/or non-GAAP ratios. Refer to the *"Non-GAAP Measures"* section of this MD&A.
(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) Adjusted EBITDA is based on the trailing 12 months.

### *Debt Breakdown*

H&R's debt consists of the following items:

| | **March 31, 2026** | | | December 31, 2025 | | |
|---|---|---|---|---|---|---|
| **(in thousands of Canadian dollars)** | REIT's Financial Statements | Equity Accounted Investments | REIT's Proportionate Share[1] | REIT's Financial Statements | Equity Accounted Investments | REIT's Proportionate Share[1] |
| Mortgages payable | **$1,206,864** | **$759,018** | **$1,965,882** | $1,202,008 | $748,262 | $1,950,270 |
| Debentures payable | **799,006** | **—** | **799,006** | 798,836 | — | 798,836 |
| Unsecured term loans | **250,000** | **—** | **250,000** | 625,000 | — | 625,000 |
| Lines of credit | **297,945** | **64,613** | **362,558** | 876,047 | 52,627 | 928,674 |
| | **$2,553,815** | **$823,631** | **$3,377,446** | $3,501,891 | $800,889 | $4,302,780 |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.

Unsecured term loans per the REIT's Financial Statements decreased to $250.0 million as at March 31, 2026 from $625.0 million as at December 31, 2025, primarily due to the REIT using proceeds from property dispositions to repay $375.0 million of unsecured term loans. Refer to the *"Completion of $1.5 Billion of Retail and Office Property Sales"* section of this MD&A for further information.

Lines of credit per the REIT's Financial Statements decreased by approximately $578.1 million from approximately $876.0 million as at December 31, 2025 to approximately $297.9 million as at March 31, 2026, primarily due to the REIT using net proceeds from dispositions to repay unsecured operating lines of credit. Refer to the *"Completion of $1.5 Billion of Retail and Office Property Sales"* section of this MD&A for further information.

Refer to the *"Liquidity and Capital Resources"* section of this MD&A for further information on H&R's debt breakdown.

### *Debt by Operating Segment*

The following table discloses H&R's debt by operating segment:

| | March 31, 2026 | | | December 31, 2025 | | |
|---|---|---|---|---|---|---|
| **(in thousands of Canadian dollars)** | REIT's Financial Statements | Equity Accounted Investments | REIT's Proportionate Share[1] | REIT's Financial Statements | Equity Accounted Investments | REIT's Proportionate Share[1] |
| Residential | **$904,281** | **$810,976** | **$1,715,257** | $895,458 | $790,357 | $1,685,815 |
| Industrial | **439,996** | **12,655** | **452,651** | 442,741 | 10,532 | 453,273 |
| Office | **129,532** | **—** | **129,532** | 131,196 | — | 131,196 |
| Retail | **—** | **—** | **—** | — | — | — |
| Corporate[2] | **1,080,006** | **—** | **1,080,006** | 2,032,496 | — | 2,032,496 |
| | **$2,553,815** | **$823,631** | **$3,377,446** | $3,501,891 | $800,889 | $4,302,780 |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.
(2) Corporate debt includes unsecured debentures payable, unsecured term loans and unsecured operating lines of credit.

### *Debt to Adjusted EBITDA at the REIT's Proportionate Share*

The following table provides a reconciliation of Debt to Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") at the REIT's proportionate share. This is a non-GAAP ratio. Refer to the *"Non-GAAP Measures"* section of this MD&A.

| **(in thousands of Canadian dollars)** | **March 31 2026** | December 31 2025 |
|---|---|---|
| **Debt per the REIT's Financial Statements[1]** | **$2,553,815** | $3,501,891 |
| Debt - REIT's proportionate share of equity accounted investments[1] | 823,631 | 800,889 |
| **Debt at the REIT's proportionate share[1]** | **3,377,446** | 4,302,780 |
| H&R's share of ECHO's debt classified within assets held for sale[1][2] | — | 361,423 |
| **Total Debt[1]** | **3,377,446** | 4,664,203 |
| | | |
| **(Figures below are for the trailing 12 months)** | | |
| **Net loss per the REIT's Financial Statements** | **(774,416)** | (791,564) |
| Net (income) loss from equity accounted investments (within equity accounted investments) | 101 | (57) |
| Finance costs - operations | 241,417 | 253,893 |
| Fair value adjustments on financial instruments and real estate assets | 1,318,610 | 1,324,237 |
| Loss on sale of real estate assets, net of related costs | 10,130 | 748 |
| Loss on foreign exchange (within equity accounted investments) | 878 | 879 |
| Income tax recovery | (191,103) | (182,420) |
| Non-controlling interest | 941 | 1,171 |
| *Adjustments:* | | |
| The Bow and 100 Wynford non-cash rental income adjustments | (94,766) | (94,559) |
| Straight-lining of contractual rent | (13,458) | (13,898) |
| IFRIC 21 - realty tax adjustment | (16,324) | |
| Fair value adjustment to unit-based compensation | 1,369 | 3,168 |
| **Adjusted EBITDA at the REIT's proportionate share** | **$483,379** | $501,598 |
| Debt to Adjusted EBITDA at the REIT's proportionate share[1] | **7.0x** | 9.3x |

(1) Debt includes mortgages payable, debentures payable, unsecured term loans and lines of credit.
(2) For the year ended December 31, 2025, H&R included ECHO's debt classified within assets held for sale within Total Debt.

Excluding the contributed Adjusted EBITDA at the REIT's proportionate share from the $1.5 billion of retail and office property sales in Q1 2026, as well as transaction costs relating to the 2025 Strategic Review process, Debt to Adjusted EBITDA at the REIT's proportionate share would have been 8.7x as at March 31, 2026. This is a non-GAAP ratio. Refer to the *"Non-GAAP Measures"* section of this MD&A.

## OTHER LIABILITIES

### *Exchangeable Units*

As at March 31, 2026, certain of the REIT's subsidiaries had in aggregate 15,441,644 (December 31, 2025 - 15,441,644) exchangeable units outstanding which are puttable instruments where, upon redemption, the REIT has a contractual obligation to issue Units. Holders of all exchangeable units are entitled to receive the economic equivalence of distributions on a per unit amount equal to a per Unit amount provided to holders of Units. These puttable instruments are classified as a liability under IFRS and are measured at fair value through profit and loss. At the end of each reporting period, the fair value is determined by using the quoted price of Units on the TSX as the exchangeable units are exchangeable into Units at the option of the holder at any time. The quoted price as at March 31, 2026 was $9.77 (December 31, 2025 - $10.23) per Unit.

| **The following number of exchangeable units are issued and outstanding:** | Number of Exchangeable Units | Quoted Price of Units | Amounts per the REIT's Financial Statements ($000's) |
|---|---|---|---|
| **As at March 31, 2026** | **15,441,644** | **$9.77** | **$150,865** |
| As at December 31, 2025 | 15,441,644 | $10.23 | $157,968 |

The REIT has entered into various exchange agreements that provide, among other things, the mechanics whereby exchangeable units may be exchanged for Units.

### *Deferred Revenue*

*(a) Bow deferred revenue*

*(i) Sale of the Bow property and 40% interest in the Ovintiv lease*

In October 2021, the REIT sold its interest in the Bow including 40% of the future income stream derived from the Ovintiv Inc. lease ("Ovintiv lease") until the end of the lease term in May 2038 to an arm's length third party, Oak Street Real Estate Capital ("Oak Street"), for approximately $528.0 million. Subsequent to the maturity of the Ovintiv lease, Oak Street will receive all future lease revenue earned by the Bow. Although the REIT sold the Bow, the transaction did not meet the criteria of a transfer of control under IFRS 15 as the REIT has an option to repurchase 100% of the Bow for approximately $737.0 million ($368 per sq. ft.) in 2038 or earlier under certain circumstances. This option is substantially below the aggregate sale proceeds of $946.0 million and it provides H&R the ability to capture potential upside in the Calgary office market over an extended time frame of approximately 12 years. As such, the REIT continues to recognize the income producing property whereby the fair value will be adjusted over the remaining life of the Ovintiv lease bringing the value of the real estate asset to nil by the lease maturity. The net proceeds received by the REIT on disposition were $496.1 million. These proceeds were recorded as deferred revenue (classified as a liability) and will be amortized over the remaining term of the Ovintiv lease (40% of the rental income remitted to Oak Street will consist of principal and interest).

*(ii) Sale of 45% interest in the Ovintiv lease*

In a separate transaction, in October 2021, the REIT sold 45% of its residual 60% interest in the future income stream derived from the Ovintiv lease to an arm's length third party that was financed by Deutsche Bank Credit Solutions and Direct Lending ("Deutsche Bank"). The REIT received a lump-sum cash payment of $418.0 million as consideration. The net proceeds received of $408.3 million were also recorded as deferred revenue (classified as a liability) and will be amortized over the remaining term of the Ovintiv lease as the 45% lease payments are made to Deutsche Bank and will consist of principal and interest.

As a result of the above transactions, H&R is legally only entitled to 15% of the lease revenue from the Ovintiv lease until the end of the lease term in May 2038.

*(b) 100 Wynford deferred revenue*

On August 31, 2022, the REIT sold its interest in 100 Wynford to an arm's length third party, Blue Owl Capital, formerly Oak Street ("Blue Owl") for approximately $120.8 million. Although the REIT sold 100 Wynford, the transaction did not meet the criteria of a transfer of control under IFRS 15 as the REIT has an option to repurchase 100% of 100 Wynford for approximately $159.7 million in 2036 or earlier under certain circumstances. As such, the REIT continues to recognize the income producing property whereby the fair value will be adjusted over the remaining life of the Bell Canada lease ("Bell lease") bringing the value of the real estate asset to nil by the lease maturity in April 2036. The net proceeds received by the REIT on disposition were $118.6 million. These proceeds were recorded as deferred revenue (classified as a liability) and will be amortized over the remaining term of the Bell lease and will consist of principal and interest.

The following is a summary of the Bow and 100 Wynford in the unaudited condensed consolidated interim statements of financial position in the REIT's Financial Statements:

| | | **March 31, 2026** | | December 31 |
|---|---|---|---|---|
| **(in thousands of Canadian dollars)** | **The Bow** | **100 Wynford** | **Total** | 2025 |
| Income producing property - fair value[1] | **$886,624** | **$91,569** | **$978,193** | $991,039 |
| Deferred revenue - net of amortization of $172,348 (2025 - $160,846) | **759,178** | **91,459** | **850,637** | 862,139 |

(1) The fair value of the income producing properties will be reduced as the remaining financial benefit from these income producing properties diminishes over the term of their respective leases.

The following is a summary of the financial results for the Bow and 100 Wynford included in the unaudited condensed consolidated interim statements of comprehensive income (loss) as well as a reconciliation of the Bow and 100 Wynford's contribution to FFO and AFFO:

| | **Three months ended March 31** | | | |
|---|---|---|---|---|
| **(in thousands of Canadian dollars)** | **The Bow** | **100 Wynford** | **2026** | 2025 |
| Rental income earned | **$3,847** | **$—** | **$3,847** | $3,866 |
| Rental income earned - **non-cash** | **21,515** | **2,222** | **23,737** | 23,530 |
| Revenue reimbursement for property operating costs | **13,999** | **489** | **14,488** | 13,491 |
| Property operating costs | **(14,024)** | **(489)** | **(14,513)** | (13,516) |
| Net operating income | **25,337** | **2,222** | **27,559** | 27,371 |
| Accretion finance expense on deferred revenue - **non-cash** | **(12,004)** | **(231)** | **(12,235)** | (12,786) |
| Fair value adjustment on real estate assets - **non-cash** | **(10,864)** | **(1,996)** | **(12,860)** | (11,936) |
| Net income (loss) | **2,469** | **(5)** | **2,464** | 2,649 |
| Fair value adjustment on real estate assets | **10,864** | **1,996** | **12,860** | 11,936 |
| Non-cash rental income and accretion adjustment | **(9,511)** | **(1,991)** | **(11,502)** | (10,744) |
| FFO and AFFO[1] | **$3,822** | **$—** | **$3,822** | $3,841 |

(1) These are non-GAAP measures. Refer to the *"Non-GAAP Measures"* section of this MD&A.

Excluding the non-cash rental income adjustment under IFRS 15, net operating income from the Bow for the three months ended March 31, 2026 was $3.8 million. Excluding the non-cash rental income adjustment under IFRS 15, net operating income from 100 Wynford for the three months ended March 31, 2026 was nil.

### *Deferred Tax Liability*

H&R has certain subsidiaries in the United States that are subject to tax on their taxable income at a combined federal and state tax rate of approximately 24.0% in 2026 (2025 - 24.0%).

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

| (in thousands of Canadian dollars) | March 31 2026 | December 31 2025 |
|---|---|---|
| **Deferred tax assets:** | | |
| Net operating losses | **$91,244** | $95,700 |
| Accounts payable and accrued liabilities | **3,727** | 2,531 |
| | **94,971** | 98,231 |
| **Deferred tax liabilities:** | | |
| Real estate assets | **(244,903)** | (226,774) |
| Equity accounted investments | **(48,036)** | (83,796) |
| Other assets | **(1,273)** | (442) |
| | **(294,212)** | (311,012) |
| Deferred tax liability | **($199,241)** | ($212,781) |

The deferred tax liability relating to the real estate assets is derived on the basis that the U.S. real estate assets will be sold at their current fair values. The tax liability will only be realized upon an actual disposition of a property that is not subject to a property exchange under Section 1031 of the U.S. Internal Revenue Code. Deferred tax liability decreased by approximately $13.5 million from $212.8 million as at December 31, 2025 to $199.2 million as at March 31, 2026 primarily due to fair value adjustments on real estate assets.

## UNITHOLDERS' EQUITY

Unitholders' equity decreased by $18.1 million from approximately $4,135.7 million as at December 31, 2025 to approximately $4,117.6 million as at March 31, 2026, primarily due to distributions to unitholders and a net loss during the three months ended March 31, 2026. This was partially offset by other comprehensive income, which largely consists of an unrealized gain on translation of U.S. denominated foreign operations during the three months ended March 31, 2026.

| **Unitholders' Equity per Unit and NAV per Unit (in thousands except for per Unit amounts)** | **March 31 2026** | December 31 2025 |
|---|---|---|
| Unitholders' equity | **$4,117,616** | $4,135,718 |
| Exchangeable units | **150,865** | 157,968 |
| Deferred tax liability | **199,241** | 212,781 |
| Total | **$4,467,722** | $4,506,467 |
| | | |
| Units outstanding | **264,567** | 264,558 |
| Exchangeable units outstanding | **15,442** | 15,442 |
| Total | **280,009** | 280,000 |
| Unitholders' equity per Unit[1] | **$15.56** | $15.63 |
| NAV per Unit[2] | **$15.96** | $16.09 |

(1) Unitholders' equity per Unit is calculated by dividing unitholders' equity by Units outstanding.
(2) This is a non-GAAP ratio. Refer to the *"Non-GAAP Measures"* section of this MD&A.

## RESULTS OF OPERATIONS

The following foreign exchange rates have been used in the results of operations when converting U.S. dollars to Canadian dollars except where otherwise noted:

| | Three months ended March 31 | |
|---|---|---|
| | **2026** | 2025 |
| For each U.S. $1.00 | **$1.37 CAD** | $1.43 CAD |

The following table reconciles the REIT's Results of Operations from the REIT's Financial Statements to the REIT's proportionate share for the three months ended March 31, 2026 and March 31, 2025:

| | Three months ended March 31, 2026 | | | Three months ended March 31, 2025 | | |
|---|---|---|---|---|---|---|
| **(in thousands of Canadian dollars)** | **REIT's Financial Statements** | **Equity accounted investments** | **REIT's proportionate share[(1)]** | REIT's Financial Statements | Equity accounted investments | REIT's proportionate share[(1)] |
| Rentals from investment properties | **$184,253** | **$29,246** | **$213,499** | $205,639 | $41,566 | $247,205 |
| Property operating costs | **(98,384)** | **(9,372)** | **(107,756)** | (122,676) | (14,722) | (137,398) |
| Net operating income | **85,869** | **19,874** | **105,743** | 82,963 | 26,844 | 109,807 |
| Net income (loss) from equity accounted investments | **(7,264)** | **7,160** | **(104)** | (10,082) | 10,136 | 54 |
| Finance costs - operations | **(43,199)** | **(8,722)** | **(51,921)** | (52,009) | (12,388) | (64,397) |
| Finance income | **5,258** | **431** | **5,689** | 3,190 | 222 | 3,412 |
| Trust expenses, net | **(6,630)** | **(939)** | **(7,569)** | (7,237) | (2,045) | (9,282) |
| Fair value adjustment on financial instruments | **3,278** | **89** | **3,367** | (22,105) | (96) | (22,201) |
| Fair value adjustment on real estate assets | **(79,053)** | **(17,471)** | **(96,524)** | (52,698) | (23,885) | (76,583) |
| Gain (loss) on sale of real estate assets, net of related costs | **(8,891)** | **(2)** | **(8,893)** | (1,103) | 1,592 | 489 |
| Gain on foreign exchange | **—** | **1** | **1** | — | — | — |
| Transaction costs | **—** | **(255)** | **(255)** | — | — | — |
| Net income (loss) before income taxes and non-controlling interest | **(50,632)** | **166** | **(50,466)** | (59,081) | 380 | (58,701) |
| Income tax (expense) recovery | **15,762** | **(35)** | **15,727** | 7,063 | (19) | 7,044 |
| Net income (loss) before non-controlling interest | **(34,870)** | **131** | **(34,739)** | (52,018) | 361 | (51,657) |
| Non-controlling interest | **—** | **(131)** | **(131)** | — | (361) | (361) |
| Net loss | **(34,870)** | **—** | **(34,870)** | (52,018) | — | (52,018) |
| Other comprehensive income (loss): | | | | | | |
| Items that are or may be reclassified subsequently to net loss | **56,355** | **—** | **56,355** | (62) | — | (62) |
| Total comprehensive income (loss) attributable to unitholders | **$21,485** | **$—** | **$21,485** | ($52,080) | $— | ($52,080) |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.

## NET OPERATING INCOME

Net operating income consists of rentals from investment properties less property operating costs. Management believes that net operating income is a useful measure for investors in assessing the performance of H&R's properties before financing costs and other sources of income and expenditures, which are not directly related to the day-to-day operations of a property. Same-Property net operating income (cash basis), a non-GAAP financial measure, adjusts net operating income (including net operating income from equity accounted investments on a proportionately consolidated basis) to exclude straight-lining of contractual rent and realty taxes accounted for under IFRIC 21. "Same-Property" refers to those properties owned by H&R for the entire 15-month period ended March 31, 2026. It excludes acquisitions, dispositions, and transfers of investment properties to or from properties under development during the 15-month period ended March 31, 2026 (collectively, "Transactions"). Management believes that this measure is useful for investors as it adjusts net operating income (including net operating income from equity accounted investments on a proportionately consolidated basis) for non-cash items which allows investors to better understand period-over-period changes due to occupancy, rental rates, realty taxes and operating costs, before evaluating the changes attributable to Transactions. Furthermore, it is also used as a key input in determining the value of investment properties.

| | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | Change |
| Rentals from investment properties | **$184,253** | $205,639 | ($21,386) |
| Property operating costs | **(98,384)** | (122,676) | 24,292 |
| Net operating income per the REIT's Financial Statements | **85,869** | 82,963 | 2,906 |
| Adjusted for: | | | |
| Net operating income from equity accounted investments[(1)] | **19,874** | 26,844 | (6,970) |
| Straight-lining of contractual rent at the REIT's proportionate share[(1)] | **(3,218)** | (3,658) | 440 |
| Realty taxes in accordance with IFRIC 21 at the REIT's proportionate share[(1)(2)] | **32,870** | 49,194 | (16,324) |
| Net operating income (cash basis) from Transactions at the REIT's proportionate share[(1)] | **(45,288)** | (61,940) | 16,652 |
| Same-Property net operating income (cash basis)[(1)] | **$90,107** | $93,403 | ($3,296) |

(1) These are non-GAAP measures. Refer to the *"Non-GAAP Measures"* section of this MD&A.
(2) 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, 2026 is as follows: (i) Residential: $29,968; (ii) Industrial: nil; (iii) Office: $230; and (iv) Retail: $2,672. 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, 2025 is as follows: (i) Residential: $31,796; (ii) Industrial: nil; (iii) Office: $10,447; and (iv) Retail: $6,951.

The average exchange rate for the three months ended March 31, 2026 was $1.37 for each U.S. $1.00 (March 31, 2025 - $1.43).

Refer to the *"Completion of $1.5 Billion of Retail and Office Property Sales"* section of this MD&A for the contribution to net operating income from properties sold in Q1 2026.

Net operating income per the REIT's Financial Statements increased by $2.9 million for the three months ended March 31, 2026 compared to the respective 2025 period. Excluding the non-cash impact of IFRIC 21, net operating income per the REIT's Financial Statements decreased by $11.3 million, primarily due to the sale of $1.5 billion of retail and office property sales completed in Q1 2026 and a decrease in occupancy at H&R's Canadian office and industrial properties.

Net operating income from equity accounted investments decreased by $7.0 million for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to the sale of H&R's non-managing 33.1% ownership interest in ECHO in Q1 2026, as well as the weakening of the U.S. dollar.

Realty taxes in accordance with IFRIC 21 at the REIT's proportionate share decreased by $16.3 million for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to the sale of $1.5 billion of retail and office property sales completed in Q1 2026.

Same-Property net operating income (cash basis) decreased by $3.3 million for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to a decrease in occupancy at H&R's Canadian office and industrial properties.

## SEGMENT INFORMATION

### *Operating Segments and Geographic Locations*

H&R has four reportable operating segments (Residential, Industrial, Office and Retail), in two geographical locations (Canada and the United States). The operating segments derive their revenue primarily from rental income from leases. The segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, determined to be the Chief Executive Officer ("CEO") of the REIT. The CEO measures and evaluates the performance of the REIT based on net operating income on a proportionately consolidated basis for the REIT's equity accounted investments.

The Residential segment consists of 26 residential properties in select markets in the United States. As at March 31, 2026, the portfolio comprised of 8,929 residential rental units, at H&R's ownership interest.

The Industrial segment consists of 65 industrial properties in Canada and one industrial property in the United States comprising 8.3 million square feet, at H&R's ownership interest, with an average lease term to maturity of 5.2 years as at March 31, 2026.

The Office segment, excluding the Bow and 100 Wynford, consists of 10 properties in Canada and two properties in select markets in the United States, comprising 3.3 million square feet, at H&R's ownership interest, with an average lease term to maturity of 4.2 years as at March 31, 2026. The Office portfolio is leased on a long-term basis to creditworthy tenants with 80.0% of office revenue from tenants with investment grade credit ratings. With high-credit-rated tenants, this segment tends to generate stable net operating income with gradual growth driven by contractual rental rate increases.

The Retail segment consists of one multi-tenant retail property in the United States comprising 490,919 square feet, with an average lease term to maturity of 9.4 years as at March 31, 2026.

Further disclosure of segment information for net operating income can be found in note 19 of the REIT's Financial Statements.

### *Net Operating Income by Segment*

| | **Net operating income** | | | **Occupancy** | |
|---|---|---|---|---|---|
| | Three months ended March 31 | | | As at March 31 | |
| **(in thousands of Canadian dollars)** | **2026** | 2025 | % Change | **2026** | 2025 |
| **Operating Segment:** | | | | | |
| Residential | **$13,214** | $12,276 | 7.6% | **90.9%** | 91.2% |
| Industrial | **18,612** | 19,647 | (5.3%) | **92.8%** | 98.2% |
| Office | **62,834** | 58,408 | 7.6% | **89.7%** | 96.7% |
| Retail | **11,083** | 19,476 | (43.1%) | **88.3%** | 97.6% |
| The REIT's proportionate share[(1)] | **105,743** | 109,807 | (3.7%) | **91.3%** | 95.6% |
| Less: equity accounted investments | **(19,874)** | (26,844) | (26.0%) | **98.3%** | 97.8% |
| The REIT's Financial Statements | **$85,869** | $82,963 | 3.5% | **90.8%** | 95.1% |
| **Geographic Location:** | | | | | |
| Canada | **62,926** | 70,446 | (10.7%) | **91.2%** | 97.7% |
| United States | **42,817** | 39,361 | 8.8% | **91.4%** | 93.6% |
| The REIT's proportionate share[(1)] | **105,743** | 109,807 | (3.7%) | **91.3%** | 95.6% |
| Less: equity accounted investments | **(19,874)** | (26,844) | (26.0%) | **98.3%** | 97.8% |
| The REIT's Financial Statements | **$85,869** | $82,963 | 3.5% | **90.8%** | 95.1% |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.

Net operating income across all operating segments was negatively impacted by the weakening of the U.S. dollar for the three months ended March 31, 2026 compared to the respective 2025 period. The average exchange rate for the three months ended March 31, 2026 was $1.37 for each U.S. $1.00 (March 31, 2025 - $1.43).

Net operating income from residential properties increased by 7.6% for the three months ended March 31, 2026 compared to the respective 2025 period. Excluding the non-cash impact of IFRIC 21 as well as the impact of the weakening of the U.S. dollar, net operating income increased by 2.3%, primarily due to the lease-up of Lantower West Love and Lantower Midtown, both in Dallas, TX. This was partially offset by a decrease in rental income from H&R's sun belt properties as a result of higher vacancies and concessions.

Net operating income from industrial properties decreased by 5.3% for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to a decrease in occupancy from 98.2% as at March 31, 2025 to 92.8% as at March 31, 2026, as well as a $0.4 million lease termination fee received in Q1 2025. This was partially offset by rental rate growth.

Net operating income from office properties increased by 7.6% for the three months ended March 31, 2026 compared to the respective 2025 period. Excluding the non-cash impact of IFRIC 21, net operating income from office properties decreased by 8.4%, primarily due to properties sold and the expiration of Royal Bank of Canada's lease for 188,526 square feet at 330 Front Street West, in Toronto, ON on December 31, 2025.

Net operating income from retail properties decreased by 43.1% for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to approximately $1.1 billion of retail properties sold in Q1 2026.

***Same-Property Net Operating Income (Cash Basis) by Segment***

The following segment information has been presented at the REIT's proportionate share, which is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A:

| | **Same-Property net operating income (cash basis)[1]** | | | **Occupancy (Same-Property)** | |
|---|---|---|---|---|---|
| | Three months ended March 31 | | | As at March 31 | |
| **(in thousands of Canadian dollars)** | **2026** | 2025 | % Change | **2026** | 2025 |
| **Operating Segment:** | | | | | |
| Residential | **$43,249** | $44,132 | (2.0%) | **90.9%** | 91.2% |
| Industrial | **17,688** | 18,665 | (5.2%) | **92.7%** | 98.2% |
| Office | **24,309** | 26,267 | (7.5%) | **89.7%** | 96.6% |
| Retail | **4,861** | 4,339 | 12.0% | **88.3%** | 88.7% |
| The REIT's proportionate share[1] (page 30) | **$90,107** | $93,403 | (3.5%) | **91.2%** | 94.8% |
| **Geographic Location:** | | | | | |
| Ontario | **17,779** | 21,145 | (15.9%) | **87.1%** | 97.6% |
| Alberta | **7,061** | 7,629 | (7.4%) | **96.3%** | 96.3% |
| Other Canada | **4,573** | 3,783 | 20.9% | **100.0%** | 100.0% |
| Total – Canada | **29,413** | 32,557 | (9.7%) | **91.1%** | 97.7% |
| United States | **60,694** | 60,846 | (0.2%) | **91.4%** | 91.9% |
| The REIT's proportionate share[1] (page 30) | **$90,107** | $93,403 | (3.5%) | **91.2%** | 94.8% |
| **United States in U.S. dollars:** | | | | | |
| Residential | **31,569** | 30,862 | 2.3% | **90.9%** | 91.2% |
| Industrial | **364** | 344 | 5.8% | **100.0%** | 100.0% |
| Office | **8,821** | 8,310 | 6.1% | **97.6%** | 97.4% |
| Retail | **3,548** | 3,034 | 16.9% | **88.3%** | 88.7% |
| U.S. total in U.S. dollars | **$44,302** | $42,550 | 4.1% | **91.4%** | 91.9% |

(1) These are non-GAAP measures defined in the *"Non-GAAP Measures"* section of this MD&A.

Same-Property net operating income (cash basis) across all operating segments was negatively impacted by the weakening of the U.S. dollar for the three months ended March 31, 2026 compared to the respective 2025 period. The average exchange rate for the three months ended March 31, 2026 was $1.37 for each U.S. $1.00 (March 31, 2025 - $1.43).

Same-Property net operating income (cash basis) from residential properties in U.S. dollars increased by 2.3% for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to the lease-up of Lantower West Love and Lantower Midtown, both in Dallas, TX. This was partially offset by a decrease in rental income from H&R's sun belt properties as a result of higher vacancies and concessions.

Same-Property net operating income (cash basis) from industrial properties decreased by 5.2% for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to a decrease in occupancy (same-property) from 98.2% as at December 31, 2024 to 92.7% as at March 31, 2026, as well as a $0.4 million lease termination fee received in Q1 2025. This was partially offset by rental rate growth.

Same-Property net operating income (cash basis) from office properties decreased by 7.5% for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to the expiration of Royal Bank of Canada's lease for 188,526 square feet at 330 Front Street West, in Toronto, ON on December 31, 2025.

Same-Property net operating income (cash basis) from retail properties in U.S. dollars increased by 16.9% for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to higher rental income earned at River Landing Commercial in Miami, FL.

## NET INCOME, FFO AND AFFO FROM EQUITY ACCOUNTED INVESTMENTS[1]

The following table provides a reconciliation of H&R's net loss from equity accounted investments to FFO and AFFO from equity accounted investments:

| | Three months ended March 31 | |
|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 |
| **Net loss from equity accounted investments[1]** | **($7,264)** | ($10,082) |
| Realty taxes in accordance with IFRIC 21 | **1,734** | 3,840 |
| Fair value adjustments on financial instruments and real estate assets | **17,382** | 23,981 |
| (Gain) loss on sale of real estate assets, net of related costs | **2** | (1,592) |
| Gain on foreign exchange | **(1)** | — |
| Transaction costs | **255** | — |
| Notional interest capitalization[2] | **1,226** | 881 |
| **FFO from equity accounted investments[1]** | **13,334** | 17,028 |
| Straight-lining of contractual rent | **(292)** | (46) |
| Rent amortization of tenant inducements | **106** | 288 |
| Capital expenditures | **(1,360)** | (1,113) |
| Leasing expenses and tenant inducements | **(296)** | (149) |
| **AFFO from equity accounted investments[1]** | **$11,492** | $16,008 |

(1) Each of these line items represent the REIT's proportionate share of equity accounted investments. These are non-GAAP measures defined in the *"Non-GAAP Measures"* section of this MD&A.

(2) Represents an adjustment to add general or indirect interest incurred in respect of properties under development held in and through equity accounted investments.

Net loss from equity accounted investments decreased by $2.8 million for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to fair value adjustments on real estate assets and lower finance costs, partially offset by a decrease in net operating income. The change in finance costs and net operating income was due to the sale of H&R's non-managing 33.1% ownership interest in ECHO in Q1 2026.

FFO and AFFO from equity accounted investments decreased by $3.7 million and $4.5 million, respectively, for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to the sale of H&R's non-managing 33.1% ownership interest in ECHO in Q1 2026.

## INCOME AND EXPENSE ITEMS

The income and expense items section of this MD&A provides management's commentary on the Results of Operations per the REIT's Financial Statements.

| ***Finance Costs*** | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | Change |
| Finance costs – operations: | | | |
| Contractual interest on mortgages payable | **($11,984)** | ($13,504) | $1,520 |
| Contractual interest on debentures payable | **(7,103)** | (11,118) | 4,015 |
| Contractual interest on unsecured term loans | **(3,040)** | (7,671) | 4,631 |
| Net effect of interest rate swaps on unsecured term loans | **212** | 1,432 | (1,220) |
| Bank interest and charges on lines of credit | **(6,299)** | (5,317) | (982) |
| Effective interest rate accretion[(1)] | **(989)** | (1,136) | 147 |
| Accretion finance expense on deferred revenue | **(12,235)** | (12,786) | 551 |
| Exchangeable unit distributions | **(2,316)** | (2,614) | 298 |
| Provision for expected credit loss | **—** | (268) | 268 |
| | **(43,754)** | (52,982) | 9,228 |
| Capitalized interest | **555** | 973 | (418) |
| | **(43,199)** | (52,009) | 8,810 |
| Finance income | **5,258** | 3,190 | 2,068 |
| Fair value adjustment on financial instruments | **3,278** | (22,105) | 25,383 |
| | **($34,663)** | ($70,924) | $36,261 |

(1) In addition, H&R's share of effective interest rate accretion from equity accounted investments for the three months ended March 31, 2026 and 2025 was ($353) and ($439), respectively.

The decrease in contractual interest on mortgages payable of $1.5 million for the three months ended March 31, 2026 compared to the respective 2025 period is primarily due to mortgages repaid.

The decrease in contractual interest on debentures payable of $4.0 million for the three months ended March 31, 2026 compared to the respective 2025 period is primarily due to the repayment of the $400.0 million Series Q Senior Debentures in June 2025, which bore interest at 4.07%

The decrease in contractual interest on unsecured term loans of $4.6 million for the three months ended March 31, 2026 compared to the respective 2025 period is primarily due to the repayment of a $250.0 million and $125.0 million unsecured term loans, both in January 2026, which bore interest at 4.14% and 5.19%, respectively.

The increase in bank interest and charges on lines of credit of $1.0 million for the three months ended March 31, 2026 compared to the respective 2025 period is primarily due to the REIT drawing on its unsecured operating lines of credit to repay the $400.0 million outstanding Series Q Senior Debentures in June 2025 and fund construction financing to the REDT JV LP. This was partially offset by the REIT using proceeds from the sales of assets in Q1 2026 to repay unsecured operating lines of credit, as well as lower interest rates.

The accretion finance expense on deferred revenue for the three months ended March 31, 2026 and 2025 is due to the proceeds from the sale of the Bow and 100 Wynford being amortized over the terms of their respective leases as both sale transactions did not meet the criteria of a transfer of control under IFRS 15. Refer to the *"Liabilities & Unitholders' Equity - Deferred Revenue"* section of this MD&A for further information on the Bow and 100 Wynford sale transactions.

The increase in finance income of $2.1 million for the three months ended March 31, 2026 compared to the respective 2025 period is primarily due to interest earned from the REIT providing a construction loan to the REDT JV LP.

The fair value adjustment on financial instruments of $3.3 million for the three months ended March 31, 2026 is primarily due to the following: (i) the unrealized gain on fair value of exchangeable units of $7.1 million which are fair valued at the end of each reporting period based on the quoted price of Units on the TSX; and (ii) a net loss on derivative instruments of ($3.8) million, which is further described in the *"Derivative Instruments"* section of this MD&A.

| ***Trust Expenses, Net*** | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | Change |
| General expenses | **($10,228)** | ($8,623) | ($1,605) |
| Fees earned | **4,556** | 4,684 | (128) |
| Unit-based compensation expense | **(1,243)** | (1,784) | 541 |
| Fair value adjustment to unit-based compensation | **285** | (1,514) | 1,799 |
| Trust expenses, net | **($6,630)** | ($7,237) | $607 |

Included in trust expenses for the three months ended March 31, 2026 were employee termination costs, legal costs and other one-time costs relating to Lantower Residential externalizing its property management operations, totalling approximately $2.6 million.

Unit-based compensation consisted of the following two compensation plans: the REIT's Unit Option Plan and Incentive Unit Plan. Both plans are considered to be cash-settled under IFRS 2, *Share-based Payments* ("IFRS 2") and as a result, are measured at each reporting period and settlement date at their fair value as defined by IFRS 2 based on the quoted price of Units on the TSX. The fair value adjustment to unit-based compensation consists of the difference between the grant price and the quoted price of Units on the TSX at each reporting period. On February 24, 2026, the REIT's Unit Option Plan was terminated following the final expiry of the remaining outstanding options

| ***Fair Value Adjustment on Real Estate Assets*** | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | Change |
| **Operating Segment:** | | | |
| Residential | **($16,753)** | ($2,511) | ($14,242) |
| Industrial | **14,330** | (17,219) | 31,549 |
| Office | **(70,592)** | (30,756) | (39,836) |
| Retail | **(1,444)** | 5,432 | (6,876) |
| Land and properties under development | **(22,065)** | (31,529) | 9,464 |
| Fair value adjustment on real estate assets per the REIT's proportionate share[(1)] | **(96,524)** | (76,583) | (19,941) |
| Less: equity accounted investments | **17,471** | 23,885 | (6,414) |
| Fair value adjustment on real estate assets per the REIT's Financial Statements | **($79,053)** | ($52,698) | ($26,355) |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.

Fair value adjustments on real estate assets are determined based on the movement of various parameters, including changes in capitalization rates, discount rates, terminal capitalization rates, future cash flow projections, and market values established by recent sales activity in the same or similar market.

During the three months ended March 31, 2026, fair value adjustments on real estate assets were primarily due to a reduction in valuations of certain office properties to reflect increased leasing uncertainty and vacancy risk.

Refer to the *"Valuation of Real Estate Assets"* section of this MD&A for further information.

| ***Loss on Sale of Real Estate Assets, Net of Related Costs*** | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | Change |
| Loss on sale of real estate assets, net of related costs | **($8,891)** | ($1,103) | ($7,788) |

The loss on sale of real estate assets, net of related costs of $8.9 million for the three months ended March 31, 2026 is primarily due to commissions and legal fees incurred relating to the sale of $1.5 billion of retail and office property sales completed in Q1 2026.

Refer to the *"Completion of $1.5 Billion of Retail and Office Property Sales", "Investment Properties" and "Properties Under Development"* sections of this MD&A for further details on real estate asset dispositions.

| ***Income Tax Recovery*** | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | Change |
| Current U.S. income tax expense | **(645)** | (432) | (213) |
| Deferred income tax recovery applicable to U.S. Holdco | **16,407** | 7,495 | 8,912 |
| Income tax recovery in the determination of net loss | **$15,762** | $7,063 | $8,699 |

H&R is generally subject to tax in Canada under the *Income Tax Act* (Canada) ("Tax Act") with respect to its taxable income each year, except to the extent such taxable income is paid or made payable to unitholders and deducted by H&R for tax purposes. H&R's current income tax expense is primarily due to U.S. state taxes.

H&R's deferred income tax is recorded in respect of H&R REIT (U.S.) Holdings Inc. ("U.S. Holdco") and arose due to taxable temporary differences between the tax and accounting bases of assets and liabilities net of the benefit of unused tax credits and losses that are available to be carried forward to future tax years to the extent that it is probable that the unused tax credits and losses can be realized. Deferred income tax recovery applicable to U.S. Holdco increased by $8.9 million for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to fair value adjustments on real estate assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the assets are realized or the liabilities are settled, based on the tax laws that have been enacted or substantively enacted at the statements of financial position date. Deferred income taxes relating to items recognized in equity are also recognized in equity. As at March 31, 2026, H&R had net deferred tax liabilities of $199.2 million (December 31, 2025 - $212.8 million), primarily related to taxable temporary differences between the tax and accounting bases of U.S. real estate assets. Refer to the *"Deferred Tax Liability"* section of this MD&A for further information.

## FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

H&R presents its consolidated FFO and AFFO calculations in accordance with the January 2022 guidance in the REALPAC Funds Real Property Association of Canada's (REALPAC) *White Paper on Funds From Operations and Adjusted Funds From Operations for IFRS,* except for the following: (i) the Bow and 100 Wynford non-cash rental and accretion adjustments; and (ii) provision for expected credit loss, which are further explained under the *"Non-GAAP Measures"* section of this MD&A.

| ***FFO and AFFO*** | Three months ended March 31 | |
|---|---|---|
| **(in thousands of Canadian dollars except per Unit amounts)** | **2026** | 2025 |
| **Net loss per the REIT's Financial Statements** | **($34,870)** | ($52,018) |
| Realty taxes in accordance with IFRIC 21 | **31,136** | 45,354 |
| FFO adjustments from equity accounted investments (page 33) | **20,598** | 27,110 |
| Exchangeable unit distributions | **2,316** | 2,614 |
| Provision for expected credit loss | **—** | 268 |
| Fair value adjustments on financial instruments and real estate assets | **75,775** | 74,803 |
| Fair value adjustment to unit-based compensation | **(285)** | 1,514 |
| Loss on sale of real estate assets, net of related costs | **8,891** | 1,103 |
| Deferred income tax recovery applicable to U.S. Holdco | **(16,407)** | (7,495) |
| Incremental leasing costs | **613** | 589 |
| The Bow and 100 Wynford non-cash rental income and accretion adjustments | **(11,502)** | (10,744) |
| **FFO(1)** | **$76,265** | $83,098 |
| Straight-lining of contractual rent | **(2,926)** | (3,612) |
| Rent amortization of tenant inducements | **811** | 1,150 |
| Capital expenditures | **(5,610)** | (10,357) |
| Leasing expenses and tenant inducements | **(586)** | (657) |
| Incremental leasing costs | **(613)** | (589) |
| AFFO adjustments from equity accounted investments (page 33) | **(1,842)** | (1,020) |
| **AFFO(1)** | **$65,499** | $68,013 |
| Basic and diluted weighted average number of Units and exchangeable units (in thousands of Units)(2) | **280,003** | 279,990 |
| FFO per basic and diluted Unit(3) | **$0.272** | $0.297 |
| AFFO per basic and diluted Unit(3) | **$0.234** | $0.243 |
| Cash distributions per Unit | **$0.150** | $0.150 |
| Payout ratio as a % of FFO(3) | **55.1%** | 50.5% |
| Payout ratio as a % of AFFO(3) | **64.1%** | 61.7% |

(1) These are non-GAAP measures. Refer to the *"Non-GAAP Measures"* section of this MD&A.
(2) For the three months ended March 31, 2026 and 2025, included in the weighted average and diluted weighted average number of Units are the weighted average number of exchangeable units of 15,441,644 and 17,473,075, respectively.
(3) These are non-GAAP ratios. Refer to the *"Non-GAAP Measures"* section of this MD&A.

Refer to the *"Completion of $1.5 Billion of Retail and Office Property Sales"* section of this MD&A for the contribution to FFO from properties sold in Q1 2026.

FFO decreased by $6.8 million for the three months ended March 31, 2026 compared to the respective 2025 period, due to a decrease in net operating income (excluding the non-cash impact of IFRIC 21 at the REIT's proportionate share), primarily as a result of property dispositions. This was partially offset by lower finance costs as a result of using the proceeds from property dispositions to repay corporate debt, and an increase in finance income due to interest earned from the REIT providing a construction loan to the REDT JV LP.

AFFO decreased by $2.5 million for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due the decrease in FFO noted above, partially offset by lower capital expenditures of approximately $4.5 million at the REIT's proportionate share.

### ***Capital and Tenant Expenditures***

The following is a breakdown of H&R's capital expenditures and tenant expenditures (leasing expenditures and tenant inducements) by operating segment:

| | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | Change |
| **Residential:** | | | |
| Capital expenditures | **$5,375** | $9,763 | ($4,388) |
| Leasing expenses and tenant inducements | **26** | — | 26 |
| **Industrial:** | | | |
| Capital expenditures | **339** | 82 | 257 |
| Leasing expenses and tenant inducements | **587** | 213 | 374 |
| **Office:** | | | |
| Capital expenditures | **26** | 411 | (385) |
| Leasing expenses and tenant inducements | **(1)** | 423 | (424) |
| **Retail:** | | | |
| Capital expenditures | **1,230** | 1,214 | 16 |
| Leasing expenses and tenant inducements | **270** | 170 | 100 |
| Total at the REIT's proportionate share(1) | **7,852** | 12,276 | (4,424) |
| Less: equity accounted investments | **(1,656)** | (1,262) | (394) |
| Total per the REIT's Financial Statements(2) | **$6,196** | $11,014 | ($4,818) |

(1) The REIT's proportionate share is a non-GAAP measure defined in the *"Non-GAAP Measures"* section of this MD&A.
(2) Equal to the sum of capital expenditures and leasing expenses and tenant inducements per the REIT's Financial Statements.

Capital expenditures spent in the Residential segment for the three months ended March 31, 2026 included the following: (i) $1.4 million relating to capital turn expenses across all properties including interior painting, flooring, and HVAC replacements; (ii) $2.0 million relating to revenue enhancing projects such as such LED lighting, and in-unit value-add repositioning initiatives undertaken on two of H&R's oldest residential rental communities; and (iii) $2.0 million relating to asset preservation projects including exterior painting at one of H&R's Florida properties, clubhouse improvements at several properties, along with landscaping across H&R's portfolio.

## LIQUIDITY AND CAPITAL RESOURCES

### *Cash Distributions*

In accordance with National Policy 41-201 – *Income Trusts and Other Indirect Offerings*, the REIT is required to provide the following additional disclosure relating to cash distributions:

| (in thousands of Canadian dollars) | **Three months ended March 31 2026** | Year ended December 31 2025 | Year ended December 31 2024 |
|---|---|---|---|
| Cash provided by operations | **$21,558** | $188,430 | $274,070 |
| Net loss | **(34,870)** | (791,564) | (119,714) |
| Distributions to unitholders | **39,685** | 157,639 | 188,623 |
| (Shortfall) excess cash provided by operations over total distributions | **(18,127)** | 30,791 | 85,447 |
| Shortfall of net loss over total distributions | **(74,555)** | (949,203) | (308,337) |

Distributions exceeded cash provided by operations by $18.1 million for the three months ended March 31, 2026, which did not represent a return of capital but rather was primarily due to a decrease in accounts payable and accrued liabilities of $36.9 million per note 17 of the REIT's Financial Statements. This decrease was primarily due to the following: (i) H&R property tax bills for the year ended December 31, 2025 relating to properties located in Texas and North Carolina accrued as at December 31, 2025 and paid in January 2026; (ii) a reduction in costs to complete for developments completed; (iii) accruals as at December 31, 2025 paid in Q1 2026 relating to sold properties; and (iv) lower accruals relating to contractual interest on debentures payable paid semi-annually, as at March 31, 2026 compared to December 31, 2025. The shortfall of cash provided by operations over distributions for the three months ended March 31, 2026 was funded by debt. Cash provided by operations exceeded distributions for the remaining periods noted above.

Distributions exceeded net loss for all periods noted above primarily due to non-cash items. Non-cash items relating to an adjustment to the carrying value of mortgages receivable, fair value adjustments on financial instruments, real estate assets and unit-based compensation, gain (loss) on sale of real estate assets, and deferred income taxes (recoveries) are deducted from or added to net loss and have no impact on cash available to pay distributions.

### *Major Cash Flow Components*

| | Three months ended March 31 | | |
|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | Change |
| Cash and cash equivalents, beginning of year | **$52,137** | $100,354 | ($48,217) |
| Cash flows from operations | **21,558** | 40,981 | (19,423) |
| Cash flows from investing | **996,551** | 4,300 | 992,251 |
| Cash flows used for financing | **(1,001,726)** | (75,783) | (925,943) |
| Cash and cash equivalents, end of period | **$68,520** | $69,852 | ($1,332) |

Cash flows from operations decreased by $19.4 million for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to non-cash working capital and a decrease in net operating income due to properties sold.

Cash flows from investing increased by $992.3 million for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to proceeds received from retail and office property sales completed in Q1 2026.

Cash flows used for financing decreased by $925.9 million for the three months ended March 31, 2026 compared to the respective 2025 period, primarily due to the REIT using proceeds from dispositions in Q1 2026 to repay corporate debt.

### *Funding of Future Commitments and Debt Profile*

As at March 31, 2026, H&R had cash and cash equivalents of $68.5 million, $897.0 million available under its unused lines of credit and an unencumbered property pool of approximately $3.2 billion.

The following summarizes the estimated loan to value ratios on investment properties and properties under development for which mortgages mature over the next five years:

| Year | Number of Properties | Mortgage Debt due on Maturity ($000's) | Weighted Average Interest Rate on Maturity | Fair Value of Real Estate Assets ($000's) | Loan to Value |
|---|---|---|---|---|---|
| 2026[1] | 5 | $83,138 | 3.3% | $286,075 | 29% |
| 2027 | 10 | 432,962 | 4.1% | 961,132 | 45% |
| 2028 | 12 | 500,158 | 4.1% | 1,039,276 | 48% |
| 2029 | 3 | 85,848 | 3.5% | 187,682 | 46% |
| 2030 | 1 | 48,356 | 3.5% | 105,390 | 46% |
| | 31 | $1,150,462 | 4.0% | $2,579,555 | 45% |

(1) For the balance of the year.

The mortgages outstanding as at March 31, 2026 bear interest at a weighted average rate of 4.0% (December 31, 2025 - 4.0%) and mature between 2026 and 2030 (December 31, 2025 – mature between 2026 and 2030). The weighted average term to maturity of the REIT's mortgages is 1.9 years (December 31, 2025 - 2.1 years). As at March 31, 2026, the non-recourse mortgages to total mortgages ratio was 60.6% (December 31, 2025 - 60.4%).

| | | | | | **March 31** | December 31 |
|---|---|---|---|---|---|---|
| | | | | | **2026** | 2025 |
| **Unsecured Senior Debentures (in thousands of Canadian Dollars)** | **Maturity** | **Contractual Interest Rate** | **Effective Interest Rate** | **Principal Amount** | **Carrying Value** | Carrying Value |
| Series R Senior Debentures | June 2, 2026 | 2.91% | 3.00% | 250,000 | **249,960** | 249,902 |
| Series S Senior Debentures | February 19, 2027 | 2.63% | 2.72% | 300,000 | **299,784** | 299,725 |
| Series T Senior Debentures | February 28, 2029 | 5.46% | 5.56% | 250,000 | **249,262** | 249,209 |
| | | 3.60% | 3.69% | $800,000 | **$799,006** | $798,836 |

| **Unsecured Term Loans** | | **March 31** | December 31 |
|---|---|---|---|
| **(in thousands of Canadian Dollars)** | Maturity/ Repayment Date | **2026** | 2025 |
| Unsecured term loan #1[1] | January 6, 2026 | **$—** | $250,000 |
| Unsecured term loan #2[2] | January 30, 2026 | **—** | 125,000 |
| Unsecured term loan #3[3] | March 7, 2027 | **250,000** | 250,000 |
| | | **$250,000** | $625,000 |

(1) In January 2026, the REIT repaid the unsecured term loan with a cash payment of $250.0 million, and the interest rate swap fixing the interest rate at 4.14% per annum matured.

(2) In January 2026, the REIT repaid the unsecured term loan with a cash payment of $125.0 million, and the interest rate swap fixing the interest rate at 5.19% per annum was terminated.

(3) The REIT entered into an interest rate swap to fix the interest rate on $250.0 million at 3.39% per annum. The swap matures on May 7, 2030.

| **Lines of Credit (in thousands of Canadian Dollars)** | Maturity Date | Total Facility | Amount Drawn | Outstanding Letters of Credit | Available Balance |
|---|---|---|---|---|---|
| **Revolving unsecured operating lines of credit:** | | | | | |
| Revolving unsecured line of credit | September 20, 2027 | $150,000 | ($31,000) | $— | $119,000 |
| Revolving unsecured line of credit | December 14, 2027 | 230,000 | — | — | 230,000 |
| Revolving unsecured line of credit | December 14, 2029 | 520,000 | — | (166) | 519,834 |
| Revolving unsecured letter of credit facility | | 60,000 | — | (31,820) | 28,180 |
| Sub-total | | 960,000 | (31,000) | (31,986) | 897,014 |
| **Non-revolving secured operating line of credit[1]** | | | | | |
| REIT and CrestPSP non-revolving secured line of credit | March 14, 2027 | 266,945 | (266,945) | — | — |
| **March 31, 2026** | | **$1,226,945** | **($297,945)** | **($31,986)** | **$897,014** |
| December 31, 2025 | | $1,227,387 | ($876,047) | ($34,527) | $316,813 |

(1) Secured by certain investment properties.

The lines of credit can be drawn in either Canadian or U.S. dollars and bear interest at a rate approximating the prime rate of a Canadian chartered bank. Included in lines of credit as at March 31, 2026 are U.S. dollar denominated amounts of nil (December 31, 2025 - U.S. $18.0 million). The Canadian equivalent of these amounts are nil (December 31, 2025 - $24.7 million).

### *Contractual Obligations*

The following is a summary as at March 31, 2026 of material contractual obligations including payments due for the next five years and thereafter:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| **Contractual Obligations[1] (in thousands of Canadian dollars)** | 2026[2] | 2027 | 2028 | 2029-2030 | Total |
| Mortgages payable[3] | $109,205 | $452,690 | $510,975 | $137,011 | $1,209,881 |
| Senior debentures | 250,000 | 300,000 | — | 250,000 | 800,000 |
| Unsecured term loans | — | 250,000 | — | — | 250,000 |
| Lines of credit | — | 297,945 | — | — | 297,945 |
| Committed Developments[4] | 67,054 | — | — | — | 67,054 |
| Total contractual obligations | $426,259 | $1,300,635 | $510,975 | $387,011 | $2,624,880 |

(1) The amounts in the table above are the principal amounts due under the contractual agreements.
(2) For the balance of the year.
(3) Non-recourse mortgages to total mortgages ratio is 60.6%.
(4) Committed Developments consists of the REDT Projects and Elio.

***Capital Resources***

As at March 31, 2026, H&R had cash and cash equivalents of $68.5 million and amounts available under its lines of credit totalling $897.0 million. Subject to market conditions, management expects to be able to meet all of the REIT's ongoing contractual obligations. As at March 31, 2026, the REIT was not in default or arrears on any of its obligations including interest or principal payments on debt and any debt covenant. As at March 31, 2026, H&R had 45 unencumbered properties (including properties under development), with a fair value of approximately $3.2 billion. As at March 31, 2026, H&R had four properties valued at approximately $298.4 million which are encumbered with mortgages totalling $67.1 million. In this pool of assets, the average loan to value ratio is 22.5%, the minimum loan to value ratio is 3.6% and the maximum loan to value ratio is 25.3%. The weighted average remaining term to maturity of this pool of mortgages is 0.8 years.

***Credit Rating***

Morningstar DBRS ("DBRS") provides credit ratings of debt securities for commercial entities. A credit rating generally provides an indication of the risk that the borrower will not fulfill its obligations in a timely manner with respect to both interest and principal commitments. Rating categories range from highest credit quality (generally AAA) to default payment (generally D). A credit rating is not a recommendation to buy, sell or hold securities.

DBRS has confirmed that H&R has a credit rating of BBB with Stable trends as at March 31, 2026. A credit rating of BBB by DBRS is generally an indication of adequate credit quality, where the capacity for payment of financial obligations is considered acceptable, however the entity may be vulnerable to future events. A credit rating of BBB or higher is an investment grade rating. There can be no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised by DBRS at any time. The credit rating is reviewed periodically by DBRS.

## OFF-BALANCE SHEET ITEMS

In the normal course of operations, H&R has issued letters of credit in connection with developments, financings, operations and acquisitions. As at March 31, 2026, H&R had outstanding letters of credit totalling $32.0 million (December 31, 2025 - $34.5 million), including $20.2 million (December 31, 2025 - $20.2 million) which has been pledged as security for certain mortgages payable. The letters of credit may be secured by certain investment properties.

On December 31, 2021, the REIT completed a spin off, on a tax-free basis, of 27 properties including all of the REIT's enclosed shopping centres (the "Primaris Spin-Off") to a new publicly-traded REIT ("Primaris REIT"). The REIT continues to guarantee certain debt in connection with the Primaris Spin-Off, and will remain liable until such debts are extinguished or the lenders agree to release the REIT's guarantees. As at March 31, 2026, the estimated amount of debt subject to such guarantees, and therefore the maximum exposure to credit risk, was $93.4 million, which expire between 2027 and 2030 (December 31, 2025 - $94.3 million – which expire between 2027 and 2030).

In addition, the REIT provides guarantees on behalf of the co-owners of certain of Primaris REIT's properties. As at March 31, 2026, the estimated amount of debt subject to such guarantees, and therefore the maximum exposure to credit risk, was $64.5 million, which expires in 2027 (December 31, 2025 - $65.1 million, which expires in 2027). There have been no defaults by the primary obligor for debts on which the REIT has provided its guarantees, and as a result, no contingent loss on these guarantees has been recognized in the REIT's Financial Statements.

On May 8, 2025, the REIT entered into a construction loan agreement with REDT JV LP for a principal amount of up to U.S. $136.2 million, bearing interest at 9.0% per annum (the "REDT Loan"). The REDT Loan is interest only and prepayable at any time with the REIT's consent. The REDT Loan is secured by a pledge of the ownership interests in the entities that directly hold title and beneficial ownership to the REDT Projects, and matures on May 8, 2029, subject to two 1-year extensions, subject to the REIT's approval in its sole discretion. As at March 31, 2026, the balance outstanding on the REDT Loan was U.S. $96.5 million (Canadian equivalent - $134.1 million), therefore the remaining balance that the REIT is committed to fund is U.S. $39.7 million (Canadian equivalent - $55.2 million). As at December 31, 2025, the balance outstanding on the REDT Loan was U.S. $73.6 million (Canadian equivalent - $100.9 million), therefore the remaining balance that the REIT was committed to fund was U.S. $62.6 million (Canadian equivalent - $85.7 million).

The REIT provided a guarantee on behalf of its Central Pointe joint venture partners for a maximum amount of U.S. $52.9 million (Canadian equivalent - $73.6 million), to be utilized upon any drawdowns under the Central Pointe construction financing facility. As at March 31, 2026, no amounts had been drawn on this facility, and accordingly, the REIT had no guarantee exposure.

The REIT is involved in litigation and claims in relation to the investment properties that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the REIT's Financial Statements and MD&A.

The REIT is subject to environmental laws and regulations and may, from time to time, be required to address environmental contamination at properties that it owns. Management is not aware of any environmental remediation that it is obligated to perform at this time. Accordingly, no provision for environmental remediation has been recorded in the REIT's Financial Statements and MD&A. However, it is possible that costs associated with investigations or remediation of environmental contamination could be incurred in the future. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the REIT's Financial Statements and MD&A.

## RELATED PARTY TRANSACTIONS

The REIT's related parties include joint ventures, associates or entities that are controlled or significantly influenced by the REIT. Activity and transactions with joint ventures and associates are disclosed in note 4 of the REIT's Financial Statements.

The REIT has entered into various transactions with the REDT, including: (i) a development agreement; (ii) an asset management agreement; and (iii) the REDT Loan. In addition, the REIT has entered into a mortgage receivable with Sunny Creek, a site located in Carlsbad, CA, in which the REIT has a 33.3% non-managing interest and a development agreement with 560 & 600 Slate Drive, a site located in Mississauga, ON, in which the REIT has a 50.0% managing ownership interest. The following is a summary of fees earned pursuant to these agreements:

| | Three months ended March 31 | |
|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 |
| Trust expenses, net: | | |
| Development management fee earned | **$1,123** | $1,448 |
| Asset management fees earned | **178** | 186 |
| | **1,301** | 1,634 |
| Finance income - interest earned | **2,902** | 264 |
| | **$4,203** | $1,898 |

Amounts due from related parties recorded in other assets include:

| **(in thousands of Canadian dollars)** | **March 31 2026** | December 31 2025 |
|---|---|---|
| REDT Loan receivable | **$134,131** | $100,876 |
| Sunny Creek mortgage receivable | **20,711** | 20,413 |
| Interest receivable | **430** | 373 |
| Development management fee receivable | **323** | 335 |
| Asset management fee receivable | **1,441** | 1,243 |
| | **$157,036** | $123,240 |

All of the above transactions are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

## DERIVATIVE INSTRUMENTS

Where appropriate, H&R uses interest rate swaps to lock-in lending rates on certain anticipated mortgages, debentures and bank borrowings. This strategy provides certainty to the rate of interest on borrowings when H&R is involved in transactions that may close further into the future than usual for typical transactions.

Where appropriate, H&R uses forward exchange contracts to lock-in foreign exchange rates. There were no forward exchange contract outstanding as at March 31, 2026. This strategy manages risks related to foreign exchange rates on transactions that will occur in the future.

At the end of each reporting period, an interest rate swap and foreign exchange contract is marked-to-market, resulting in an unrealized gain or loss recorded in net income (loss).

During 2026 and 2025, H&R had the following swaps outstanding:

| | | Fair value asset (liability)* | | Net loss on derivative instruments | |
|---|---|---|---|---|---|
| | | **March 31** | December 31 | Three months ended March 31 | |
| **(in thousands of Canadian dollars)** | **Maturity / Repayment Date** | **2026** | 2025 | **2026** | 2025 |
| Term loan interest rate swap(1) | January 6, 2026 | **—** | 10 | **(10)** | (1,131) |
| Foreign exchange hedge(2) | January 30, 2026 | **—** | 4,260 | **(4,260)** | — |
| Debt interest rate swap(3) | January 30, 2026 | **—** | (4,352) | **(99)** | (1,824) |
| Term loan interest rate swap(4) | May 7, 2030 | **10,585** | 10,041 | **544** | (4,087) |
| | | **$10,585** | $9,959 | **($3,825)** | ($7,042) |

(1) Interest rate fixed at 4.14% per annum for the $250.0 million term loan. The interest rate swap terminated in January 2026.

(2) Foreign exchange rate fixed at $1.39 on U.S. $220.0 million. The hedge terminated in January 2026.

(3) Interest rate fixed at 5.19% per annum on $250.0 million of variable rate debt, which included a $125.0 million unsecured term loan. The hedge was settled in January 2026 for a payment of $4.5 million.

(4) Interest rate fixed at 3.39% per annum for the $250.0 million term loan.

* Derivative instruments in asset and liability positions are not presented on a net basis. Derivative instruments in an asset position of $10.6 million (December 31, 2025 - $14.3 million) are recorded in other assets and derivative instruments in a liability position of $— (December 31, 2025 - $4.4 million) are recorded in accounts payable and accrued liabilities.

## SELECTED FINANCIAL INFORMATION

### *Summary of Quarterly Information*

The following tables summarize certain financial information for the quarters indicated below:

| | **Q1** | Q4 | Q3 | Q2 |
|---|---|---|---|---|
| **(in thousands of Canadian dollars)** | **2026** | 2025 | 2025 | 2025 |
| Rentals from investment properties | **$184,253** | $203,750 | $201,728 | $204,011 |
| Net income (loss) from equity accounted investments | **(7,264)** | (241,748) | (46,014) | 26,780 |
| Net income (loss) | **(34,870)** | (250,308) | (322,868) | (166,370) |
| Total comprehensive income (loss) attributable to unitholders | **21,485** | (307,605) | (223,190) | (428,262) |

| | Q1 | Q4 | Q3 | Q2 |
|---|---|---|---|---|
| | 2025 | 2024 | 2024 | 2024 |
| Rentals from investment properties | $205,639 | $202,350 | $200,344 | $204,775 |
| Net income (loss) from equity accounted investments | (10,082) | 82,308 | 16,478 | (108,859) |
| Net income (loss) | (52,018) | 130,882 | (9,722) | (272,666) |
| Total comprehensive income (loss) attributable to unitholders | (52,080) | 424,184 | (72,758) | (208,218) |

Major fluctuations between quarterly results are generally due to property acquisitions, dispositions, changes in debt levels and corresponding finance costs, changes in foreign exchange rates and changes in the fair value of financial instruments and real estate assets.

Rentals from investment properties decreased by $19.5 million in Q1 2026 compared to Q4 2025 primarily due to retail and office property sales completed in Q1 2026.

Net income (loss) from equity accounted investments increased by $234.5 million in Q1 2026 compared to Q4 2025 primarily due to fair value adjustments on real estate assets.

Net income (loss) increased by $215.4 million in Q1 2026 compared to Q4 2025 primarily due to the net income (loss) from equity accounted investments noted above and fair value adjustments on real estate assets. This was partially offset by a decrease in deferred income tax recoveries as well as a decrease in net operating income as a result of the non-cash impact of IFRIC 21 and property dispositions.

Total comprehensive income (loss) attributable to unitholders increased by $329.1 million in Q1 2026 compared to Q4 2025 primarily due the increase in net income (loss) noted above, as well as an unrealized foreign currency gain on translation of U.S. denominated foreign operations of $56.4 million in Q1 2026, compared to an unrealized loss of $57.3 million in Q4 2025.

## SECTION IV

## NON-GAAP MEASURES AND NON-GAAP RATIOS

The REIT's Financial Statements are prepared in accordance with IFRS. However, in this MD&A, a number of measures and ratios are presented that are not measures or ratios under GAAP in accordance with IFRS. These measures and ratios, as well as the reasons why management believes these measures and ratios are useful to investors, are described below.

None of these non-GAAP measures and non-GAAP ratios should be construed as an alternative to financial measures calculated in accordance with GAAP. Furthermore, these supplemental non-GAAP measures and non-GAAP ratios are not standardized under IFRS and the REIT's method of calculating these supplemental non-GAAP measures and non-GAAP ratios may differ from the methods of other real estate investment trusts or other issuers, and accordingly may not be comparable.

***Non-GAAP Measures***

(a) **The REIT's proportionate share**

H&R accounts for investments in joint ventures and associates as equity accounted investments in accordance with IFRS. The REIT's proportionate share is a non-GAAP measure that adjusts the REIT's Financial Statements to reflect the REIT's financial position and share of net income (loss) from H&R's equity accounted investments on a proportionately consolidated basis at H&R's ownership interest in the applicable investment. Management believes this measure is important for investors as it is consistent with how H&R reviews and assesses the operating performance of its entire portfolio. Throughout this MD&A, the balances at the REIT's proportionate share have been reconciled back to relevant GAAP measures. Refer to the *"Financial Position"* and *"Results of Operations"* sections on pages 14 and 29 respectively, of this MD&A for reconciliations from the REIT's Financial Statements to the REIT's proportionate share.

(b) **Net operating income (cash basis) and Same-Property net operating income (cash basis)**

Net operating income (cash basis) is a non-GAAP measure used by H&R to assess performance of properties owned. It adjusts net operating income to exclude four non-cash items:

(i) Straight-lining of contractual rent. By excluding the impact of straight-lining of contractual rent, rentals from investment properties will consist primarily of actual rents collected by H&R.
(ii) Realty taxes accounted for under IFRS Interpretations Committee Interpretation 21, *Levies* ("IFRIC 21"), which 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.
(iii) The Bow non-cash rental adjustment. This is a result of the Bow sale transaction not meeting the criteria of a transfer of control under IFRS 15 as the REIT has an option to repurchase 100% of the Bow. The REIT is legally only entitled to 15% of

the lease revenue from the Ovintiv lease, however, under IFRS 15, 100% of the lease revenue is recognized in the REIT's Financial Statements, resulting in 85% of the recognized lease revenue being non-cash.

(iv) 100 Wynford non-cash rental adjustment. This is a result of the 100 Wynford sale transaction not meeting the criteria of a transfer of control under IFRS 15 as the REIT has an option to repurchase 100% of 100 Wynford. Under IFRS 15, the REIT recognizes 100% of the lease revenue in the REIT's Financial Statements which represents a non-cash item.

Same-Property net operating income (cash basis) is a non-GAAP measure used by H&R to assess period-over-period performance for properties owned and operated since January 1, 2025. Same-Property net operating income (cash basis) adjusts net operating income to include net operating income from equity accounted investments on a proportionately consolidated basis at H&R's ownership interest of the applicable investment. Same-Property net operating income (cash basis) also excludes the first two non-cash items noted above as the Bow and 100 Wynford have been included in Transactions.

Same-Property net operating income (cash basis) further excludes Transactions, which are:

- Acquisitions, dispositions, and transfers of investment properties to or from properties under development during the 15-month period ended March 31, 2026.

Management believes net operating income (cash basis) is useful for investors as it adjusts net operating income for non-cash items which allows investors to better understand the cash-on-cash performance of a property. Management believes that Same-Property net operating income (cash basis) is useful for investors as it adjusts net operating income (including net operating income from equity accounted investments on a proportionately consolidated basis) for non-cash items, which allows investors to better understand period-over-period changes due to occupancy, rental rates, realty taxes and operating costs, before evaluating the changes attributable to Transactions. Furthermore, both measures are also used as a key input in determining the value of investment properties. Refer to the *"Net Operating Income"* section on page 30 in this MD&A for a reconciliation of net operating income to Same-Property net operating income (cash basis).

(c) **Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO")**

FFO and AFFO are non-GAAP measures widely used in the real estate industry as a measure of operating performance particularly by those publicly traded entities that own and operate investment properties. H&R presents its consolidated FFO and AFFO calculations in accordance with the January 2022 guidance in the REALPAC Funds Real Property Association of Canada's (REALPAC) *White Paper on Funds From Operations and Adjusted Funds From Operations for IFRS,* except for "the Bow and 100 Wynford non-cash rental and accretion adjustments" and "provision for expected credit loss".

The Bow office property in Calgary, AB was legally disposed of in October 2021. The 100 Wynford office property in Toronto, ON was legally disposed of in August 2022.

- The Bow non-cash rental adjustment is a result of the Bow sale transaction not meeting the criteria of a transfer of control under IFRS 15 as the REIT has an option to repurchase 100% of the Bow. The REIT is legally only entitled to 15% of the lease revenue from the Ovintiv lease, however, under IFRS 15, 100% of the lease revenue is recognized in the REIT's Financial Statements, resulting in 85% of the recognized lease revenue being non-cash.
- 100 Wynford non-cash rental adjustment is a result of the 100 Wynford sale transaction not meeting the criteria of a transfer of control under IFRS 15 as the REIT has an option to repurchase 100% of 100 Wynford. Under IFRS 15, the REIT recognizes 100% of the lease revenue in the REIT's Financial Statements which represents a non-cash item.
- The Bow and 100 Wynford non-cash accretion adjustments are a result of the sale proceeds received by the REIT recorded as deferred revenue and amortized over the remaining terms of the respective leases, consisting of principal and interest in the REIT's Financial Statements.

Therefore, the non-cash components of lease revenue and the interest accretion finance expense have both been adjusted in calculating FFO as the Bow and 100 Wynford non-cash rental and accretion adjustments.

In order to facilitate certain property dispositions, the REIT provided purchasers with mortgages secured against the property sold. These mortgages have been included in mortgages receivable and represent a component of proceeds on the sale of investment properties. H&R does not view a provision for expected credit loss or a loss on modification of mortgage receivable as an operating item, just as it does not view a gain or loss on sale as an operating item. Therefore, the REIT has adjusted the provision for expected credit loss, which has been included within finance costs - operations in calculating FFO.

FFO provides an operating performance measure that when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, property operating costs, acquisition activities and finance costs, that is not immediately apparent from net income (loss) determined in accordance with IFRS. Management believes FFO to be a useful earnings measure for investors as it adjusts net income (loss) for items that are not recurring including gain (loss) on sale of real estate assets, as well as non-cash items such as the fair value adjustments on investment properties.

AFFO is calculated by adjusting FFO for the following items: straight-lining of contractual rent, capital expenditures, leasing expenses and tenant inducements. Although capital and tenant expenditures can vary from quarter to quarter due to tenant turnovers, vacancies and the age of a property, H&R has elected to deduct actual capital and tenant expenditures in the relevant period. This may differ from others in the industry that deduct a normalized amount of capital expenditures, leasing expenses and tenant inducements based on historical activity, in their AFFO calculation. Furthermore, since H&R adjusts for actual tenant inducements paid, the amortization of tenant inducements per the REIT's Financial Statements and at the REIT's proportionate share is added back in order to only deduct the actual costs incurred by the REIT. Capital expenditures excluded and not deducted in the calculation of AFFO relate to capital expenditures which generate a new investment stream.

H&R's method of calculating FFO and AFFO may differ from other issuers' calculations. FFO and AFFO should not be construed as an alternative to net income (loss) or any other operating or liquidity measure prescribed under IFRS. Management uses FFO and AFFO to better understand and assess operating performance since net income (loss) includes several non-cash items which management believes are not fully indicative of the REIT's performance. Refer to the *"Funds From Operations and Adjusted Funds From Operations"* section on page 37 of this MD&A for a reconciliation of net income (loss) to FFO and AFFO.

***Non-GAAP Ratios***

(a) **Debt to Adjusted EBITDA at the REIT's proportionate share**

Debt to Adjusted EBITDA at the REIT's proportionate share is a non-GAAP ratio used to evaluate financial leverage. Debt includes mortgages, debentures, unsecured term loans, lines of credit, liabilities classified as held for sale and the REIT's proportionate share of ECHO's debt. 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, net (excluding the fair value adjustment to unit-based compensation) as well as transaction costs for the last 12 months. The Bow's non-cash rent is due to the REIT recognizing 100% of the lease revenue from the Ovintiv lease in the REIT's Financial Statements in accordance with IFRS 15, however the REIT is only legally entitled to 15% of the lease revenue. 100 Wynford's non-cash rent is due to the REIT recognizing 100% of the lease revenue from the Bell lease in the REIT's Financial Statements in accordance with IFRS 15. Adjusted EBITDA is used as an alternative to net income (loss) because it excludes major non-cash items. Management uses this ratio and believes it is useful for investors as it is an operational measure used to evaluate the length of time it would take the REIT to repay its debt based on its operating performance. Debt to Adjusted EBITDA at the REIT's proportionate share and a reconciliation of Adjusted EBITDA to net income (loss) is presented in the *"Debt"* section on page 24 of this MD&A.

(b) **Debt to total assets at the REIT's proportionate share**

H&R's Declaration of Trust limits the indebtedness of H&R (subject to certain exceptions) to a maximum of 65% of the total assets of H&R, based on the REIT's Financial Statements. H&R also presents this ratio at the REIT's proportionate share which is a non-GAAP ratio. Debt includes mortgages, debentures, unsecured term loans, lines of credit payable to lenders and liabilities classified as held for sale, including the REIT's proportionate share of ECHO's debt. Total Assets includes the REIT's proportionate share of ECHO's assets and has been adjusted to exclude the Bow and 100 Wynford, which the REIT legally disposed of in October 2021 and August 2022, respectively. These transactions did not meet the criteria of a transfer of control under IFRS 15 as the REIT has an option to repurchase 100% of the Bow for $737.0 million in 2038 or earlier under certain circumstances and 100% of 100 Wynford for $159.7 million in 2036 or earlier under certain circumstances. As a result, the REIT continues to recognize these two income producing properties in its consolidated statements of financial position, and the fair values of the Bow and 100 Wynford will be adjusted over the remaining lives of their respective leases, bringing the value of each real estate asset to nil by their respective lease maturity.

Management uses this ratio to determine the REIT's flexibility to incur additional debt. Management believes this is useful for investors in order to assess the REIT's leverage and debt obligations. Refer to the *"Financial Highlights"* and *"Debt"* sections on pages 13 and 23 respectively, of this MD&A for debt to total assets per the REIT's Financial Statements and at the REIT's proportionate share.

(c) **FFO and AFFO per Basic and Diluted Unit**

FFO and AFFO per basic and diluted Unit are non-GAAP ratios calculated by dividing FFO and AFFO, respectively, by the weighted average number of Units and exchangeable units outstanding, basic or diluted, respectively, for the corresponding period. Refer to FFO and AFFO above for H&R's commentary on why these measures are useful for assessing operating performance.

(d) **Payout ratio as a % of FFO and payout ratio as a % of AFFO**

Payout ratio as a % of FFO and payout ratio as a % of AFFO are non-GAAP ratios, which assess the REIT's ability to pay distributions and are calculated by dividing cash distributions per Unit, (including special cash distributions per Unit) by FFO or AFFO per Unit for the respective period. H&R uses these ratios amongst other criteria to evaluate the REIT's ability to maintain current distribution levels or increase future distributions as well as to assess whether sufficient cash is being held back for operational expenditures. Furthermore, H&R uses the payout ratio as a % of AFFO to further assess whether sufficient cash is being held back for capital and tenant expenditures. Refer to the *"Financial Highlights"* and *"Funds From Operations and Adjusted Funds From Operations"* sections on pages 13 and 37, respectively, of this MD&A for the REIT's payout ratio as a % of FFO and payout ratio as a % of AFFO.

(e) **NAV per Unit**

NAV per Unit is a non-GAAP ratio that management believes is a useful indicator of the fair value of net tangible assets of H&R. NAV per Unit is calculated by dividing the sum of: (i) unitholders' equity, (ii) value of exchangeable units, and (iii) deferred tax liability by the total number of Units and exchangeable units outstanding. The rationale for including exchangeable units and the deferred tax liability are as follows: (i) under IFRS, exchangeable units are classified as debt, however, these units are not required to be repaid and each holder of these units has the option to convert their exchangeable units into Units, and therefore H&R considers this to be equivalent to equity; and (ii) the deferred tax liability is an undiscounted liability that would be crystallized in the event that U.S. properties are sold. H&R plans to continue to take advantage of U.S. tax legislation in order to further defer taxes owing on sold properties. H&R's method of calculating NAV per Unit may differ from other issuers' calculations. See the *"Unitholders' Equity"* section on page 28 of this MD&A for a calculation of NAV per Unit and a reconciliation of NAV per Unit to unitholders' equity and unitholders equity per Unit.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the REIT's Financial Statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the REIT's Financial Statements and reported amounts of revenue and expenses during the reporting period.

For a description of the accounting policies that management believes are subject to greater estimation and judgement, as well as other accounting policies, refer to notes 1 and 2 of the REIT's Financial Statement for the year ended December 31, 2025.

## SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the REIT in the unaudited condensed consolidated interim financial statements are the same as those applied in the consolidated audited financial statements as at and for the year ended December 31, 2025, with the exception of (a) below.

(a) Change in accounting policy:

(i) Amendments to the Classification and Measurement of Financial Instruments

Effective January 1, 2026, the REIT has adopted Classification and Measurement of Financial Instruments, pursuant to amendments issued by the IASB in May 2024 applicable to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*. The amendments clarify when a financial asset or a financial liability is recognized and derecognized. They also introduced an exception that permits an entity to derecognize a financial liability before the settlement date when the financial liability is settled with cash using an electronic payment that meets specific criteria.

Adopting the amendments resulted in a change in the REIT's accounting policy for the recognition and derecognition of trade receivables and trade payables, most notably impacting the derecognition of trade payables settled with manual cheques that have not cleared the bank as of period end. Under the REIT's former accounting policy, derecognition of such trade payables occurred on the manual cheque date with a corresponding decrease in the cash balance. Under the REIT's revised policy, derecognition of such trade payables occurs when the liability is extinguished by the vendor (i.e. at the settlement date), which is generally at a later date as compared to the former policy. For trade payables settled using qualifying electronic payment systems, the REIT has elected to apply the exception that permits derecognition of a financial liability on the date when the REIT's ability to withdraw, stop or cancel the payment instruction is surrendered and the other eligibility criteria are met. The REIT chose to apply the change in accounting policy prospectively in accordance with the transitional provisions of the amendment, and, accordingly, comparative figures have not been restated for this purpose. The change in accounting policy had no impact on income or loss or other comprehensive income (loss). The impact on the REIT's statement of financial position at January 1, 2026 was an increase in accounts payable and accrued liabilities of $3,690, and an increase in cash and cash equivalents of $3,690. The impact on the statement of cash flows was to increase the opening balance of cash and cash equivalents on January 1, 2026 by $3,690.

## DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes to the REIT’s internal control over financial reporting during the three months ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, the REIT’s internal controls over financial reporting.

H&R’s management, including the CEO and Chief Financial Officer, does not expect that the REIT’s controls and procedures will prevent or detect all misstatements due to error or fraud. Due to the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the REIT have been prevented or detected. H&R is continually evolving and enhancing its systems of controls and procedures.

## RISKS AND UNCERTAINTIES

All real estate assets are subject to a degree of risk and uncertainty. They are affected by various factors including general market conditions and local market circumstances. An example of general market conditions would be the availability of long-term mortgage financing whereas local conditions would relate to factors affecting specific properties such as an oversupply of space or a reduction in demand for real estate in a particular area. Management attempts to manage these risks through geographic, type of asset and tenant diversification in H&R’s portfolio. The major risk factors, including detailed descriptions, are included in the *“Risks and Uncertainties”* section of the Annual MD&A for the year ended December 31, 2025 and in the *“Risks Factors”* section of the 2025 Annual Information Form.

## OUTSTANDING UNIT DATA

The beneficial interests in the REIT are represented by two classes of units: Units which are unlimited in number and Special Voting Units of which a maximum of 13,013,698 may be issued. Each Unit carries a single vote at any meeting of unitholders of the REIT. Each Special Voting Unit carries a single vote at any meeting of unitholders of the REIT. As at March 31, 2026 and May 8, 2026, there were 264,567,258 Units issued and outstanding and 13,013,698 Special Voting Units outstanding.

On February 24, 2026, the unit option plan of the REIT (“Unit Option Plan”) terminated following the final expiry of the remaining outstanding options.

As at March 31, 2026, the maximum number of incentive units authorized to be granted under H&R’s Incentive Unit Plan was 5,000,000. The REIT has granted 2,475,232 incentive units which remain outstanding, 532,579 have been settled for Units and 1,992,189 incentive units remain available for grant. As at May 8, 2026, there were 2,377,602 incentive units outstanding.

As at March 31, 2026 and May 8, 2026, there were 15,441,644 exchangeable units outstanding of which 13,013,698 exchangeable units are accompanied by Special Voting Units.

## ADDITIONAL INFORMATION

Additional information relating to H&R, including the 2025 Annual Information Form and Annual MD&A, is available on SEDAR+ at www.sedarplus.com.

Unaudited condensed consolidated interim financial statements of

# H&R REAL ESTATE INVESTMENT TRUST

For the three months ended March 31, 2026 and 2025

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# H&R REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)

| | Note | March 31 2026 | December 31 2025 |
|---|---|---|---|
| | | **(Unaudited)** | |
| Assets | | | |
| Real estate assets: | | | |
| Investment properties | *3* | **$6,343,489** | $6,370,453 |
| Properties under development | *3* | **771,599** | 785,184 |
| | | **7,115,088** | 7,155,637 |
| Equity accounted investments | *4* | **489,424** | 484,702 |
| Assets classified as held for sale | *5* | **91,500** | 1,142,900 |
| Other assets | *6* | **300,529** | 272,910 |
| Cash and cash equivalents | *7* | **68,520** | 52,137 |
| | | **$8,065,061** | $9,108,286 |
| Liabilities and Unitholders' Equity | | | |
| Liabilities: | | | |
| Debt | *8* | **$2,553,815** | $3,501,891 |
| Exchangeable units | *9* | **150,865** | 157,968 |
| Deferred revenue | *10* | **850,637** | 862,139 |
| Deferred tax liability | *20* | **199,241** | 212,781 |
| Accounts payable and accrued liabilities | *11* | **192,887** | 237,789 |
| | | **3,947,445** | 4,972,568 |
| Unitholders' equity | | **4,117,616** | 4,135,718 |
| Commitments and contingencies | *22* | | |
| Subsequent events | *6* | | |
| | | **$8,065,061** | $9,108,286 |

See accompanying notes to the unaudited condensed consolidated interim financial statements.

# H&R REAL ESTATE INVESTMENT TRUST

Unaudited Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(In thousands of Canadian dollars)

| | | Three months ended March 31 | |
|---|---|---|---|
| | *Note* | **2026** | 2025 |
| Rentals from investment properties | *15* | **$184,253** | $205,639 |
| Property operating costs | | **(98,384)** | (122,676) |
| Net operating income | | **85,869** | 82,963 |
| | | | |
| Net loss from equity accounted investments | *4* | **(7,264)** | (10,082) |
| Finance cost - operations | *16* | **(43,199)** | (52,009) |
| Finance income | *16* | **5,258** | 3,190 |
| Trust expenses, net | | **(6,630)** | (7,237) |
| Fair value adjustment on financial instruments | *16* | **3,278** | (22,105) |
| Fair value adjustment on real estate assets | *3* | **(79,053)** | (52,698) |
| Loss on sale of real estate assets, net of related costs | *3* | **(8,891)** | (1,103) |
| Net loss before income taxes | | **(50,632)** | (59,081) |
| | | | |
| Income tax recovery | *20* | **15,762** | 7,063 |
| Net loss | | **(34,870)** | (52,018) |
| | | | |
| Other comprehensive income (loss): | | | |
| Items that are or may be reclassified subsequently to net loss | *14* | **56,355** | (62) |
| Total comprehensive income (loss) attributable to unitholders | | **$21,485** | ($52,080) |

See accompanying notes to the unaudited condensed consolidated interim financial statements.

# H&R REAL ESTATE INVESTMENT TRUST

Unaudited Condensed Consolidated Interim Statements of Changes in Unitholders' Equity
(In thousands of Canadian dollars)

| **UNITHOLDERS' EQUITY** | ***Note*** | **Value of Units** | **Accumulated net income** | **Accumulated distributions** | **Accumulated other comprehensive income** | **Total** |
|---|---|---|---|---|---|---|
| Unitholders' equity, January 1, 2025 | | $5,378,030 | $6,658,498 | ($7,477,706) | $719,921 | $5,278,743 |
| Issuance of Units | | 5,170 | — | — | — | 5,170 |
| Net loss | | — | (52,018) | — | — | (52,018) |
| Distributions to unitholders | *13* | — | — | (39,385) | — | (39,385) |
| Other comprehensive loss | | — | — | — | (62) | (62) |
| Unitholders' equity, March 31, 2025 | | 5,383,200 | 6,606,480 | (7,517,091) | 719,859 | 5,192,448 |
| Issuance of Units | | 20,581 | — | — | — | 20,581 |
| Net loss | | — | (739,546) | — | — | (739,546) |
| Distributions to unitholders | | — | — | (118,254) | — | (118,254) |
| Distributions in Units | | 39,684 | — | (39,684) | — | — |
| Other comprehensive loss | | — | — | — | (219,511) | (219,511) |
| Unitholders' equity, December 31, 2025 | | 5,443,465 | 5,866,934 | (7,675,029) | 500,348 | 4,135,718 |
| **Issuance of Units** | | **98** | **—** | **—** | **—** | **98** |
| **Net loss** | | **—** | **(34,870)** | **—** | **—** | **(34,870)** |
| **Distributions to unitholders** | ***13*** | **—** | **—** | **(39,685)** | **—** | **(39,685)** |
| **Other comprehensive income** | ***14*** | **—** | **—** | **—** | **56,355** | **56,355** |
| **Unitholders' equity, March 31, 2026** | | **$5,443,563** | **$5,832,064** | **($7,714,714)** | **$556,703** | **$4,117,616** |

See accompanying notes to the unaudited condensed consolidated interim financial statements.

# H&R REAL ESTATE INVESTMENT TRUST

Unaudited Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)

| | Note | Three months ended March 31 2026 | 2025[1] |
|---|---|---|---|
| Cash provided by (used in): | | | |
| Operations: | | | |
| Net loss | | **($34,870)** | ($52,018) |
| Finance cost - operations | *16* | **43,199** | 52,009 |
| Interest paid | | **(34,601)** | (40,316) |
| Finance income | *16* | **(5,258)** | (3,190) |
| Finance income received | | **5,772** | 2,219 |
| Restricted cash | *6* | **3,306** | 3,053 |
| Items not affecting cash: | | | |
| Rental income accrued from the Bow and 100 Wynford | *10* | **(23,737)** | (23,530) |
| Net loss from equity accounted investments | *4* | **7,264** | 10,082 |
| Rent amortization of tenant inducements | *15* | **811** | 1,150 |
| Fair value adjustment on real estate assets | *3* | **79,053** | 52,698 |
| IFRS Interpretations Committee Interpretation 21, Levies ("IFRIC 21") realty tax adjustment | *3* | **31,136** | 45,354 |
| Loss on sale of real estate assets, net of related costs | *3* | **8,891** | 1,103 |
| Fair value adjustment on financial instruments | *16* | **(3,278)** | 22,105 |
| Unit-based compensation expense | *13(a)* | **958** | 3,298 |
| Deferred income tax recovery | *20* | **(16,407)** | (7,495) |
| Change in other non-cash operating items | *17* | **(40,681)** | (25,541) |
| | | **21,558** | 40,981 |
| Investing: | | | |
| Properties under development: | | | |
| Additions | *3, 17* | **(5,096)** | (14,833) |
| Investment properties: | | | |
| Net proceeds on disposition of investment properties | | **604,110** | 45,320 |
| Redevelopment | *3* | **(101)** | (17,463) |
| Capital expenditures | *3* | **(5,610)** | (10,357) |
| Leasing expenses and tenant inducements | *3* | **(586)** | (657) |
| Net proceeds on disposition of net investment in ECHO | *4* | **441,600** | — |
| Contributions to equity accounted investments | | **(6,393)** | (2,348) |
| Distributions received from equity accounted investments | | **573** | 12,921 |
| Advances of mortgages receivable | *6* | **(32,027)** | (340) |
| Repayments of mortgages receivable | *6* | **81** | 1,808 |
| Restricted cash | | **—** | (9,751) |
| | | **996,551** | 4,300 |
| Financing: | | | |
| Unsecured term loans | *8* | **(375,000)** | — |
| Lines of credit | *8* | **(578,462)** | 47,712 |
| Mortgages payable: | | | |
| Advances | *8* | **182** | 397 |
| Principal repayments | *8* | **(8,761)** | (53,093) |
| Cash distributions paid to unitholders | | **(39,685)** | (70,799) |
| | | **(1,001,726)** | (75,783) |
| Increase (decrease) in cash and cash equivalents | | **16,383** | (30,502) |
| Cash and cash equivalents, beginning of year | *7* | **52,137** | 100,354 |
| Cash and cash equivalents, end of period | *7* | **$68,520** | $69,852 |

(1) Certain comparative figures for the three months ended March 31, 2025, have been revised to reflect the adjustments described in Note 1(d).

See note on supplemental cash flow information (note 17).

See accompanying notes to the unaudited condensed consolidated interim financial statements.

H&R Real Estate Investment Trust (the "REIT") is an unincorporated open-ended trust domiciled in Canada. The REIT owns, operates and develops residential and commercial properties across Canada and in the United States. The REIT's units ("Units") are listed and posted for trading on the Toronto Stock Exchange ("TSX") under the symbol HR.UN. The principal office and centre of administration of the REIT is located at 3625 Dufferin Street, Suite 500, Toronto, Ontario M3K 1N4. Unitholders of the REIT participate pro rata in distributions and, in the event of termination of the REIT, participate pro rata in the net assets remaining after satisfaction of all liabilities.

## 1. Basis of preparation:

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") have been omitted or condensed. The December 31, 2025 comparative financial information has been derived from the December 31, 2025 audited annual consolidated financial statements.

The unaudited condensed consolidated interim financial statements were approved by the Board of Trustees of the REIT (the "Board") on May 14, 2026.

(b) Functional currency and presentation

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, the REIT's functional currency, except where otherwise stated. All financial information has been rounded to the nearest thousand Canadian dollar.

The REIT presents its unaudited condensed consolidated interim statements of financial position based on the liquidity method, where all assets and liabilities are presented in ascending order of liquidity.

(c) Basis of measurement

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following items in the unaudited condensed consolidated interim statements of financial position, which have been measured at fair value:

- (i) Real estate assets;
- (ii) Assets classified as held for sale;
- (iii) Derivative instruments;
- (iv) Liabilities for cash-settled unit-based compensation; and
- (v) Exchangeable units.

(d) Comparative figures

Certain comparative figures on the unaudited condensed consolidated interim statements of cash flows have been adjusted to conform to current year presentation. The change in restricted cash provided by operations of $3,053 was reclassified from investing activities to operating activities on the unaudited condensed consolidated interim statements of cash flows for the three months ended March 31, 2025 to align with the nature of the balances.

**2. Material accounting policy information:**

The accounting policies applied by the REIT in the unaudited condensed consolidated interim financial statements are the same as those applied in the consolidated audited financial statements as at and for the year ended December 31, 2025, with the exception of (a) below.

(a) Change in accounting policy:

(i) Amendments to the Classification and Measurement of Financial Instruments

Effective January 1, 2026, the REIT has adopted Classification and Measurement of Financial Instruments, pursuant to amendments issued by the IASB in May 2024 applicable to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*. The amendments clarify when a financial asset or a financial liability is recognized and derecognized. They also introduced an exception that permits an entity to derecognize a financial liability before the settlement date when the financial liability is settled with cash using an electronic payment that meets specific criteria.

Adopting the amendments resulted in a change in the REIT's accounting policy for the recognition and derecognition of trade receivables and trade payables, most notably impacting the derecognition of trade payables settled with manual cheques that have not cleared the bank as of period end. Under the REIT's former accounting policy, derecognition of such trade payables occurred on the manual cheque date with a corresponding decrease in the cash balance. Under the REIT's revised policy, derecognition of such trade payables occurs when the liability is extinguished by the vendor (i.e. at the settlement date), which is generally at a later date as compared to the former policy. For trade payables settled using qualifying electronic payment systems, the REIT has elected to apply the exception that permits derecognition of a financial liability on the date when the REIT's ability to withdraw, stop or cancel the payment instruction is surrendered and the other eligibility criteria are met. The REIT chose to apply the change in accounting policy prospectively in accordance with the transitional provisions of the amendment, and, accordingly, comparative figures have not been restated for this purpose. The change in accounting policy had no impact on income or loss or other comprehensive income (loss).

The impact on the REIT's statement of financial position at January 1, 2026 was an increase in accounts payable and accrued liabilities of $3,690, and an increase in cash and cash equivalents of $3,690. The impact on the statement of cash flows was to increase the opening balance of cash and cash equivalents on January 1, 2026 by $3,690.

(b) Future effective standards:

IFRS 18, *Presentation and Disclosure in Financial Statements* will replace IAS 1, *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following new key requirements:

(i) Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profits will not change;

(ii) Management-defined performance measures (“MPMs”) are disclosed in a single note in the financial statements; and

(iii) Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The REIT is currently assessing the impact of the new standard, particularly with respect to the structure of the REIT's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The REIT is also assessing the impact on how information is grouped in the financial statements, including items currently labelled as "other".

(In thousands of Canadian dollars, except Unit and per Unit amounts)

## 3. Real estate assets:

The following is a summary of the changes in real estate assets for the three months ended March 31, 2026 and the year ended December 31, 2025:

| | Note | **March 31, 2026** | | December 31, 2025 | |
|---|---|---|---|---|---|
| | | **Investment Properties[1]** | **Properties Under Development** | Investment Properties[1] | Properties Under Development |
| Opening balance, beginning of year | | **$6,370,453** | **$785,184** | $7,996,810 | $1,010,648 |
| Dispositions | | **—** | **—** | (60,778) | — |
| Operating capital: | | | | | |
| Capital expenditures | | **5,610** | **—** | 41,995 | — |
| Leasing expenses and tenant inducements | | **586** | **—** | 1,938 | — |
| Development capital: | | | | | |
| Redevelopment | | **101** | **—** | 19,323 | — |
| Additions to properties under development (including capitalized interest) | | **—** | **5,651** | — | 37,780 |
| Amortization of tenant inducements and straight-lining of contractual rents | | **2,115** | **—** | 7,747 | — |
| Transfer of real estate assets to assets classified as held for sale | *5* | **—** | **—** | (704,500) | — |
| Transfer of properties under development that have reached practical completion to investment properties | | **—** | **—** | 36,300 | (36,300) |
| Fair value adjustment on real estate assets | | **(53,436)** | **(25,617)** | (768,562) | (200,713) |
| Change in foreign exchange | | **49,196** | **6,381** | (199,820) | (26,231) |
| IFRIC 21 realty tax adjustment | | **(31,136)** | **—** | — | — |
| Closing balance, end of period | | **$6,343,489** | **$771,599** | $6,370,453 | $785,184 |

[1] The REIT legally sold the Bow and 100 Wynford in October 2021 and August 2022, respectively (note 10). However, as the transactions did not meet the criteria of a transfer of control under IFRS 15, $978,193 is included in the table above as at March 31, 2026 (December 31, 2025 - $991,039).

### Real estate asset acquisitions:

During both the three months ended March 31, 2026 and the year ended December 31, 2025, the REIT:

(a) did not acquire any investment properties;

(b) did not acquire any ownership interest in land parcels for future residential development; and

(c) did not exercise any options to acquire ownership interests in land parcels.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

**Real estate asset dispositions:**

During the three months ended March 31, 2026, the REIT sold the investment properties noted below and did not sell any properties under development. The REIT recognized a loss on sale of real estate assets, net of related costs, of $8,891.

| Property | Segment | Ownership Interest Sold |
|---|---|---|
| 145 Wellington St. W., Toronto, ON | Office | 100.0% |
| 88 McNabb St., Markham, ON | Office | 100.0% |
| 775 Panet Rd., Winnipeg, MB | Retail | 100.0% |
| 1880 Innes Rd., Ottawa, ON | Retail | 100.0% |
| 730 Ottawa St. S., Kitchener, ON | Retail | 100.0% |
| 275 Boul. Rideau, Rouyn-Noranda, QC | Retail | 20.0% |
| 1550 & 1580 Cameron St., Hawkesbury, ON | Retail | 100.0% |
| 1333 Sargent Ave., Winnipeg, MB | Retail | 100.0% |
| 1058-1100 10th St., Hanover, ON | Retail | 100.0% |
| 590-640 River St., Thunder Bay, ON | Retail | 100.0% |
| 4610 Ontario St., Beamsville, ON | Retail | 100.0% |
| 15 & 35 Alkenbrack St., Napanee, ON | Retail | 100.0% |
| 17 Alkenbrack St., Napanee, ON | Retail | 100.0% |
| 110 Hwy. 20 E., Pelham, ON | Retail | 100.0% |
| 231-247 Mill St., Angus, ON | Retail | 100.0% |
| 315 Grand River St. N., Paris, ON | Retail | 100.0% |
| 2080 Jans Blvd., Innisfil, ON | Retail | 100.0% |
| 812, 814, 818 Durham St., Kincardine, ON | Retail | 100.0% |
| 191 Indian Rd. S., Sarnia, ON | Retail | 100.0% |
| 20210 Communication Rd., Blenheim, ON | Retail | 100.0% |
| 560 Exmouth St., Sarnia, ON | Retail | 100.0% |
| 1012 Broad St. E., Dunnville, ON | Retail | 100.0% |
| 14 Main St., Brighton, ON | Retail | 100.0% |
| 2755 Laurier St., Rockland, ON | Retail | 100.0% |
| 902 Mohawk Rd. E., Hamilton, ON | Retail | 100.0% |
| 1501 McKinney St., Houston, TX | Office | 100.0% |
| 1800-1812 LaSalle Blvd., Sudbury, ON | Retail | 100.0% |
| 140 Algonquin Blvd. W., Timmins, ON | Retail | 100.0% |
| 505 Arthur St. W., Thunder Bay, ON | Retail | 100.0% |

(In thousands of Canadian dollars, except Unit and per Unit amounts)

During the three months ended March 31, 2025, the REIT sold the investment properties noted below and did not sell any properties under development. The REIT recognized a loss on sale of real estate assets, net of related costs of $1,103.

| Property | Segment | Ownership Interest Sold |
|---|---|---|
| 500 Hwy. 118 W. & 100/150 Muskoka Rd. Hwy. 118 W., Bracebridge, ON | Retail | 50.0% |
| 505 Hwy. 118 W., Bracebridge, ON | Retail | 50.0% |
| 555 Rossland Rd. E., Oshawa, ON | Retail | 50.0% |
| 1020 & 1090 Dawson Rd., Thunder Bay, ON | Retail | 50.0% |
| 640 First St. Extension, Collingwood, ON | Retail | 100.0% |
| 2615 County Rd. 43, Kemptville, ON | Retail | 100.0% |
| 1020 Dawson Rd., Thunder Bay, ON | Retail | 100.0% |
| 502 37th Ave. S.E., Puyallup, WA | Retail | 100.0% |

**Fair value disclosure:**

The estimated fair values of the REIT’s real estate assets are based on the following methods and significant assumptions:

(i) Discounted cash flow analyses which are based upon, among other things, future cash inflows in respect of rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the reporting period, less future cash outflows in respect of such leases and capital expenditures for the property utilizing appropriate discount rates and terminal capitalization rates, generally over a minimum term of 10 years;

(ii) The direct capitalization method which calculates fair value by applying a capitalization rate to future cash flows based on stabilized net operating income; and

(iii) The comparable sales approach which estimates fair value based on the market value per unit of measure which is established by recent sales activity in the same or similar markets.

The REIT views the methods and assumptions that are most relevant and significant to the estimated fair values of the REIT's real estate assets to be (i) and (ii) above. The comparable sales approach is used in limited instances for certain properties under development and a single investment property advancing through the process of rezoning.

During the three months ended March 31, 2026, certain properties were valued by external independent appraisers or brokers. When an external independent appraisal is obtained, the REIT's internal valuation team assesses the significant assumptions used in the appraisal and holds discussions with the external independent appraiser on the reasonableness of their assumptions. External independent appraisals received throughout the period represent 11.3% and 3.9% of the fair value of investment properties and properties under development, respectively, as at March 31, 2026 (year ended December 31, 2025 - 18.9% and 31.2%, respectively).

The REIT utilizes external industry sources to determine a range of capitalization, discount and terminal capitalization rates. To the extent that the ranges of these externally provided rates change from one reporting period to the next, the fair value of the investment properties is adjusted accordingly.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

The following table highlights the significant assumptions used in determining the fair value of the REIT's investment properties:

| | Weighted Average Capitalization Rates(1)(3) | | | Weighted Average Discount Rates(2)(3) | | | Weighted Average Terminal Capitalization Rates(1)(2)(3) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Canada | United States | Total | Canada | United States | Total | Canada | United States | Total |
| **March 31, 2026** | **6.47%** | **5.52%** | **5.86%** | **7.15%** | **7.68%** | **7.25%** | **6.89%** | **7.15%** | **6.96%** |
| December 31, 2025 | 6.44% | 5.54% | 5.85% | 7.10% | 7.67% | 7.22% | 6.97% | 7.14% | 7.01% |

(1) Excludes the Bow and 100 Wynford as these properties were legally sold in October 2021 and August 2022, respectively (note 10). The discount rate is used to adjust the fair value of the investment properties over the remaining life of the respective leases.

(2) Excludes the REIT's residential segment as these properties are valued using the direct capitalization method.

(3) Excludes properties advancing through the process of rezoning which have been valued in accordance with method (iii) above.

**Fair value sensitivity:**

The REIT's investment properties are classified as level 3 under the fair value hierarchy (note 21(b)), as the inputs in the valuations of these investment properties are not based on observable market data. The following table provides a sensitivity analysis for the weighted average capitalization rate applied as at March 31, 2026:

| Capitalization Rate Sensitivity Increase (Decrease) | Capitalization Rate | Fair Value of Investment Properties | Fair Value Variance | % Change |
|---|---|---|---|---|
| (0.75%) | 5.11% | $ 6,042,217 | $ 773,321 | 14.68% |
| (0.50%) | 5.36% | $ 5,760,397 | $ 491,501 | 9.33% |
| (0.25%) | 5.61% | $ 5,503,695 | $ 234,799 | 4.46% |
| **March 31, 2026** | **5.86%** | **$ 5,268,896** (1) (2) | $ — | — |
| 0.25% | 6.11% | $ 5,053,311 | $ (215,585) | (4.09)% |
| 0.50% | 6.36% | $ 4,854,675 | $ (414,221) | (7.86)% |
| 0.75% | 6.61% | $ 4,671,064 | $ (597,832) | (11.35)% |

(1) Excludes the Bow and 100 Wynford as these properties were legally sold in October 2021 and August 2022, respectively (note 10).

(2) Excludes properties advancing through the process of rezoning which have been valued in accordance with method (iii) above.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

## 4. Equity accounted investments:

The REIT has entered into a number of arrangements with other parties for the purpose of jointly developing, owning and operating investment properties. In order to determine how these arrangements should be accounted for, the REIT has assessed the structure of the arrangement and whether the REIT has joint control over the operations of such properties. The REIT's arrangements fall into three categories: (i) joint operations, where the REIT has joint control over the operations and the REIT has rights to the assets and obligations for the liabilities of the properties; (ii) joint ventures, where the REIT has joint control over the operations, where each investment is structured as a separate vehicle and the REIT has rights to the net assets of the entities; and (iii) investments in associates, where the REIT has significant influence over the investment but does not have joint control over the operations. Joint operations are accounted for by including the REIT's proportionate share of the underlying assets, liabilities, revenue and expenses in its financial results. Joint ventures and investments in associates are accounted for using the equity method.

| | | | Ownership interest | |
|---|---|---|---|---|
| | | | **March 31** | December 31 |
| **Description of equity accounted investments** | **Location** | **Operating segment** | **2026** | 2025 |
| Investments in joint ventures:[1] | | | | |
| 170 Butts Street | United States | Industrial | **50.5 %** | 50.5 % |
| 560 & 600 Slate Drive | Canada | Industrial | **50.0 %** | 50.0 % |
| Central Pointe | United States | Residential | **50.0 %** | 50.0 % |
| Sunny Creek | United States | Residential | **33.3 %** | 33.3 % |
| Hercules Project | United States | Residential | **31.7 %** | 31.7 % |
| Shoreline | United States | Residential | **31.2 %** | 31.2 % |
| Investments in associates:[2] | | | | |
| Jackson Park | United States | Residential | **50.0 %** | 50.0 % |
| ECHO Realty LP ("ECHO") [3] | United States | Retail | **— %** | 33.1 % |
| Lantower Residential REDT (No. 1) JV LP ("REDT JV LP") | United States | Residential | **29.1 %** | 29.1 % |

(1) Where the REIT has joint control over the operations, each investment is structured as a separate vehicle and the REIT has rights to the net assets of the entities.

(2) Where the REIT has significant influence over the investment but does not have joint control over the operations.

(3) In January 2026, the REIT sold its equity investment in ECHO. As at December 31, 2025, the equity investment in ECHO met the criteria for classification as an asset held for sale and as a result, the equity method was not applied and the net investment was reclassified to assets held for sale.

During the three months ended March 31, 2026, the REIT sold its net investment in ECHO for proceeds of $441,600 (U.S. $320,000). ECHO historically reported its financial results to the REIT one month in arrears due to time constraints on its reporting. Therefore, the table reconciling the REIT's share of net income (loss) from equity accounted investments includes results for December 2025.

During the year ended December 31, 2025, the REIT determined that the investment met the criteria for classification as an asset held for sale in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*. Upon classification as held for sale, the investment was measured at the lower of its carrying amount and fair value less costs to sell, and no impairment loss was recognized. The net investment was reclassified to assets held for sale (note 5) in the REIT's consolidated statement of financial position, and the equity method was no longer applied. As a result, ECHO's financial information was excluded from the table reconciling the REIT's share of net assets in equity accounted investments as at December 31, 2025, but continued to be included in the table reconciling the REIT's share of net income (loss) from equity accounted investments.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

The REIT has determined that it is appropriate to aggregate each of the investments in joint ventures, as the individual investments are not individually material.

The following tables summarize the total amounts of the financial information of the equity accounted investments and reconciles the summarized financial information to the REIT's share of net assets in these arrangements as at March 31, 2026 and December 31, 2025:

| **Equity accounted investments in:** | **....................Associates.....................** | | **Joint Ventures[(1)]** | **Total** |
|---|---|---|---|---|
| | **Jackson Park** | **REDT JV LP** | | **March 31, 2026** |
| Investment properties | **$1,798,243** | **$—** | **$456,222** | **$2,254,465** |
| Properties under development | **—** | **269,166** | **420,393** | **689,559** |
| Other assets | **9,304** | **6,026** | **1,559** | **16,889** |
| Cash and cash equivalents | **19,849** | **494** | **9,702** | **30,045** |
| Debt | **(1,382,717)** | **(134,130)** | **(271,089)** | **(1,787,936)** |
| Accounts payable and accrued liabilities | **(17,094)** | **(20,821)** | **(13,903)** | **(51,818)** |
| Net assets | **427,585** | **120,735** | **602,884** | **1,151,204** |
| REIT's share of net assets | **$214,157** | **$35,152** | **$240,115** | **$489,424** |

| **Equity accounted investments in:** | ....................Associates...................... | | Joint Ventures[(1)] | Total |
|---|---|---|---|---|
| | Jackson Park | REDT JV LP | | December 31, 2025 |
| Investment properties | $1,808,400 | $— | $451,626 | $2,260,026 |
| Properties under development | — | 225,667 | 400,815 | 626,482 |
| Other assets | 9,211 | 5,890 | 1,798 | 16,899 |
| Cash and cash equivalents | 6,183 | 480 | 8,254 | 14,917 |
| Debt | (1,362,313) | (100,876) | (264,398) | (1,727,587) |
| Accounts payable and accrued liabilities | (16,741) | (19,919) | (17,041) | (53,701) |
| Net assets | 444,740 | 111,242 | 581,054 | 1,137,036 |
| REIT's share of net assets | $222,728 | $32,360 | $229,614 | $484,702 |

(1) See the above table "Description of equity accounted investments" for the composition of the REIT's investments in joint ventures.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

The following tables summarize the total amounts of the financial information of the equity accounted investments and reconciles the summarized financial information to the REIT's share of net income (loss) in these arrangements for the three months ended March 31, 2026 and the three months ended March 31, 2025:

| | **Three months ended March 31, 2026** | | | | |
|---|---|---|---|---|---|
| **Net income (loss) from equity accounted investments in:** | **Associates** | | | **Joint Ventures[(1)]** | **Total** |
| | **ECHO[(2)]** | **Jackson Park** | **REDT JV LP** | | |
| Rentals from investment properties | **$25,651** | **$35,365** | **$—** | **$9,103** | **$70,119** |
| Property operating costs | **(4,353)** | **(9,932)** | **(230)** | **(9,224)** | **(23,739)** |
| Net loss from equity accounted investments | **(313)** | **—** | **—** | **—** | **(313)** |
| Finance income | **82** | **—** | **2** | **807** | **891** |
| Finance cost - operations | **(5,843)** | **(11,640)** | **—** | **(3,088)** | **(20,571)** |
| Trust expenses, net | **(2,757)** | **—** | **(75)** | **(7)** | **(2,839)** |
| Fair value adjustment on financial instruments | **272** | **—** | **—** | **(3)** | **269** |
| Fair value adjustment on real estate assets | **(11,536)** | **(37,101)** | **8,160** | **4,742** | **(35,735)** |
| Loss on sale of real estate assets, net of related costs | **(4)** | **—** | **—** | **(1)** | **(5)** |
| Gain on foreign exchange | **—** | **—** | **4** | **—** | **4** |
| Transaction Costs | **(770)** | **—** | **—** | **—** | **(770)** |
| Income tax expense | **(34)** | **—** | **—** | **(47)** | **(81)** |
| Net income (loss) | **395** | **(23,308)** | **7,861** | **2,282** | **(12,770)** |
| Net income attributable to non-controlling interest | **(395)** | **—** | **—** | **—** | **(395)** |
| Net income (loss) attributable to owners | **—** | **(23,308)** | **7,861** | **2,282** | **(13,165)** |
| REIT's share of net income (loss) attributable to unitholders | **$—** | **($11,653)** | **$2,287** | **$2,102** | **($7,264)** |

(1) See the above table "Description of equity accounted investments" for the composition of the REIT's investments in joint ventures.

(2) ECHO historically reported its financial results to the REIT one month in arrears due to time constraints on its reporting. Therefore, the above amounts include ECHO's financial information for December 2025.

| | Three months ended March 31, 2025 | | | | |
|---|---|---|---|---|---|
| **Net income (loss) from equity accounted investments in:** | Associates | | | Joint Ventures[(1)] | Total |
| | ECHO[(2)] | Jackson Park | REDT JV LP | | |
| Rentals from investment properties | $62,002 | $35,799 | $— | $9,281 | $107,082 |
| Property operating costs | (25,422) | (10,197) | (186) | (3,620) | (39,425) |
| Net income from equity accounted investments | 162 | — | — | — | 162 |
| Finance income | 377 | — | 319 | 9 | 705 |
| Finance cost - operations | (14,905) | (12,150) | — | (4,395) | (31,450) |
| Trust expenses, net | (6,087) | — | (82) | (7) | (6,176) |
| Fair value adjustment on financial instruments | (126) | — | — | (174) | (300) |
| Fair value adjustment on real estate assets | 10,003 | (50,611) | — | (4,659) | (45,267) |
| Gain (loss) on sale of real estate assets, net of related costs | 4,832 | — | — | (25) | 4,807 |
| Income tax expense | (15) | (6) | — | (23) | (44) |
| Net income (loss) | 30,821 | (37,165) | 51 | (3,613) | (9,906) |
| Net income attributable to non-controlling interest | (1,089) | — | — | — | (1,089) |
| Net income (loss) attributable to owners | 29,732 | (37,165) | 51 | (3,613) | (10,995) |
| REIT's share of net income (loss) attributable to unitholders | $9,853 | ($18,583) | $14 | ($1,366) | ($10,082) |

(1) See the above table "Description of equity accounted investments" for the composition of the REIT's investments in joint ventures.

(2) ECHO historically reported its financial results to the REIT one month in arrears due to time constraints on its reporting. Therefore, the above amounts include ECHO's financial information for December 1, 2024 to February 28, 2025.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

## 5. Assets and liabilities classified as held for sale:

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. For this purpose, a sale is considered to be highly probable if management is committed to a plan to achieve the sale; there is an active program to find a buyer; the non-current asset is being actively marketed at a reasonable price; the sale is anticipated to be completed within one year from the date of classification; and it is unlikely there will be changes to the plan.

Liabilities that are to be assumed by the buyer on disposition of the non-current asset are also classified as held for sale. Non-current assets and non-current liabilities held for sale are classified separately from other assets and other liabilities in the unaudited condensed consolidated interim statements of financial position. These amounts are not offset or presented as a single amount.

As at March 31, 2026, the REIT had one office property classified as held for sale.

As at December 31, 2025, the REIT had 26 retail properties, four office properties and its net investment in ECHO classified as held for sale.

The following table sets forth the items on the consolidated statements of financial position associated with real estate assets classified as held for sale:

| | **March 31 2026** | December 31 2025 |
|---|---|---|
| Assets | | |
| Real estate assets: | | |
| Investment properties | **$91,500** | $704,500 |
| Net investment in ECHO [(1)] | **—** | 438,400 |
| | **$91,500** | $1,142,900 |

(1) As at December 31, 2025, the net investment in ECHO of $438,400 (U.S. - $320,000) includes $859,856 (U.S. - $627,632) of assets, net of $421,456 (U.S. - $307,632) of liabilities.

## 6. Other assets:

| | *Note* | **March 31 2026** | December 31 2025 |
|---|---|---|---|
| Mortgages receivable - net of provision for expected credit loss of nil (2025 - nil) [(1) (2) (3)] | | **$255,010** | $220,263 |
| Prepaid expenses and sundry assets | | **24,431** | 22,250 |
| Accounts receivable - net of provision for expected credit loss of $2,097 (2025 - $2,225) | | **3,821** | 6,098 |
| Restricted cash | | **6,682** | 9,988 |
| Derivative instruments | *12* | **10,585** | 14,311 |
| | | **$300,529** | $272,910 |

| | **March 31 2026** | December 31 2025 |
|---|---|---|
| Current | **$131,937** | $139,816 |
| Non-current | **168,592** | 133,094 |
| | **$300,529** | $272,910 |

(1) Mortgages receivable as at March 31, 2026 include $255,010 classified as amortized cost (December 31, 2025 - $220,263). As at March 31, 2026, mortgages receivable bear interest at effective rates between 4.40% and 10.00% per annum (December 31, 2025 - between 4.40% and 10.00% per annum) with a weighted average effective rate of 8.28% per annum (December 31, 2025 - 8.20%), and mature between 2026 and 2029 (December 31, 2025 - between 2026 and 2029).

(2) Includes the REDT Loan (note 22(c)) which, as at March 31, 2026, had an outstanding balance of $134,131 (December 31, 2025 - $100,876).

(3) In May 2026, $41,446 of mortgages receivable as at March 31, 2026 was repaid upon maturity.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

The following is a summary of the changes in mortgages receivable for the three months ended March 31, 2026:

| | **March 31 2026** |
|---|---|
| Balance, beginning of year | **$220,263** |
| **Cash activities:** | |
| Advances of mortgages receivable | **32,027** |
| Repayments of mortgages receivable | **(81)** |
| **Non-cash activities:** | |
| Change in foreign exchange | **2,251** |
| Mark-to-market of mortgages receivable | **550** |
| Balance, end of period | **$255,010** |

## 7. Cash and cash equivalents:

Cash and cash equivalents as at March 31, 2026 included cash on hand of $68,520 (December 31, 2025 - $52,137).

Included in cash and cash equivalents as at March 31, 2026 were U.S. dollar denominated amounts of U.S. $36,196 (December 31, 2025 - U.S. $25,750). The Canadian dollar equivalent of these amounts is $50,312 (December 31, 2025 - $35,278).

## 8. Debt:

The REIT's debt consists of the following items:

| | *Note* | **March 31 2026** | December 31 2025 |
|---|---|---|---|
| Mortgages payable | *8(a)* | **$1,206,864** | $1,202,008 |
| Debentures payable | *8(b)* | **799,006** | 798,836 |
| Unsecured term loans | *8(c)* | **250,000** | 625,000 |
| Lines of credit | *8(d)* | **297,945** | 876,047 |
| | | **$2,553,815** | $3,501,891 |

(In thousands of Canadian dollars, except Unit and per Unit amounts)

The following is a summary of the changes in debt for the three months ended March 31, 2026:

| | Mortgages Payable | Debentures Payable | Unsecured Term Loans | Lines of Credit | Total |
|---|---|---|---|---|---|
| Opening balance, beginning of year | $1,202,008 | $798,836 | $625,000 | $876,047 | $3,501,891 |
| Scheduled amortization payments | (8,761) | — | — | (442) | (9,203) |
| Debt repayments | — | — | (375,000) | (578,020) | (953,020) |
| Advances | 182 | — | — | — | 182 |
| Effective interest rate accretion | 363 | 170 | — | — | 533 |
| Change in foreign exchange | 13,072 | — | — | 360 | 13,432 |
| Closing balance, end of period | $1,206,864 | $799,006 | $250,000 | $297,945 | $2,553,815 |

(a) Mortgages payable:

The mortgages payable are secured by 31 real estate assets with an aggregate fair value of $2,579,555 (December 31, 2025 - 31 real estate assets with an aggregate fair value of $2,574,364), bearing interest at fixed rates with a contractual weighted average rate of 4.00% (December 31, 2025 - 4.00%) per annum and maturing between 2026 and 2030 (December 31, 2025 - maturing between 2026 and 2030). Included in mortgages payable as at March 31, 2026 were U.S. dollar denominated mortgages of U.S. $650,562 (December 31, 2025 - U.S. $653,619). The Canadian dollar equivalent of these amounts is $904,281 (December 31, 2025 - $895,458).

Mortgages payable related to certain properties are held by separate legal entities, where the rent received from each property is first used to satisfy the related debt obligations with any balance then available to satisfy the cash flow requirements of the REIT.

Future principal mortgage payments are as follows:

| | **March 31 2026** |
|---|---|
| Years ending December 31: | |
| 2026[1] | **$109,205** |
| 2027 | **452,690** |
| 2028 | **510,975** |
| 2029 | **88,540** |
| 2030 | **48,471** |
| Thereafter | **—** |
| | **1,209,881** |
| Financing costs and mark-to-market adjustment arising on acquisitions | **(3,017)** |
| | **$1,206,864** |

(1) For the balance of the year.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

(b) Debentures payable:

The full terms of the debentures are contained in the trust indenture and applicable supplemental trust indentures; the following table summarizes the key terms:

| | | | | | **March 31 2026** | December 31 2025 |
|---|---|---|---|---|---|---|
| | **Maturity** | **Contractual interest rate** | **Effective interest rate** | **Principal amount** | **Carrying value** | Carrying value |
| **Unsecured Senior Debentures:** | | | | | | |
| Series R Senior Debentures | June 2, 2026 | 2.91% | 3.00% | 250,000 | **249,960** | 249,902 |
| Series S Senior Debentures | February 19, 2027 | 2.63% | 2.72% | 300,000 | **299,784** | 299,725 |
| Series T Senior Debentures | February 28, 2029 | 5.46% | 5.56% | 250,000 | **249,262** | 249,209 |
| | | 3.60% | 3.69% | $800,000 | **$799,006** | $798,836 |

The Series R, S and T unsecured senior debentures (collectively, the “Senior Debentures”) pay interest semi-annually.

(c) Unsecured term loans:

The REIT has the following unsecured term loans:

| | Maturity/ Repayment Date | **March 31 2026** | December 31 2025 |
|---|---|---|---|
| Unsecured term loan #1(1) | January 6, 2026 | **$—** | $250,000 |
| Unsecured term loan #2(2) | January 30, 2026 | **—** | 125,000 |
| Unsecured term loan #3(3) | March 7, 2027 | **250,000** | 250,000 |
| | | **$250,000** | $625,000 |

(1) In January 2026, the REIT repaid the unsecured term loan with a cash payment of $250,000, and the interest rate swap fixing the interest rate at 4.14% per annum matured (note 12).

(2) In January 2026, the REIT repaid the unsecured term loan with a cash payment of $125,000, and the interest rate swap fixing the interest rate at 5.19% per annum was terminated (note 12).

(3) The REIT entered into an interest rate swap to fix the interest rate on $250,000 at 3.39% per annum. The swap matures on May 7, 2030 (note 12).

(In thousands of Canadian dollars, except Unit and per Unit amounts)

(d) Lines of credit:

The REIT has the following lines of credit:

| | Maturity Date | Total Facility | Amount Drawn | Outstanding Letters of Credit | Available Balance |
|---|---|---|---|---|---|
| **Revolving unsecured operating lines of credit:** | | | | | |
| Revolving unsecured line of credit | September 20, 2027 | $150,000 | ($31,000) | $— | $119,000 |
| Revolving unsecured line of credit | December 14, 2027 | 230,000 | — | — | 230,000 |
| Revolving unsecured line of credit | December 14, 2029 | 520,000 | — | (166) | 519,834 |
| Revolving unsecured letter of credit facility | | 60,000 | — | (31,820) | 28,180 |
| Sub-total | | 960,000 | (31,000) | (31,986) | 897,014 |
| **Non-revolving secured operating line of credit[1]:** | | | | | |
| REIT and CrestPSP non-revolving secured line of credit | March 14, 2027 | 266,945 | (266,945) | — | — |
| **March 31, 2026** | | **$1,226,945** | **($297,945)** | **($31,986)** | **$897,014** |
| December 31, 2025 | | $1,227,387 | ($876,047) | ($34,527) | $316,813 |

(1) Secured by certain investment properties.

The lines of credit can be drawn in either Canadian or U.S. dollars and bear interest at a rate approximating the prime rate of a Canadian chartered bank. Included in lines of credit as at March 31, 2026 are U.S. dollar denominated amounts of nil (December 31, 2025 - U.S. $18,000). The Canadian equivalent of these amounts are nil (December 31, 2025 - $24,660).

The Senior Debentures, unsecured term loans and lines of credit of the REIT contain certain covenants and conditions applicable to the REIT, including without limitation, those requiring the REIT to maintain, at all times, the following financial ratios: (i) ratio of debt to gross asset value of not greater than 0.65:1.0 measured at the end of each fiscal quarter; (ii) interest coverage of not less than 1.65:1.0 measured at the end of each fiscal quarter for such quarter and the prior three fiscal quarters; (iii) ratio of unencumbered investment properties to unsecured indebtedness of not less than 1.40:1.0; and (iv) unitholders' equity of not less than $1.0 billion for Senior Debentures and $2.0 billion for unsecured term loans and lines of credit. In addition, certain of the REIT's mortgage providers have minimum limits on debt service coverage ratios ranging from 1.10 to 1.35. As at March 31, 2026, the REIT was in compliance with each of the preceding financial ratios.

## 9. Exchangeable units:

As at March 31, 2026, certain of the REIT's subsidiaries had in aggregate 15,441,644 (December 31, 2025 - 15,441,644) exchangeable units outstanding which are puttable instruments where, upon redemption, the REIT has a contractual obligation to issue Units. Holders of all exchangeable units are entitled to receive the economic equivalence of distributions on a per unit amount equal to a per Unit amount provided to holders of Units. These puttable instruments are classified as a liability under IFRS and are measured at fair value through profit and loss. At the end of each reporting period, the fair value is determined by using the quoted price of Units on the TSX as the exchangeable units are exchangeable into Units at the option of the holder at any time. The quoted price as at March 31, 2026 was $9.77 (December 31, 2025 - $10.23) per Unit.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

A summary of the carrying value of exchangeable units and the changes during the respective periods are as follows:

| | **March 31 2026** | December 31 2025 |
|---|---|---|
| Carrying value, beginning of year | **$157,968** | $166,800 |
| Exchanged for Units | **—** | (25,649) |
| (Gain) loss on fair value of exchangeable units | **(7,103)** | 16,817 |
| Carrying value, end of period | **$150,865** | $157,968 |

The REIT has entered into various exchange agreements that provide, among other things, the mechanics whereby exchangeable units may be exchanged for Units.

## 10. Deferred revenue:

### (a) Bow deferred revenue

#### (i) Sale of the Bow property and 40% interest in the Ovintiv lease

In October 2021, the REIT sold its interest in the Bow property (the "Bow") including 40% of the future income stream derived from the Ovintiv Inc. lease ("Ovintiv lease") until the end of the lease term in May 2038 to an arm's length third party, Oak Street Real Estate Capital ("Oak Street"), for approximately $528,000. Subsequent to the maturity of the Ovintiv lease, Oak Street will receive all future lease revenue earned by the Bow. Although the REIT sold the Bow, the transaction did not meet the criteria of a transfer of control under IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") as the REIT has an option to repurchase 100% of the Bow for approximately $737,000 in 2038 or earlier under certain circumstances. As such, the REIT continues to recognize the income producing property whereby the fair value will be adjusted over the remaining life of the Ovintiv lease bringing the value of the real estate asset to nil by the lease maturity. The net proceeds received by the REIT on disposition were $496,063. These proceeds were recorded as deferred revenue (classified as a liability) and will be amortized over the remaining term of the Ovintiv lease (40% of the rental income remitted to Oak Street will consist of principal and interest).

#### (ii) Sale of 45% interest in the Ovintiv lease

In a separate transaction, in October 2021, the REIT sold 45% of its residual 60% interest in the future income stream derived from the Ovintiv lease to an arm's length third party that was financed by Deutsche Bank Credit Solutions and Direct Lending ("Deutsche Bank"). The REIT received a lump-sum cash payment of $418,000 as consideration. The net proceeds received of $408,314 were also recorded as deferred revenue (classified as a liability) and will be amortized over the remaining term of the Ovintiv lease as the 45% lease payments are made to Deutsche Bank and will consist of principal and interest.

As a result of the above transactions, the REIT is legally only entitled to 15% of the lease revenue from the Ovintiv lease until the end of the lease term in May 2038.

### (b) 100 Wynford deferred revenue

On August 31, 2022, the REIT sold its interest in 100 Wynford Drive, an office property in Toronto, ON ("100 Wynford") to an arm's length third party, Blue Owl Capital, formerly Oak Street ("Blue Owl") for approximately $120,800. Although the REIT sold 100 Wynford, the transaction did not meet the criteria of a transfer of control under IFRS 15 as the REIT has an option to repurchase 100% of 100 Wynford for approximately $159,700 in 2036 or earlier under certain circumstances. As such, the REIT continues to recognize the income producing property whereby the fair value will be adjusted over the remaining life of the Bell Canada lease ("Bell lease") bringing the value of the real estate asset to nil by the lease maturity in April 2036. The net proceeds received by the REIT on disposition were $118,608. These proceeds were recorded as deferred revenue (classified as a liability) and will be amortized over the remaining term of the Bell lease and will consist of principal and interest.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

The following is a summary of the Bow and 100 Wynford in the unaudited condensed consolidated interim statements of financial position:

| | March 31, 2026 | | | December 31 |
|---|---|---|---|---|
| | **The Bow** | **100 Wynford** | **Total** | 2025 |
| Income producing property - fair value[1] | **$886,624** | **$91,569** | **$978,193** | $991,039 |
| Deferred revenue - net of amortization of $172,348 (2025 - $160,846) | **759,178** | **91,459** | **850,637** | 862,139 |

[1] The fair value of the income producing properties will be reduced as the remaining financial benefit from these income producing properties diminishes over the term of their respective leases.

The following is a summary of the financial results for the Bow and 100 Wynford included in the unaudited condensed consolidated interim statements of comprehensive income (loss):

| | Three months ended March 31 | | | |
|---|---|---|---|---|
| | **The Bow** | **100 Wynford** | **2026** | 2025 |
| Rental income earned | **$3,847** | **$—** | **$3,847** | $3,866 |
| Rental income earned - **non-cash** | **21,515** | **2,222** | **23,737** | 23,530 |
| Revenue reimbursement for property operating costs | **13,999** | **489** | **14,488** | 13,491 |
| Property operating costs | **(14,024)** | **(489)** | **(14,513)** | (13,516) |
| Net operating income | **25,337** | **2,222** | **27,559** | 27,371 |
| Accretion finance expense on deferred revenue - **non-cash** | **(12,004)** | **(231)** | **(12,235)** | (12,786) |
| Fair value adjustment on real estate assets - **non-cash** | **(10,864)** | **(1,996)** | **(12,860)** | (11,936) |
| Net income (loss) | **$2,469** | **($5)** | **$2,464** | $2,649 |

## 11. Accounts payable and accrued liabilities:

| | *Note* | **March 31 2026** | December 31 2025 |
|---|---|---|---|
| **Current:** | | | |
| Other accounts payable and accrued liabilities | | **$125,248** | $152,809 |
| Distributions payable to unitholders | | **13,227** | 13,227 |
| Distributions payable to exchangeable unitholders | | **771** | 771 |
| Debt interest payable | | **8,933** | 12,927 |
| Prepaid rent | | **19,518** | 24,614 |
| Unit-based compensation payable: | | | |
| Incentive units | *13(a)* | **7,065** | 5,526 |
| Derivative instruments | *12* | **—** | 4,352 |
| Security deposits | | **6,732** | 6,819 |
| **Sub-total current** | | **181,494** | 221,045 |
| **Non-current:** | | | |
| Security deposits | | **4,587** | 4,949 |
| Unit-based compensation payable: | | | |
| Incentive units | *13(a)* | **6,806** | 11,795 |
| **Sub-total non-current** | | **11,393** | **16,744** |
| | | **$192,887** | $237,789 |

(In thousands of Canadian dollars, except Unit and per Unit amounts)

## 12. Derivative instruments:

| | | Fair value asset (liability)* | | Net loss on derivative instruments | |
|---|---|---|---|---|---|
| | | **March 31** | December 31 | Three months ended March 31 | |
| | **Maturity / Repayment Date** | **2026** | 2025 | **2026** | 2025 |
| Term loan interest rate swap(1) | January 6, 2026 | **—** | 10 | **(10)** | (1,131) |
| Foreign exchange hedge(2) | January 30, 2026 | **—** | 4,260 | **(4,260)** | — |
| Debt interest rate swap(3) | January 30, 2026 | **—** | (4,352) | **(99)** | (1,824) |
| Term loan interest rate swap(4) | May 7, 2030 | **10,585** | 10,041 | **544** | (4,087) |
| | | **$10,585** | $9,959 | **($3,825)** | ($7,042) |

The REIT entered into swaps as follows:

(1) Interest rate fixed at 4.14% per annum for the $250,000 term loan. The interest rate swap terminated in January 2026.
(2) Foreign exchange rate fixed at $1.39 on U.S. $220,000. The hedge terminated in January 2026.
(3) Interest rate fixed at 5.19% per annum on $250,000 of variable rate debt, which included a $125,000 unsecured term loan. The hedge was settled in January 2026 for a payment of $4,451.
(4) Interest rate fixed at 3.39% per annum for the $250,000 term loan.

* Derivative instruments in asset and liability positions are not presented on a net basis. Derivative instruments in an asset position of $10,585 (December 31, 2025 - $14,311) are recorded in other assets (note 6) and derivative instruments in a liability position of $— (December 31, 2025 - $4,352) are recorded in accounts payable and accrued liabilities (note 11).

## 13. Unitholders' equity:

A summary of the issued and outstanding number of Units and the changes during the respective periods are as follows:

| | **March 31** | December 31 |
|---|---|---|
| | **2026** | 2025 |
| Balance, beginning of year | **264,557,922** | 262,015,592 |
| Issuance of Units: | | |
| Incentive units settled in Units | **9,336** | 9,788 |
| Exchangeable units exchanged into Units | **—** | 2,532,542 |
| Distribution in Units | **—** | 3,879,148 |
| Consolidation of Units | **—** | (3,879,148) |
| Balance, end of period | **264,567,258** | 264,557,922 |

The weighted average number of basic Units for the three months ended March 31, 2026 was 264,561,656 (March 31, 2025 - 262,516,703).

(a) Unit-based compensation:

In order to provide long-term compensation to the REIT's trustees, officers, employees and consultants, the REIT grants incentive units, which are subject to certain restrictions. In addition, the REIT previously granted options, which are subject to certain restrictions.

*(i) Unit option plan:*

On February 24, 2026, the unit option plan of the REIT ("Unit Option Plan") terminated following the final expiry of the remaining outstanding options.

As at December 31, 2025, options to acquire up to 7,264,178 Units were granted and outstanding with no options remaining available for grant. The exercise price of each option approximated the quoted price of the Units on the date of grant. The options expired ten years after the date of the grant.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

A summary of the status of the Unit Option Plan and the changes during the respective periods are as follows:

| | **March 31, 2026** | | December 31, 2025 | |
|---|---|---|---|---|
| | **Options** | **Weighted average exercise price** | Options | Weighted average exercise price |
| Outstanding and vested, beginning of year | **7,264,178** | **$13.86** | 8,570,810 | $14.19 |
| Expired | **(7,264,178)** | **13.86** | (1,306,632) | 16.02 |
| Outstanding and vested, end of period | **—** | **$—** | 7,264,178 | $13.86 |

There are no outstanding and vested options as at March 31, 2026 as the Unit Option Plan terminated on February 24, 2026.

The outstanding and vested options as at December 31, 2025 were exercisable at a price of $13.86 and expired on February 24, 2026.

*(ii) Incentive unit plan:*

As at March 31, 2026, a maximum of 5,000,000 (December 31, 2025 - 5,000,000) incentive units exchangeable into Units were authorized to be issued. The REIT has granted 2,475,232 (December 31, 2025 - 2,439,826) incentive units which remain outstanding, 532,579 (December 31, 2025 - 523,243) incentive units have been settled for Units and 1,992,189 (December 31, 2025 - 2,036,931) incentive units remain available for grant.

Incentive units, comprised of restricted units, deferred units and performance units, are recognized based on the grant date fair value and re-measured at each reporting date. The grant agreements provide that the awards will be satisfied in cash, unless the holder elects to have them satisfied in Units issued from treasury, with the result that the awards are classified as cash-settled unit-based payments and presented as liabilities. The incentive units may, if specified at the time of grant, accrue cash distributions during the vesting period and accrued distributions will be paid when the incentive units vest.

The REIT grants restricted units under the incentive unit plan. As at March 31, 2026, 100% of the restricted units outstanding vest on the third anniversary of their respective grant dates and are subject to forfeiture until the recipients of the awards have held office with, or provided services to, the REIT for a specified period of time. The restricted units are, subject to the holder's election, cash settled upon vesting.

Deferred units vest immediately upon their grant date and will be redeemed and settled after a trustee of the REIT ceases to be a member of the Board.

The REIT grants performance units under the incentive unit plan with a three-year performance period for certain senior executives. The performance units are and will be subject to both internal and external measures consisting of both absolute and relative performance over a three-year period and, subject to the holder's election, cash settled upon vesting.

In February 2026, the grant of performance units awarded in 2023 vested at 47.5% of target and in December 2025, the grant of performance units awarded in 2022 vested at 138% of target.

A summary of the status of the incentive unit plan and the changes during the respective periods are as follows:

| | **March 31 2026** | December 31 2025 |
|---|---|---|
| | **Incentive units** | Incentive units |
| Outstanding, beginning of year | **2,439,826** | 2,077,221 |
| Granted | **579,941** | 880,049 |
| Expired | **(90,394)** | — |
| Settled | **(454,141)** | (517,444) |
| Outstanding, end of period | **2,475,232** | 2,439,826 |

(In thousands of Canadian dollars, except Unit and per Unit amounts)

The fair values of the incentive units included in accounts payable and accrued liabilities as at March 31, 2026 is $13,871 (December 31, 2025 - $17,321).

Unit-based compensation expense included in trust expenses, net is as follows:

| | Three months ended March 31 | |
|---|---|---|
| | **2026** | 2025 |
| Options | **$—** | $21 |
| Incentive units | **(958)** | (3,319) |
| | **($958)** | ($3,298) |

(b) Distributions:

For the three months ended March 31, 2026, the REIT declared distributions per Unit of $0.15 (March 31, 2025- $0.15).

**14. Accumulated other comprehensive income:**

Items that are or may be reclassified subsequently to net loss:

| | **March 31, 2026** | | | December 31 2025 |
|---|---|---|---|---|
| | **Cash flow hedges** | **Foreign operations** | **Total** | Total |
| Opening balance, beginning of year | **($53)** | **$500,401** | **$500,348** | $719,921 |
| Transfer of realized loss on cash flow hedges to net loss | **7** | **—** | **7** | 26 |
| Unrealized gain (loss) on translation of U.S. denominated foreign operations | **—** | **56,708** | **56,708** | (219,599) |
| Net loss on hedges of net investments in foreign operations | **—** | **(360)** | **(360)** | — |
| | **7** | **56,348** | **56,355** | (219,573) |
| Closing balance, end of period | **($46)** | **$556,749** | **$556,703** | $500,348 |

**15. Rentals from investment properties:**

| | Three months ended March 31 | |
|---|---|---|
| | **2026** | 2025 |
| Rental income | **$146,756** | $165,264 |
| Revenue from services | **35,382** | 37,913 |
| Straight-lining of contractual rent | **2,926** | 3,612 |
| Rent amortization of tenant inducements | **(811)** | (1,150) |
| | **$184,253** | $205,639 |

(In thousands of Canadian dollars, except Unit and per Unit amounts)

## 16. Finance costs:

| | Note | Three months ended March 31 **2026** | 2025 |
|---|---|---|---|
| Finance cost - operations | | | |
| Contractual interest on mortgages payable | | **($11,984)** | ($13,504) |
| Contractual interest on debentures payable | | **(7,103)** | (11,118) |
| Contractual interest on unsecured term loans | | **(3,040)** | (7,671) |
| Net effect of interest rate swaps on unsecured term loans | | **212** | 1,432 |
| Bank interest and charges on lines of credit | | **(6,299)** | (5,317) |
| Effective interest rate accretion | | **(989)** | (1,136) |
| Accretion finance expense on deferred revenue | *10* | **(12,235)** | (12,786) |
| Exchangeable unit distributions | | **(2,316)** | (2,614) |
| Provision for expected credit loss | | **—** | (268) |
| | | **(43,754)** | (52,982) |
| Capitalized interest[(1)] | | **555** | 973 |
| | | **(43,199)** | (52,009) |
| Finance income | | **5,258** | 3,190 |
| Fair value adjustment on financial instruments[(2)] | | **3,278** | (22,105) |
| | | **($34,663)** | ($70,924) |

(1) The weighted average rate of borrowings for the capitalized interest was 9.00% for the three months ended March 31, 2026 (for the three months ended March 31, 2025 - 7.16%).

(2) Includes nil dilution of an investment in associate for the three months ended March 31, 2026 (for the three months ended March 31, 2025 - ($1,580)).

## 17. Supplemental cash flow information:

The following is a summary of changes in other non-cash operating items:

| | Three months ended March 31 **2026** | 2025 |
|---|---|---|
| Accrued rents receivable | **($2,926)** | ($3,654) |
| Prepaid expenses and sundry assets | **(3,144)** | (4,190) |
| Accounts receivable | **2,277** | 113 |
| Accounts payable and accrued liabilities | **(36,888)** | (17,810) |
| | **($40,681)** | ($25,541) |

(In thousands of Canadian dollars, except Unit and per Unit amounts)

The following amounts have been excluded from operating, investing and financing activities in the unaudited condensed consolidated interim statements of cash flows:

| | | Three months ended March 31 | |
|---|---|---|---|
| | Note | **2026** | 2025 |
| Non-cash items: | | | |
| Non-cash assumption of mortgage payable on disposition of asset held for sale | | **$—** | ($13,033) |
| Non-cash adjustments on mortgages receivable | *6* | **—** | (268) |
| Other items: | | | |
| Change in distributions payable to unitholders | *11* | **—** | 31,414 |
| Change in debt interest payable included in finance cost - operations | *11* | **3,994** | 29 |
| Change in distributions payable to exchangeable unit holders included in finance cost - operations | *11* | **—** | 2,184 |
| Change in finance income receivable | | **(514)** | 971 |
| Capitalized interest on properties under development | *16* | **(555)** | (973) |

## 18. Related party transactions:

The REIT's related parties include joint ventures, associates or entities that are controlled or significantly influenced by the REIT. Activity and transactions with joint ventures and associates are disclosed in note 4.

The REIT has entered into various transactions with the REDT, including: (i) a development agreement; (ii) an asset management agreement; and (iii) the REDT Loan (note 22(c)). In addition, the REIT has entered into a mortgage receivable with Sunny Creek, a site located in Carlsbad, CA, in which the REIT has a 33.3% non-managing interest and a development agreement with 560 & 600 Slate Drive, a site located in Mississauga, ON, in which the REIT has a 50.0% managing ownership interest. The following is a summary of fees earned pursuant to these agreements:

| | Three months ended March 31 | |
|---|---|---|
| | **2026** | 2025 |
| Trust expenses, net: | | |
| Development management fee earned | **$1,123** | $1,448 |
| Asset management fees earned | **178** | 186 |
| | **1,301** | 1,634 |
| Finance income - interest earned | **2,902** | 264 |
| | **$4,203** | $1,898 |

Amounts due from related parties recorded in other assets (note 6) include:

| | Note | **March 31 2026** | December 31 2025 |
|---|---|---|---|
| REDT Loan receivable | 22(c) | **$134,131** | $100,876 |
| Sunny Creek mortgage receivable | | **20,711** | 20,413 |
| Interest receivable | | **430** | 373 |
| Development management fee receivable | | **323** | 335 |
| Asset management fee receivable | | **1,441** | 1,243 |
| | | **$157,036** | $123,240 |

All of the above transactions are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

(In thousands of Canadian dollars, except Unit and per Unit amounts)

## 19. Segment disclosures:

The REIT has four reportable operating segments (Residential, Industrial, Office and Retail), in two geographical locations (Canada and the United States). The operating segments derive their revenue primarily from rental income from leases. The segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, determined to be the Chief Executive Officer ("CEO") of the REIT. The CEO measures and evaluates the performance of the REIT based on net operating income on a proportionately consolidated basis for the REIT's equity accounted investments. The accounting policies of the segments presented here are the same as those applied in the consolidated audited financial statements as at and for the year ended December 31, 2025.

(a) Operating segments:

Real estate assets by reportable segment as at March 31, 2026 and December 31, 2025 were as follows:

| **March 31, 2026** | **Residential** | **Industrial** | **Office** | **Retail** | **Total** |
|---|---|---|---|---|---|
| Number of investment properties | **26** | **66** | **14** [1] | **1** | **107** [1] |
| Real estate assets: | | | | | |
| Investment properties | **$3,781,835** | **$1,488,988** | **$1,928,206** [1] | **$286,340** | **$7,485,369** [1] |
| Properties under development | **668,880** | **365,490** | **—** | **—** | **1,034,370** |
| | **4,450,715** | **1,854,478** | **1,928,206** | **286,340** | **8,519,739** |
| Less: real estate assets classified as held for sale | **—** | **—** | **(91,500)** | **—** | **(91,500)** |
| Less: REIT's proportionate share of real estate assets relating to equity accounted investments | **(1,221,699)** | **(91,452)** | **—** | **—** | **(1,313,151)** |
| | **$3,229,016** | **$1,763,026** | **$1,836,706** | **$286,340** | **$7,115,088** |

| December 31, 2025 | Residential | Industrial | Office | Retail | Total |
|---|---|---|---|---|---|
| Number of investment properties | 26 | 66 | 17 [1] | 27 | 136 [1] |
| Real estate assets: | | | | | |
| Investment properties | $3,768,089 | $1,472,309 | $2,357,418 [1] | $530,420 | $8,128,236 [1] |
| Properties under development | 662,340 | 363,774 | — | — | 1,026,114 |
| | 4,430,429 | 1,836,083 | 2,357,418 | 530,420 | 9,154,350 |
| Less: real estate assets classified as held for sale | — | — | (456,300) | (248,200) | (704,500) |
| Less: REIT's proportionate share of real estate assets relating to equity accounted investments | (1,206,440) | (87,773) | — | — | (1,294,213) |
| | $3,223,989 | $1,748,310 | $1,901,118 | $282,220 | $7,155,637 |

[1] The REIT legally sold the Bow and 100 Wynford in October 2021 and August 2022, respectively (note 10). However, as the transactions did not meet the criteria of a transfer of control under IFRS 15, $978,193 is included in the tables above as at March 31, 2026 (December 31, 2025 - $991,039).

(In thousands of Canadian dollars, except Unit and per Unit amounts)

Net operating income by reportable segment for the three months ended March 31, 2026 and March 31, 2025 was as follows:

| | **Residential** | **Industrial** | **Office** | **Retail** | **Sub-total** | **Less: equity accounted investments** | **Three months ended March 31, 2026** |
|---|---|---|---|---|---|---|---|
| Rentals from investment properties | **$76,006** | **$25,481** | **$93,145** | **$18,867** | **$213,499** | **($29,246)** | **$184,253** |
| Property operating costs | **(62,792)** | **(6,869)** | **(30,311)** | **(7,784)** | **(107,756)** | **9,372** | **(98,384)** |
| Net operating income | **$13,214** | **$18,612** | **$62,834** | **$11,083** | **$105,743** | **($19,874)** | **$85,869** |

| | Residential | Industrial | Office | Retail | Sub-total | Less: equity accounted investments | Three months ended March 31, 2025 |
|---|---|---|---|---|---|---|---|
| Rentals from investment properties | $79,058 | $26,303 | $105,524 | $36,320 | $247,205 | ($41,566) | $205,639 |
| Property operating costs | (66,782) | (6,656) | (47,116) | (16,844) | (137,398) | 14,722 | (122,676) |
| Net operating income | $12,276 | $19,647 | $58,408 | $19,476 | $109,807 | ($26,844) | $82,963 |

(b) Geographical locations:

The REIT operates in Canada and the United States.

Real estate assets are attributed to countries based on the location of the properties.

| | **March 31 2026** | December 31 2025 |
|---|---|---|
| Real estate assets: | | |
| Canada | **$3,405,856** [(1)] | $3,749,227 [(1)] |
| United States | **5,113,883** | 5,405,123 |
| | **8,519,739** | 9,154,350 |
| Less: Real estate assets classified as held for sale | **(91,500)** | (704,500) |
| Less: REIT's proportionate share of real estate assets relating to equity accounted investments | **(1,313,151)** | (1,294,213) |
| | **$7,115,088** | $7,155,637 |

(1) The REIT legally sold the Bow and 100 Wynford in October 2021 and August 2022, respectively (note 10). However, as the transactions did not meet the criteria of a transfer of control under IFRS 15, $978,193 is included in the table above as at March 31, 2026 (December 31, 2025 - $991,039).

| | Three months ended March 31 **2026** | 2025 |
|---|---|---|
| Rentals from investment properties: | | |
| Canada | **$95,477** | $105,535 |
| United States | **118,022** | 141,670 |
| | **213,499** | 247,205 |
| Less: REIT's proportionate share of rentals relating to equity accounted investments | **(29,246)** | (41,566) |
| | **$184,253** | $205,639 |

(In thousands of Canadian dollars, except Unit and per Unit amounts)

## 20. Income tax recovery:

| | Three months ended March 31 | |
|---|---|---|
| | **2026** | 2025 |
| Income tax computed at the Canadian statutory rate of nil applicable to the REIT for 2026 and 2025 | **$—** | $— |
| Current U.S. income tax expense | **(645)** | (432) |
| Deferred income tax recovery applicable to H&R REIT (U.S.) Holdings Inc. | **16,407** | 7,495 |
| Income tax recovery in the determination of net loss | **$15,762** | $7,063 |

The *Income Tax Act* (Canada) ("Tax Act") contains provisions (the "SIFT Rules") affecting the tax treatment of "specified investment flow-through" ("SIFT") trusts. A SIFT includes a publicly-traded trust. Under the SIFT Rules, distributions of certain income by a SIFT are not deductible in computing the SIFT's taxable income, and a SIFT is subject to tax on such income at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. The SIFT Rules do not apply to a publicly-traded trust that qualifies as a real estate investment trust under the Tax Act, such as the REIT.

The REIT has certain subsidiaries in the United States that are subject to tax on their taxable income at a combined federal and state tax rate of approximately 24.0% (December 31, 2025 - 24.0%). The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

| | **March 31 2026** | December 31 2025 |
|---|---|---|
| Deferred tax assets: | | |
| Net operating losses | **$91,244** | $95,700 |
| Accounts payable and accrued liabilities | **3,727** | 2,531 |
| | **94,971** | 98,231 |
| Deferred tax liabilities: | | |
| Real estate assets | **(244,903)** | (226,774) |
| Equity accounted investments | **(48,036)** | (83,796) |
| Other assets | **(1,273)** | (442) |
| | **(294,212)** | (311,012) |
| Deferred tax liability | **($199,241)** | ($212,781) |

**21. Fair value measurement**:

*(a) Financial assets and liabilities carried at amortized cost*:

The fair values of the REIT's accounts receivable, restricted cash, cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair values of certain mortgages receivable, mortgages payable, senior debentures, unsecured term loans and lines of credit have been determined by discounting the cash flows of these financial obligations using market rates for debt of similar terms and credit risks.

*(b) Fair value of assets and liabilities:*

Assets and liabilities measured at fair value in the unaudited condensed consolidated interim statements of financial position, or disclosed in the notes to the condensed consolidated financial statements, are categorized using a fair value hierarchy that reflects the significance of the inputs used in determining the fair values:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(In thousands of Canadian dollars, except Unit and per Unit amounts)

| **March 31, 2026** | *Note* | **Level 1** | **Level 2** | **Level 3** | **Total fair value** | **Carrying value** |
|---|---|---|---|---|---|---|
| **Assets measured at fair value:** | | | | | | |
| Investment properties | *3* | **$—** | **$—** | **$6,343,489** | **$6,343,489** | **$6,343,489** (1) |
| Properties under development | *3* | **—** | **—** | **771,599** | **771,599** | **771,599** |
| Assets classified as held for sale | *5* | **—** | **—** | **91,500** | **91,500** | **91,500** |
| Derivative instruments | *12* | **—** | **10,585** | **—** | **10,585** | **10,585** |
| **Assets for which fair values are disclosed:** | | | | | | |
| Mortgages receivable | *6* | **—** | **256,668** | **—** | **256,668** | **255,010** |
| | | **—** | **267,253** | **7,206,588** | **7,473,841** | **7,472,183** |
| **Liabilities measured at fair value:** | | | | | | |
| Exchangeable units | *9* | **(150,865)** | **—** | **—** | **(150,865)** | **(150,865)** |
| **Liabilities for which fair values are disclosed:** | | | | | | |
| Mortgages payable | *8(a)* | **—** | **(1,182,190)** | **—** | **(1,182,190)** | **(1,206,864)** |
| Debentures payable | *8(b)* | **—** | **(810,839)** | **—** | **(810,839)** | **(799,006)** |
| Unsecured term loans | *8(c)* | **—** | **(250,816)** | **—** | **(250,816)** | **(250,000)** |
| Lines of credit | *8(d)* | **—** | **(299,006)** | **—** | **(299,006)** | **(297,945)** |
| | | **(150,865)** | **(2,542,851)** | **—** | **(2,693,716)** | **(2,704,680)** |
| | | **($150,865)** | **($2,275,598)** | **$7,206,588** | **$4,780,125** | **$4,767,503** |

| December 31, 2025 | *Note* | Level 1 | Level 2 | Level 3 | Total fair value | Carrying value |
|---|---|---|---|---|---|---|
| **Assets measured at fair value:** | | | | | | |
| Investment properties | *3* | $— | $— | $6,370,453 | $6,370,453 | $6,370,453 (1) |
| Properties under development | *3* | — | — | 785,184 | 785,184 | 785,184 |
| Assets classified as held for sale | *5* | — | — | 1,142,900 | 1,142,900 | 1,142,900 |
| Derivative instruments | *12* | — | 14,311 | — | 14,311 | 14,311 |
| **Assets for which fair values are disclosed:** | | | | | | |
| Mortgages receivable | *6* | — | 222,640 | — | 222,640 | 220,263 |
| | | — | 236,951 | 8,298,537 | 8,535,488 | 8,533,111 |
| **Liabilities measured at fair value:** | | | | | | |
| Exchangeable units | *9* | (157,968) | — | — | (157,968) | (157,968) |
| Derivative instruments | *12* | — | (4,352) | — | (4,352) | (4,352) |
| **Liabilities for which fair values are disclosed:** | | | | | | |
| Mortgages payable | *8(a)* | — | (1,179,477) | — | (1,179,477) | (1,202,008) |
| Debentures payable | *8(b)* | — | (817,798) | — | (817,798) | (798,836) |
| Unsecured term loans | *8(c)* | — | (627,109) | — | (627,109) | (625,000) |
| Lines of credit | *8(d)* | — | (879,056) | — | (879,056) | (876,047) |
| | | (157,968) | (3,507,792) | — | (3,665,760) | (3,664,211) |
| | | ($157,968) | ($3,270,841) | $8,298,537 | $4,869,728 | $4,868,900 |

(1) The REIT legally sold the Bow and 100 Wynford in October 2021 and August 2022, respectively (note 10). However, as the transactions did not meet the criteria of a transfer of control under IFRS 15, $978,193 is included in the tables above as at March 31, 2026 (December 31, 2025 - $991,039).

## 22. Commitments and contingencies:

(a) In the normal course of operations, the REIT has issued letters of credit in connection with developments, financings, operations and acquisitions. As at March 31, 2026, the REIT had outstanding letters of credit totalling $31,986 (December 31, 2025 - $34,527), including $20,209 (December 31, 2025 - $20,206) which has been pledged as security for certain mortgages payable. The letters of credit may be secured by certain investment properties.

(b) On December 31, 2021, the REIT completed a spin off, on a tax-free basis, of 27 properties including all of the REIT's enclosed shopping centres (the "Primaris Spin-Off") to a new publicly-traded REIT ("Primaris REIT"). The REIT continues to guarantee certain debt in connection with the Primaris Spin-Off, and will remain liable until such debts are extinguished or the lenders agree to release the REIT's guarantees. As at March 31, 2026, the estimated amount of debt subject to such guarantees, and therefore the maximum exposure to credit risk, was $93,437, which expire between 2027 and 2030 (December 31, 2025 - $94,262, which expire between 2027 and 2030).

In addition, the REIT continues to provide guarantees on behalf of the co-owners of certain of Primaris REIT's properties. As at March 31, 2026, the estimated amount of debt subject to such guarantees, and therefore the maximum exposure to credit risk, was $64,545, which expires in 2027 (December 31, 2025 - $65,096, which expires in 2027). There have been no defaults by the primary obligor for debts on which the REIT has provided its guarantees, and as a result, no contingent loss on these guarantees has been recognized in the unaudited condensed consolidated interim financial statements.

Credit risks arise in the event that these parties default on repayment of their debt since they are guaranteed by the REIT. These credit risks are mitigated as the REIT has recourse under these guarantees in the event of a default by the borrowers, in which case the REIT's claim would be against the underlying real estate investments.

(c) On May 8, 2025, the REIT entered into a construction loan agreement with REDT JV LP for a principal amount of up to U.S. $136,200, bearing interest at 9.0% per annum (the "REDT Loan"). The REDT Loan is interest only and prepayable at any time with the REIT's consent. The REDT Loan is secured by a pledge of the ownership interests in the entities that directly hold title and beneficial ownership to the REDT Projects, and matures on May 8, 2029, subject to two 1-year extensions, subject to the REIT's approval in its sole discretion.

As at March 31, 2026, the balance outstanding on the REDT Loan was U.S. $96,497 (Canadian equivalent - $134,131), therefore the remaining balance that the REIT is committed to fund is U.S. $39,703 (Canadian equivalent - $55,187).

As at December 31, 2025, the balance outstanding on the REDT Loan was U.S. $73,632 (Canadian equivalent - $100,876), therefore the remaining balance that the REIT was committed to fund was U.S. $62,568 (Canadian equivalent - $85,718).

(d) The REIT provided a guarantee on behalf of its Central Pointe joint venture partners for a maximum amount of U.S. $52,929 (Canadian equivalent - $73,571), to be utilized upon any drawdowns under the Central Pointe construction financing facility. As at March 31, 2026, no amounts had been drawn on this facility, and accordingly, the REIT had no guarantee exposure.

(e) The REIT is obligated, under certain contract terms, to construct and develop investment properties.

(f) The REIT is involved in litigation and claims in relation to the investment properties that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the unaudited condensed consolidated interim financial statements.

(g) The REIT is subject to environmental laws and regulations and may, from time to time, be required to address environmental contamination at properties that it owns. Management is not aware of any environmental remediation that it is obligated to perform at this time. Accordingly, no provision for environmental remediation has been recorded in the unaudited condensed consolidated interim financial statements. However, it is possible that costs associated with investigations or remediation of environmental contamination could be incurred in the future. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the unaudited condensed consolidated interim financial statements.

## EXPERIENCED AND TENURED EXECUTIVE TEAM

Thomas J. Hofstedter
Executive Chairman & CEO

Emily Watson
COO
Lantower Residential

Cheryl Fried, CPA/CA
EVP, Finance

Larry Froom, CPA/CA
CFO

Colleen Grahn
EVP, Asset Management
Lantower Residential

Blair Kundell
EVP, Operations

Robyn Kestenberg
EVP, Office & Industrial

Hunter Webb
EVP, Development
Lantower Residential

Audrey Craig
EVP, Accounting
Lantower Residential

## BOARD OF TRUSTEES



## CORPORATE INFORMATION

### TAXABILITY OF DISTRIBUTIONS

H&R's cash distributions amounted to $0.60 per Unit during 2025. The REIT also made a special distribution to unitholders of record on December 31, 2025 of $0.15 per Unit payable in additional Units, which were immediately consolidated such that there was no change in the number of outstanding Units. The special distribution increased the adjusted cost basis of unitholders' consolidated Units.

### PLAN ELIGIBILITY

RRSP, RRIF, DPSP, RESP, RDSP, TFSA, FHSA

### STOCK EXCHANGE LISTING

Units of H&R are listed on the Toronto Stock Exchange under the trading symbol HR.UN.

### REGISTRAR AND TRANSFER AGENT

TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, ON  M5H 4H1. Telephone: 1-800-387-0825 (or for callers outside North America 416-682-3860), Fax: 1-888-249-6189 or 1-514-985-8843, E-mail: shareholderinquiries@tmx.com, Website: www.tsxtrust.com

### CONTACT INFORMATION

Investors, investment analysts and others seeking financial information should go to our website at www.hr-reit.com, or e-mail info@hr-reit.com, or call and ask for Larry Froom, Chief Financial Officer, or write to H&R Real Estate Investment Trust, 3625 Dufferin Street, Suite 500, Toronto, Ontario, Canada, M3K 1N4.

1. Investment Committee
2. Audit Committee
3. Compensation, Environmental, Social & Governance and Nominating Committee
4. Includes officers and the families of trustees and officers

HR.UN - TSX
Ticker

**H&R Real Estate Investment Trust**

3625 Dufferin Street, Suite 500
Toronto, Ontario, Canada, M3K 1N4

HR REIT