

H&R REIT

FINANCIAL REPORT | Q3 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 and nine months ended September 30, 2026

Dated: November 16, 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 and nine months ended September 30, 2026 includes material information up to November 16, 2026. Financial data for the three and nine months ended September 30, 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 and nine months ended September 30, 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 $2.1 Billion of Property Sales To Date in 2026", "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 Q3 2026 Activity" including with respect to H&R's future plans and targets, 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 (as defined below), 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, including the REIT's intention to declare a special distribution by the end of 2026, management's expectation to be able to meet all of the REIT's ongoing obligations and statements relating to the REIT's intent to surface value for unitholders, including potential sales of industrial assets, and the REIT's board refreshment process. 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 November 16, 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

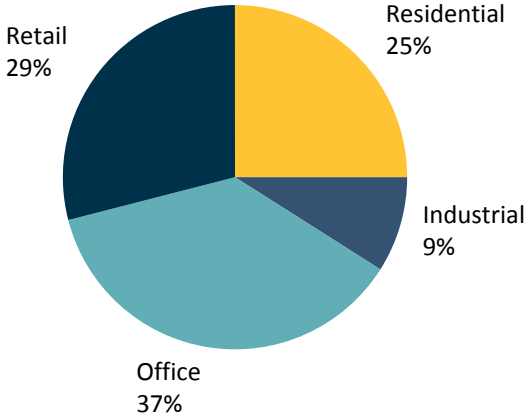
H&R is one of Canada's largest real estate investment trusts. H&R has ownership interests in a Canadian and U.S. portfolio primarily comprised of high-quality residential (operating as Lantower Residential), industrial and office properties totalling approximately 19.5 million square feet. H&R is an 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 intends to pursue opportunities to surface value through asset and portfolio sales with an aim to create a simplified value driven REIT, which may include the sale of H&R's industrial properties. 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 properties, creating value through greenfield development in prime locations within the Greater Toronto Area and high growth U.S. sun belt and gateway cities.

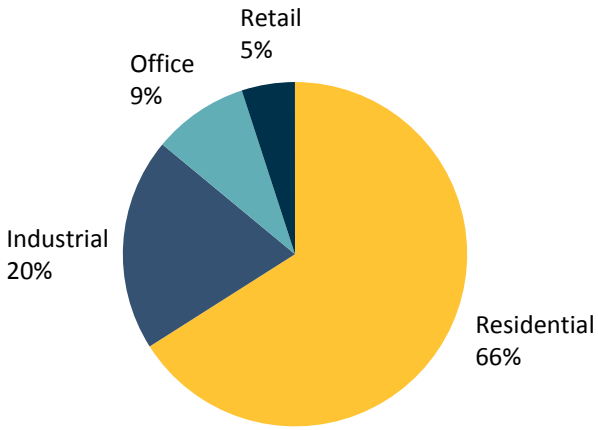
Since the announcement of H&R's strategic repositioning plan in 2021, H&R has sold ownership interests in 103 real estate assets totalling approximately $3.8 billion, including the Bow and 100 Wynford. In addition, H&R completed the following: (i) a spin off, on a tax-free basis, of 27 properties, including 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; (ii) the sale of H&R's non-managing 33.1% interest in ECHO Realty LP ("ECHO") for gross proceeds of approximately $866.1 million; and (iii) the sale of ownership interests in four residential equity accounted investments totalling approximately $195.7 million.

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

June 30, 2021[2]

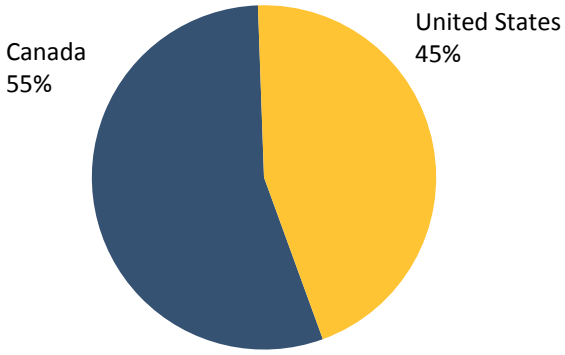


September 30, 2026[3]

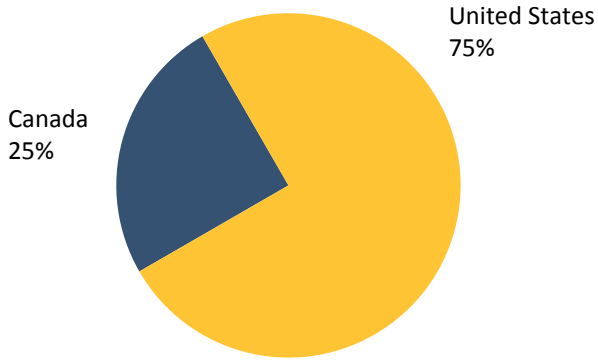


Real Estate Assets (Fair Value by Region)[1]

June 30, 2021[2]



September 30, 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, as these properties 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 2025 Sustainability Report in October 2026, 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.ca.

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

NEXT STEPS TO DRIVE UNITHOLDER VALUE AND GOVERNANCE ENHANCEMENTS

On August 11, 2026, the REIT announced that it had entered into an arrangement agreement (the "Arrangement Agreement") with GO Residential Real Estate Investment Trust ("GO REIT") and 1001700058 Ontario Inc. ("Purchaser"), on behalf of a consortium of co-purchasers (which includes funds affiliated with Blackstone Real Estate, Crestpoint Real Estate Investments Ltd., the Public Sector Pension Investment Board and a company controlled by members of the family of Tom Hofstedter, Executive Chairman and CEO of the REIT ("CRAL") (collectively, the "Asset Purchasers"), pursuant to which GO REIT and the Purchaser (on behalf of the Asset Purchasers) agreed to acquire all of the assets of H&R by way of a court-approved plan of arrangement under the Business Corporations Act (Alberta) in a cash and unit transaction valued at approximately $6.7 billion, including the assumption of certain debt (the "Arrangement Transaction").

On November 13, 2026, the REIT held its unitholder meeting to consider and vote on the Arrangement Transaction. The Arrangement Transaction did not receive the requisite unitholder approval to proceed and accordingly, immediately following the meeting, the REIT terminated the Arrangement Agreement, which resulted in termination of the arrangements with the Asset Purchasers.

Also effective November 13, 2026, the REIT's subsidiaries and and the REDT (as defined below) agreed to terminate the acquisition agreement among them that would have resulted in the REIT indirectly acquiring the remaining interests in the REDT JV LP that it did not already own, in light of the unitholder vote on the Arrangement Transaction.

As a result of the termination of the Arrangement Agreement, the REIT announced the reinstatement of monthly distributions along with a catch-up distribution to compensate for the months of August, September and October 2026, an intention to declare a special cash distribution of approximately $2.30 per Unit prior to the end of 2026 subject to lender approval (in addition to monthly distributions) and an intention to pursue opportunities to surface value for the REIT.

In addition, H&R announced a board refreshment process, with the mandate of the fresh Board of Trustees including a focus on CEO succession planning to ensure that H&R has the leadership in place to execute on its strategy.

Following termination of the Arrangement Transaction after unitholders of the REIT did not approve the Arrangement Transaction, GO REIT commenced an action by Statement of Claim issued on November 13, 2026 in the Ontario Superior Court of Justice against H&R, its trustees and others. The claim seeks a termination fee of approximately $102.1 million and other relief, alleging breaches of the Arrangement Agreement. The Arrangement Agreement was terminated after H&R unitholders did not approve the proposed arrangement at the special meeting of unitholders held on November 13, 2026. The REIT believes the claim is without merit and intends to defend itself vigorously. The REIT's position is that it complied with its obligations under the Arrangement Agreement and that no termination fee is payable to GO REIT or any other member of the consortium of purchasers under the terms of the Arrangement Agreement. The allegations in the Statement of Claim have not been proven in court.

SUMMARY OF SIGNIFICANT Q3 2026 ACTIVITY

Net Operating Income Highlights

	Three months ended September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	$ Change	**2026**	2025	$ Change
Operating Segment:						
Same-Property net operating income (cash basis) - Residential[(1)]	**$39,722**	$39,957	($235)	**$125,894**	$127,260	($1,366)
Same-Property net operating income (cash basis) - Industrial[(1)]	**17,399**	17,266	133	**53,586**	54,076	(490)
Same-Property net operating income (cash basis) - Office[(1)]	**18,993**	20,459	(1,466)	**57,163**	62,455	(5,292)
Same-Property net operating income (cash basis) - Retail[(1)]	**5,275**	4,713	562	**14,830**	14,049	781
Same-Property net operating income (cash basis)[(1)]	**81,389**	82,395	(1,006)	**251,473**	257,840	(6,367)
Net operating income (cash basis) from Transactions at the REIT's proportionate share[(1)(2)]	**86,475**	67,028	19,447	**186,859**	202,268	(15,409)
Realty taxes in accordance with IFRIC 21 at the REIT's proportionate share[(1)(3)]	**11,797**	16,593	(4,796)	**(10,670)**	(15,781)	5,111
Straight-lining of contractual rent at the REIT's proportionate share[(1)]	**(49,762)**	3,095	(52,857)	**(59,070)**	10,614	(69,684)
Net operating income from equity accounted investments[(1)]	**(13,182)**	(29,924)	16,742	**(48,996)**	(88,965)	39,969
Net operating income per the REIT's Financial Statements	**$116,717**	$139,187	($22,470)	**$319,596**	$365,976	($46,380)

(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.

Same-Property net operating income (cash basis) decreased by $1.0 million and $6.4 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, mainly resulting from H&R's office segment, 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, partially offset by contractual rental escalations at a U.S. office property.

Straight-lining of contractual rent at the REIT's proportionate share decreased by $52.9 million and $69.7 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to H&R recording a non-cash adjustment to straight-lining of contractual rent in Q3 2026, in accordance with IFRS 16, *Leases* ("IFRS 16"), of ($47.3) million to write off the remaining accrued rent receivable relating to the termination of Bell Canada's lease at 200 Bouchard Boulevard, Montreal, QC ("200 Bouchard") in August 2026. In addition, straight-lining of contractual rent at the REIT's proportionate share further decreased for the nine months ended September 30, 2026 compared to the respective 2025 period due to a non-cash adjustment to straight-lining of contractual rent of ($15.7) million, relating to the 200 Bouchard First Lease Termination Payment (as defined in the *"Leasing Update"* section below).

Net operating income per the REIT's Financial Statements decreased by $22.5 million and $46.4 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to the sale of $1.7 billion of real estate assets completed during the nine months ended September 30, 2026. Refer to the *"Completion of $2.1 Billion of Property Sales To Date in 2026"* section of this MD&A for the contribution to net operating income from properties sold during the three and nine months ended September 30, 2026 compared to the respective 2025 periods.

Refer to the *"Net Operating Income"* section of this MD&A for further explanations on the net operating income changes for the three and nine months ended September 30, 2026.

Fair Value Adjustment on Real Estate Assets	Three months ended September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Operating Segment:						
Residential	**($329,207)**	($21,456)	($307,751)	**($383,877)**	($59,699)	($324,178)
Industrial	**(139,148)**	(5,888)	(133,260)	**(127,627)**	(68,996)	(58,631)
Office	**(74,316)**	(297,815)	223,499	**(238,780)**	(436,599)	197,819
Retail	**(31,196)**	(82,774)	51,578	**(33,464)**	(84,815)	51,351
Land and properties under development	**(139,854)**	(74,233)	(65,621)	**(69,427)**	(180,151)	110,724
Fair value adjustment on real estate assets per the REIT's proportionate share[(1)]	**(713,721)**	(482,166)	(231,555)	**(853,175)**	(830,260)	(22,915)
Less: equity accounted investments	**61,357**	62,623	(1,266)	**76,913**	77,363	(450)
Fair value adjustment on real estate assets per the REIT's Financial Statements	**($652,364)**	($419,543)	($232,821)	**($776,262)**	($752,897)	($23,365)

(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 and nine months ended September 30, 2026, H&R recorded fair value adjustments on real estate assets as a result of following the REIT's regular internal valuation process. The outcome of this process was then considered in connection with the Arrangement Transaction and in conjunction with a financial fairness opinion received from CIBC World Markets Inc. as well as a financial fairness opinion and formal valuation received from National Bank of Canada Capital Markets, which were both provided to H&R's Board of Trustees.

The largest adjustments recorded were in the residential segment given the continued market softness and lingering supply pressure in the multi-family space whereby H&R increased its weighted average capitalization rate by 30 basis points as well as revised its valuation assumptions to reflect higher rent concessions. Furthermore, rising U.S. Treasury yields has also created downward pressure on valuations given the increase in borrowing costs. This has also put downward pressure on H&R's land parcels held for future development in the United States.

The adjustments made within the industrial segment reflect valuation adjustments based on the contractual sales price approach given that as at September 30, 2026, there was an agreement of purchase and sale for cash consideration. Management views such values to be representative of an orderly transaction between market participants. These adjustments take in account leasing uncertainty, vacancy risk and the potential implications of the ongoing trade tensions between Canada and United States.

Fair value adjustments were made to certain office properties to reflect increased leasing uncertainty and vacancy risk. H&R's largest office property by fair value and square footage is Two Gotham Center in Long Island City, NY. The New York City Department of Health and Mental Hygiene occupies 660,431 square feet with their lease expiring in 2030. The leasing risk at the property was incorporated into the future cash flow assumptions in the discounted cash flow model.

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

Transaction Highlights

During the three months ended September 30, 2026, H&R sold one wholly-owned office property, a 98.5% interest in one office property and a 50% interest in three industrial properties for approximately $168.2 million. In addition, H&R sold its 31.7% interest in one residential property within equity accounted investments for approximately $37.0 million.

In October 2026, H&R sold its remaining industrial lands held for development in Caledon, ON (the "Caledon Lands"), which were classified as held for sale as at September 30, 2026 for $436.0 million. A portion of the proceeds were used to repay one mortgage totalling approximately $125.8 million, as well as all remaining outstanding amounts drawn on H&R's revolving unsecured operating lines of credit totaling $46.0 million. Refer to the *"Subsequent Events"* section of this MD&A for further information.

H&R continues to execute on its strategic repositioning plan with assets sold and under contract to be sold totalling approximately $2.3 billion at the REIT's proportionate share (a non-GAAP measure, refer to the *"Non-GAAP Measures"* section of this MD&A), for the nine months ended September 30, 2026.

Leasing Update

H&R previously announced in Q3 2022 that it had entered into a lease amendment with Bell Canada to terminate their lease at 200 Bouchard in December 2026, which would have otherwise expired in April 2036. As part of this lease amendment, H&R received a lease termination payment of $15.7 million in April 2026 ("200 Bouchard First Lease Termination Payment"), and was scheduled to receive a second lease termination payment of $55.0 million in December 2026, for a total of $70.7 million. In July 2026, the 200 Bouchard lease was further amended to accelerate the lease termination date to August 2026, which resulted in H&R receiving the final lease termination payment ("200 Bouchard Second Lease Termination Payment") of $56.1 million. As a result of the 200 Bouchard Second Lease Termination Payment, in Q3 2026, H&R recorded a non-cash adjustment to straight-lining of contractual rent of ($47.3) million to write off the remaining accrued rent receivable. Accordingly, 200 Bouchard contributed $9.3 million and $20.0 million, respectively, to net operating income and FFO for the three and nine months ended September 30, 2026, which included base rent for July 2026. Furthermore, 200 Bouchard contributed $56.6 million and $75.5 million, respectively, to AFFO for the three and nine months ended September 30, 2026. Net operating income from 200 Bouchard has been classified as Transactions (as defined below) and has not been included in Same-Property net operating income. FFO and AFFO are non-GAAP measures. Refer to the *"Non-GAAP Measures"* section of this MD&A.

On July 15, 2026, H&R terminated the lease of Coast Appliances Inc. ("Coast") at 140 Speirs Giffen Ave., in Caledon, ON, a single-tenant industrial property totalling 77,754 square feet, in connection with Coast filing for protection from their creditors under the *Companies' Creditors Arrangement Act* (Canada) on April 17, 2026 ("Coast Lease Termination"). H&R recorded an adjustment to straight-lining of contractual rent of approximately ($0.8 million) in order to write-off the remaining accrued rent receivable as Coast's lease was originally set to expire in November 2032.

In Q3 2026, H&R completed a 5-year lease extension with the Toronto-Dominion Bank whose lease was originally scheduled to expire in November 2027, for 263,448 square feet at 310-320-330 Front St. W., an office property in Toronto, ON.

In Q3 2026, H&R completed a new 3-year direct lease with the existing sub-tenant for 89,405 square feet at a single-tenanted office property in Peterborough, ON. The existing tenant's lease expired in July 2026.

In Q3 2026, H&R completed a new lease for 49,762 square feet at H&R's 50.0% ownership interest at a multi-tenanted industrial property in Toronto, ON, commencing in February 2027 for a 10-year term. The tenant has a 3-month rent free period commencing at the start of the lease term.

Development Update

Properties Under Development

In September 2026, H&R transferred 200 Bouchard from investment properties within the office segment to properties under development within the residential segment. H&R plans to demolish the existing building in 2027. The redevelopment plan for the property includes 131 townhome units and 811 multi-residential units across six mid-rise buildings.

Equity Accounted Investments

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 which were substantially completed and transferred from properties under development to investment properties in Q3 2026. As at September 30, 2026, H&R's share of the total budget for the REDT Projects was approximately $86.6 million (U.S. $61.0 million) with costs remaining to complete of $3.7 million (U.S. $2.6 million), all at H&R's ownership interest, with the REDT projects expected to be completed on budget. During the three and nine months ended September 30, 2026, H&R earned $4.1 million and $12.0 million, respectively, in interest income, development management fees and asset management fees from the REDT JV LP (three months ended September 30, 2025 - $2.7 million and nine months ended September 30, 2025 - $8.4 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% ownership 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% ownership level. As at September 30, 2026, H&R's share of the total budget for Elio was approximately $132.4 million (U.S.

$93.2 million) with costs remaining to complete of $67.0 million (U.S. $47.2 million), all at H&R's ownership interest. In September 2025, the partnership owning the site obtained a U.S. $52.9 million construction financing facility, which had a balance outstanding of $5.6 million (U.S. $4.0 million) and an available balance of $69.5 million (U.S. $49.0 million), all at H&R's ownership interest, as at September 30, 2026. The yield on cost for Elio is expected to be approximately 5.3% with completion expected in Q1 2028.

Distributions

H&R paid its regular monthly distribution for July 2026 in August 2026 as scheduled. On November 13, 2026, the REIT declared a distribution of $0.20 per Unit, consisting of: (i) the reinstatement of the monthly distribution of $0.05 per Unit for the month of November 2026, and (ii) a further $0.15 per Unit to compensate for the months of August, September and October 2026 during which time distributions were suspended pursuant to the Arrangement Agreement. This $0.20 per Unit distribution is payable on December 15, 2026 to unitholders of record on November 30, 2026. The REIT also announced an intention to declare a special cash distribution of approximately $2.30 per Unit prior to the end of 2026, subject to lender approval, in addition to the $0.20 per Unit distribution.

Debt & Liquidity Highlights

Mortgages

Subsequent to September 30, 2026, H&R repaid one mortgage totalling approximately $125.8 million, which bore interest at 3.67% per annum, using proceeds from the sale of the Caledon Lands. The mortgage was originally scheduled to mature in March 2027 and the early repayment was not subject to any prepayment penalty. Refer to the *"Subsequent Events"* section of this MD&A for further information.

Revolving Unsecured Operating Lines of Credit

Subsequent to September 30, 2026, H&R repaid all remaining outstanding amounts drawn on its revolving unsecured operating lines of credit totaling $46.0 million, using proceeds from the sale of the Caledon Lands. Refer to the *"Subsequent Events"* section of this MD&A for further information.

Liquidity

As at September 30, 2026, H&R had cash and cash equivalents of $82.4 million and $882.1 million available under its unused lines of credit. H&R has an unencumbered property pool of approximately $2.8 billion, which is 3.34x unsecured debt.

As at September 30, 2026, debt to total assets per the REIT's Financial Statements was 32.0% compared to 38.4% as at December 31, 2025. As at September 30, 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 44.0% 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 6.8x as at September 30, 2026 compared to 9.3x as at December 31, 2025. The improvement in these financial metrics is primarily due to proceeds from property dispositions and lease termination payments being used to repay debt.

Environmental, Social and Governance

H&R published its 2025 Sustainability Report in 2026, highlighting 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.

Refer to the *"Environmental, Social and Governance"* section of this MD&A for further information.

COMPLETION OF $2.1 BILLION OF PROPERTY SALES TO DATE IN 2026

The assets listed below were sold for approximately $1.7 billion during the nine months ended September 30, 2026, including equity accounted investments. 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 $1.3 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) Hess Tower, a Houston, TX office property;
4) Four office properties in the Greater Toronto Area;
5) Three industrial properties in Alberta;
6) H&R's 31.7% interest in a residential property in Hercules, CA.

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

	Three months ended September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Net operating income per the REIT's Financial Statements	**$800**	$23,045	($22,245)	**$17,823**	$56,816	($38,993)
Net operating income from equity accounted investments[(1)]	**496**	17,664	(17,168)	**8,126**	48,234	(40,108)
Net operating income at the REIT's proportionate share[(1)]	**1,296**	40,709	(39,413)	**25,949**	105,050	(79,101)
Adjusted for:						
Straight-lining of contractual rent at the REIT's proportionate share[(1)]	**674**	942	(268)	**1,653**	2,483	(830)
Realty taxes in accordance with IFRIC 21 at the REIT's proportionate share[(1)(2)]	**(269)**	(4,678)	4,409	**—**	4,639	(4,639)
Net operating income (cash basis) at the REIT's Proportionate share[(1)]	**1,701**	36,973	(35,272)	**27,602**	112,172	(84,570)
FFO[(1)(3)]	**$922**	$29,645	($28,723)	**$22,330**	$88,870	($66,540)

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

(2) For the three months ended September 30, 2026, realty taxes in accordance with IFRIC 21 was nil per the REIT's Financial Statements and ($269) from equity accounted investments, and for the nine months ended September 30, 2026, was nil per the REIT's Financial Statements and nil from equity accounted investments. For the three months ended September 30, 2025, realty taxes in accordance with IFRIC 21 was ($3,407) per the REIT's Financial Statements and ($1,271) from equity accounted investments, and for the nine months ended September 30, 2025, was $3,385 per the REIT's Financial Statements and $1,254 from equity accounted investments.

(3) Excludes finance costs savings from repayment of corporate debt.

In October 2026, H&R sold the Caledon Lands, which was classified as held for sale as at September 30, 2026 for $436.0 million. A portion of the proceeds were used to repay one mortgage totalling approximately $125.8 million, as well as all remaining outstanding amounts drawn on H&R's revolving unsecured operating lines of credit totaling $46.0 million.

PORTFOLIO SUMMARY

(in thousands of Canadian dollars, except for statistics)	Q3 2026	Q4 2025	Q3 2025
Residential:[1]			
Number of properties	**27**	26	26
Square feet (in thousands)	**8,271**	8,152	8,152
Residential rental units	**9,032**	8,929	8,929
Occupancy	**91.9%**	92.1%	93.2%
Debt	**$1,749,021**	$1,685,815	$1,704,392
Investment properties including those classified as held for sale	**$3,572,627**	$3,768,089	$4,105,897
Rentals from investment properties	**$77,394**	$78,481	$76,725
Net operating income	**$50,236**	$56,980	$51,030
Same-Property net operating income (cash basis)[2]	**$39,722**	$46,385	$39,957
Industrial:[1]			
Number of properties	**65**	66	66
Square feet (in thousands)	**8,427**	8,295	8,291
Occupancy	**91.1%**	90.7%	90.1%
Average remaining term to maturity of commercial leases (in years)	**4.8**	5.7	5.9
Debt	**$445,045**	$453,273	$455,609
Investment properties including those classified as held for sale	**$1,417,495**	$1,472,309	$1,488,088
Rentals from investment properties	**$24,844**	$24,373	$24,433
Net operating income	**$17,695**	$17,724	$17,596
Same-Property net operating income (cash basis)[2]	**$17,399**	$17,491	$17,266
Office (excluding The Bow and 100 Wynford):[1]			
Number of properties	**9**	15	15
Square feet (in thousands)	**2,349**	4,426	4,427
Occupancy	**89.0%**	96.0%	96.9%
Average remaining term to maturity of commercial leases (in years)	**5.3**	5.2	5.3
Debt	**$126,225**	$131,196	$132,843
Investment properties including those classified as held for sale	**$574,013**	$1,366,379	$1,484,056
Rentals from investment properties	**$42,014**	$65,462	$51,176
Net operating income	**$27,685**	$44,444	$44,197
Same-Property net operating income (cash basis)[2]	**$18,993**	$20,406	$20,459
Retail:[1]			
Number of properties	**1**	256	256
Square feet (in thousands)	**491**	4,726	4,850
Occupancy	**89.4%**	96.8%	97.0%
Average remaining term to maturity of commercial leases (in years)	**8.9**	7.4	7.5
Debt	**$—**	$—	$368,703
Investment properties including those classified as held for sale[3]	**$290,390**	$530,420	$1,370,119
Rentals from investment properties	**$8,502**	$35,510	$35,306
Net operating income	**$6,592**	$28,457	$28,736
Same-Property net operating income (cash basis)[2]	**$5,275**	$4,930	$4,713
Total (excluding The Bow and 100 Wynford):[1]			
Number of properties	**102**	363	363
Square feet (in thousands)	**19,538**	25,599	25,720
Occupancy	**91.0%**	93.1%	93.4%
Average remaining term to maturity of commercial leases (in years)	**5.1**	6.0	6.2
Debt[4]	**$2,320,291**	$2,270,284	$2,661,547
Investment properties including those classified as held for sale[3]	**$5,854,525**	$7,137,197	$8,448,160
Rentals from investment properties	**$152,754**	$203,826	$187,640
Net operating income	**$102,208**	$147,605	$141,559
Same-Property net operating income (cash basis)[2]	**$81,389**	$89,212	$82,395

(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) Includes right-of-use assets in a leasehold interest for Q3 2025 of $28.4 million (included within equity accounted investments), which was measured at an amount equal to the corresponding lease liabilities.

(4) 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 as at September 30:

OPERATIONS		Residential	Industrial	Office[3]	Retail	Total
Occupancy	**2026**	**91.9%**	**91.1%**	**89.0%**	**89.4%**	**91.0%**
	2025	93.2%	90.1%	96.9%	97.0%	93.4%
Occupancy – Same-Property[1]	**2026**	**93.5%**	**92.7%**	**89.0%**	**89.4%**	**92.4%**
	2025	93.2%	92.4%	97.7%	88.2%	93.1%
Average annual contractual rent per sq.ft. Canadian properties[2]	**2026**	**N/A**	**$10.32**	**$23.59**	**N/A**	**$12.39**
	2025	N/A	$9.97	$21.39	$13.21	$13.14
Average annual contractual rent per sq.ft. U.S. properties (USD)[2]	**2026**	**$26.85**	**$3.56**	**$45.94**	**$28.52**	**$27.44**
	2025	$27.11	$3.47	$39.16	$19.42	$25.93
Average remaining term to maturity of leases (in years)	**2026**	**N/A**	**4.8**	**5.3**	**8.9**	**5.1**
	2025	N/A	5.9	5.3	7.5	6.2
Average interest rate on mortgages payable	**2026**	**3.7%**	**4.9%**	**3.7%**	**N/A**	**3.8%**
	2025	3.7%	4.9%	3.7%	4.9%	3.9%
Average remaining term to maturity of mortgages payable (in years)	**2026**	**2.1**	**1.1**	**0.1**	**N/A**	**1.9**
	2025	3.1	2.0	0.7	7.5	3.0

(1) Same-Property refers to those properties owned by H&R for the 21-month period ended September 30, 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 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.

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

	September 30, 2026				September 30, 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	**10**	**3,227**	**$1,461**	**91.6%**	10	3,227	$1,497	89.6%
North Carolina	**5**	**1,634**	**1,562**	**93.8%**	5	1,634	1,577	93.3%
Florida[1][2]	**9**	**2,608**	**1,818**	**87.9%**	7	2,433	1,836	94.7%
Gateway Cities[3]	**3**	**1,563**	**3,992**	**97.2%**	4	1,635	3,841	97.7%
Total	**27**	**9,032**	**$2,042**	**91.9%**	26	8,929	$2,056	93.2%

As at September 30, 2026, annual rent as a percentage of median household income for households living in market rate Class A apartments in the United States was 22.0%[3]. As at September 30, 2026, annual rent as a percentage of median household income of the residences in the REIT's residential properties (excluding Jackson Park) was approximately 19.1%.

(1) Occupancy for Florida, excluding Lantower Sunrise and Lantower Bayside (the REDT Projects), which are in lease-up, was 93.5% as at September 30, 2026.
(2) River Landing Residential, Miami, FL has been included in Gateway Cities, rather than Florida.
(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 September 30, 2026 in the tables below:

Number of Properties[1][2]	Canada					
	Ontario	Alberta	Other	Subtotal	United States	Total
Residential[3]	—	—	—	—	27	27
Industrial	40	12	12	64	1	65
Office	4	1	2	7	2	9
Retail	—	—	—	—	1	1
Total	44	13	14	71	31	102

Square Feet (in thousands)[1][2]	Canada					
	Ontario	Alberta	Other	Subtotal	United States	Total
Residential[3]	—	—	—	—	8,271	8,271
Industrial	5,294	1,808	912	8,014	413	8,427
Office	998	466	120	1,584	765	2,349
Retail	—	—	—	—	491	491
Total	6,292	2,274	1,032	9,598	9,940	19,538

(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 9,032 residential rental units.

LEASE MATURITY PROFILE

The following tables disclose H&R's leases expiring in Canada and the United States as at September 30, 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]	175,065	10.62	36,136	20.19	—	—	211,201	2.2%	12.26
2027	903,734	8.48	65,228	23.35	—	—	968,962	10.1%	9.48
2028	486,114	11.85	11,367	32.36	—	—	497,481	5.2%	12.32
2029	472,868	13.37	107,971	19.64	—	—	580,839	6.1%	14.54
2030	571,523	11.21	81,590	26.33	—	—	653,113	6.8%	13.10
2031	610,209	10.76	487,059	32.15			1,097,268	11.4%	20.25
	3,219,513	10.74	789,351	28.57	—	—	4,008,864	41.8%	14.25

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]	—	—	4,649	23.50	1,351	46.95	6,000	0.4%	28.78
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
2031	—	—	563	54.20	92,196	28.52	92,759	5.5%	28.68
	—	—	715,801	47.07	98,574	29.69	814,375	48.8%	44.97

(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 September 30, 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	10.8%	1	660	4.2	A+ Stable
2.	TC Energy Corporation	4.6%	1	466	4.6	BBB+ Stable
3.	Canadian Tire Corporation Ltd.	3.4%	2	2,104	5.3	BBB Stable
4.	Ovintiv Inc.[3]	2.6%	—	—	11.6	BBB- Positive
5.	Toronto-Dominion Bank	2.2%	1	263	6.2	A+ Stable
6.	Finning International Inc.	1.3%	8	320	4.5	BBB+ Stable
7.	Miami-Dade County[4]	1.2%	1	112	10.5	AA Stable
8.	Purolator Inc.	1.1%	12	535	4.1	Not Rated
9.	Deutsche Post AG	0.9%	1	343	4.3	Not Rated
10.	Armour Transport Inc.	0.8%	1	187	9.7	Not Rated
11.	UAP Inc.	0.7%	2	230	10.6	Not Rated
12.	O-I Canada Corp.	0.7%	1	371	1.3	Not Rated
13.	Government of Nova Scotia	0.7%	2	85	4.2	A+ Negative
14.	General Motors Financial of Canada Ltd.	0.6%	1	89	2.8	Not Rated
15.	Advantech Supply Chain Solutions Inc.	0.5%	1	157	5.9	Not Rated
16.	TJX Companies[5]	0.5%	2	279	2.3	Not Rated
17.	Hobby Lobby Stores, Inc.	0.5%	1	55	9.0	Not Rated
18.	Burlington Stores, Inc.	0.5%	1	53	9.4	BB+ Stable
19.	East Electrical Supply Inc.	0.5%	1	122	9.5	Not Rated
20.	Graphic Packaging International, LLC	0.4%	1	133	1.4	BB Stable
	Total	**34.5%**	**41**	**6,564**	**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

	September 30 2026	December 31 2025	December 31 2024
Total assets	**$7,249,854**	$9,108,286	$10,620,487
Debt to total assets per the REIT's Financial Statements[1]	**32.0%**	38.4%	33.4%
Debt to total assets at the REIT's proportionate share[1][2]	**44.0%**	49.8%	43.7%
Debt to Adjusted EBITDA at the REIT's proportionate share[1][2][3]	**6.8x**	9.3x	9.4x
Unitholders' equity	**$3,670,397**	$4,135,718	$5,278,743
Units outstanding (in thousands)	**264,637**	264,558	262,016
Exchangeable units outstanding (in thousands)	**15,372**	15,442	17,974
Unitholders' equity per Unit	**$13.87**	$15.63	$20.15
NAV per Unit[2][4]	**$13.83**	$16.09	$20.92

	Three months ended September 30		Nine months ended September 30	
(in thousands except for per Unit amounts)	**2026**	2025	**2026**	2025
Rentals from investment properties	**$171,799**	$201,728	**$525,832**	$611,378
Net operating income	**$116,717**	$139,187	**$319,596**	$365,976
Same-Property net operating income (cash basis)[5]	**$81,389**	$82,395	**$251,473**	$257,840
Net loss from equity accounted investments	**($68,086)**	($46,014)	**($64,115)**	($29,316)
Fair value adjustment on real estate assets	**($652,364)**	($419,543)	**($776,262)**	($752,897)
Net loss	**($497,279)**	($322,868)	**($495,014)**	($541,256)
Funds From Operations ("FFO")[5]	**$52,610**	$81,098	**$197,960**	$252,000
Adjusted Funds From Operations ("AFFO")[5]	**$97,444**	$64,256	**$236,460**	$205,649
Weighted average number of Units and exchangeable units	**280,009**	279,990	**280,007**	279,990
FFO per basic and diluted Unit[2]	**$0.188**	$0.290	**$0.707**	$0.900
AFFO per basic and diluted Unit[2]	**$0.348**	$0.229	**$0.844**	$0.734
Cash distributions per Unit[6]	**$0.050**	$0.150	**$0.350**	$0.450
Payout ratio as a % of FFO[2]	**26.6%**	51.7%	**49.5%**	50.0%
Payout ratio as a % of AFFO[2]	**14.4%**	65.5%	**41.5%**	61.3%

(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.

(6) H&R paid its regular monthly distribution for July 2026 in August 2026 as scheduled. On November 13, 2026, the REIT declared a distribution of $0.20 per Unit, consisting of: (i) the reinstatement of the monthly distribution of $0.05 per Unit for the month of November 2026, and (ii) a further $0.15 per Unit to compensate for the months of August, September and October 2026 during which time distributions were suspended pursuant to the Arrangement Agreement. This $0.20 per Unit distribution is payable on December 15, 2026 to unitholders of record on November 30, 2026.

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:

	September 30 2026	December 31 2025
For each U.S. $1.00	**$1.42 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:

	September 30, 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	**$5,471,265**	**$1,167,144**	**$6,638,409**	$6,370,453	$1,053,283	$7,423,736
Properties under development	**350,542**	**115,116**	**465,658**	785,184	240,930	1,026,114
	5,821,807	**1,282,260**	**7,104,067**	7,155,637	1,294,213	8,449,850
Equity accounted investments	**423,749**	**(423,749)**	**—**	484,702	(484,702)	—
Assets classified as held for sale	**603,760**	**—**	**603,760**	1,142,900	—	1,142,900
Other assets	**318,089**	**10,565**	**328,654**	272,910	6,979	279,889
Cash and cash equivalents	**82,449**	**19,581**	**102,030**	52,137	6,503	58,640
	$7,249,854	**$888,657**	**$8,138,511**	$9,108,286	$822,993	$9,931,279
Liabilities and Unitholders' Equity						
Liabilities						
Debt	**$2,316,345**	**$849,225**	**$3,165,570**	$3,501,891	$800,889	$4,302,780
Exchangeable units	**147,263**	**—**	**147,263**	157,968	—	157,968
Deferred revenue	**826,928**	**—**	**826,928**	862,139	—	862,139
Deferred tax liability	**54,785**	**—**	**54,785**	212,781	—	212,781
Accounts payable and accrued liabilities	**234,136**	**39,432**	**273,568**	237,789	22,104	259,893
	3,579,457	**888,657**	**4,468,114**	4,972,568	822,993	5,795,561
Unitholders' equity	**3,670,397**	**—**	**3,670,397**	4,135,718	—	4,135,718
	$7,249,854	**$888,657**	**$8,138,511**	$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 nine months ended September 30, 2026.

2025 Acquisitions

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

2026 Dispositions

The total gross selling price of H&R's 2026 dispositions was approximately $1.7 billion during the nine months ended September 30, 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%
26 Wellington St. E., Toronto, ON[1]	Office	July 2, 2026	173,716	98.5%
2021 41st Ave. N.E. & 4000 St. N.E., Calgary, AB[1]	Industrial	July 22, 2026	19,636	50.0%
5550 Skyline Way N.E., Calgary, AB[1]	Industrial	August 10, 2026	62,403	50.0%
8610 87th Ave., Peace River, AB[1]	Industrial	September 2, 2026	22,334	50.0%
25 Sheppard Ave. W., Toronto, ON[2]	Office	September 9, 2026	390,277	100.0%
Total			**5,982,800**	

(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:

	September 30, 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	$2,507,196	$350,542	$1,065,431	$115,116	$4,038,285	$—	$4,038,285	65.7%
Industrial	1,148,022	—	101,713	—	1,249,735	—	1,249,735	20.3%
Office	1,525,657	—	—	—	1,525,657	(951,644)	574,013	9.3%
Retail	290,390	—	—	—	290,390	—	290,390	4.7%
Total	**$5,471,265**	**$350,542**	**$1,167,144**	**$115,116**	**$7,104,067**	**($951,644)**	**$6,152,423**	**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.

September 30, 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	$965,481	$25,200	$80,200	$—	$1,070,881	($87,562)	$983,319	16.0%
Alberta	1,209,560	—	—	—	1,209,560	(864,082)	345,478	5.6%
Other	186,522	19,686	—	—	206,208	—	206,208	3.3%
Canada	2,361,563	44,886	80,200	—	2,486,649	(951,644)	1,535,005	24.9%
United States	3,109,702	305,656	1,086,944	115,116	4,617,418	—	4,617,418	75.1%
Total	**$5,471,265**	**$350,542**	**$1,167,144**	**$115,116**	**$7,104,067**	**($951,644)**	**$6,152,423**	**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;

(iii) The contractual sales price approach in which fair value is based on the cash consideration stipulated in agreements of purchase and sale when cash is the only form of consideration transferred. Management views such values to be representative of an orderly transaction between market participants; and

(iv) 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), (ii) and (iii) above.

The contractual sales price approach has been used to support approximately $1.4 billion of estimated fair values of Canadian industrial investment properties as at September 30, 2026, which includes: 61 investment properties, one investment property held for sale and two investment properties held through equity accounted investments.

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 nine months ended September 30, 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 per the REIT's Financial Statements represent 15.4% and 12.6% of the fair value of investment properties and properties under development, respectively, as at September 30, 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 14.4% and 4.9% of the fair value of investment properties and properties under development, respectively, as at September 30, 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.

Weighted Average Capitalization Rates[1][2][3]

September 30, 2026	Residential	Industrial	Office	Retail	Total
Canada	**—**	**—%**	**9.37%**	**—**	**9.37%**
United States	**5.03%**	**9.67%**	**10.10%**	**6.61%**	**5.21%**
Total	**5.03%**	**9.67%**	**9.43%**	**6.61%**	**5.52%**

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

(2) Excludes Canadian industrial investment properties for which there is an agreement of purchase and sale for cash consideration, which have been valued in accordance with method (iii) above.

(3) Excludes one U.S. office property in Long Island City, NY which has been valued in accordance with method (i) above. The New York City Department of Health and Mental Hygiene occupies 660,431 square feet with their lease expiring in 2030. The leasing risk at the property was incorporated into the future cash flow assumptions in the discounted cash flow model.

As at September 30, 2026, the weighted average capitalization rate for residential properties in the U.S. sun belt states was 5.27%, resulting in an overall weighted average capitalization rate of 5.03% for the residential portfolio.

Weighted Average Capitalization Rates[1][2]

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%

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

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

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

In September 2026, H&R transferred 200 Bouchard from investment properties within the office segment to properties under development within the residential segment. H&R plans to demolish the existing building in 2027. The redevelopment plan for the property includes 131 townhome units and 811 multi-residential units across six mid-rise buildings.

As at September 30, 2026, properties under development per the REIT's Financial Statements totalled $350.5 million, which consisted of the following Canadian and U.S. future developments:

As at September 30, 2026	At H&R's Ownership Interest		
	Ownership Interest	Number of Acres	Number of Expected Residential Units
Future Developments - Canada [1]			
53 & 55 Yonge St., Toronto, ON	100.0%	0.4	836
200 Bouchard Blvd., Montreal, QC	100.0%	19.4	942
		19.8	**1,778**
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
4 Additional Developments, Dallas, TX	100.0%	15.2	1,182
2 Additional Developments, Orlando, FL	100.0%	28.7	719
2 Additional Developments, Tampa, FL	100.0%	21.6	765
1 Additional Development, Miami, FL	100.0%	2.0	475
		96.4	**7,031**
Total Properties Under Development		**116.2**	**8,809**

(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	$887,871	$89,810	$189,463	**$1,167,144**
Properties under development	—	—	115,116	**115,116**
Other assets	5,904	1,849	2,812	**10,565**
Cash and cash equivalents	16,043	188	3,350	**19,581**
Debt	(706,807)	(53,015)	(89,403)	**(849,225)**
Accounts payable and accrued liabilities	(21,637)	(2,174)	(15,621)	**(39,432)**
September 30, 2026	**$181,374**	**$36,658**	**$205,717**	**$423,749**
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.

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 1,873 luxury residential rental unit property in Long Island City, NY. In Q2 2026, a portion of the property management office space was converted to create two additional residential rental units.

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 September 30, 2026, H&R's share of the total budget for the REDT Projects was approximately $86.6 million (U.S. $61.0 million) with costs remaining to complete of $3.7 million (U.S. $2.6 million), all at H&R's ownership interest, with the REDT projects expected to be completed on budget. 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 September 30, 2026, the balance outstanding on the REDT Loan was $182.2 million (U.S. $128.3 million), therefore the remaining balance that the REIT is committed to fund is $11.2 million (U.S. $7.9 million). The REDT Projects were substantially completed and transferred from properties under development to investment properties in September 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 commenced in October 2026, with a 5-month rent free period at both properties commencing at the start of the respective lease term. The properties reached substantial completion in June 2026, and were transferred from properties under development to investment properties. As at September 30, 2026, costs remaining to complete were approximately $4.3 million, with approximately $12.4 million available on the partnership's construction financing facility, all at H&R's ownership interest. The yield on cost for the overall project is expected to be approximately 6.5%.

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% ownership 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% ownership level. As at September 30, 2026, H&R's share of the total budget for Elio was approximately $132.4 million (U.S. $93.2 million) with costs remaining to complete of $67.0 million (U.S. $47.2 million), all at H&R's ownership interest. In September

2025, the partnership owning the site obtained a U.S. $52.9 million construction financing facility, which had a balance outstanding of $5.6 million (U.S. $4.0 million) and an available balance of $69.5 million (U.S. $49.0 million), all at H&R's ownership interest, as at September 30, 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 September 30, 2026, H&R's equity investment was approximately $18.0 million (U.S. $12.7 million).

Phase 2 of the Hercules Project, known as "The Dylan", 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. On August 6, 2026, H&R sold its 31.7% non-managing interest for approximately $37.0 million (U.S. $26.4 million).

The remaining land parcels totalling 21.1 acres are secured against a $4.7 million (U.S. $3.3 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

September 30, 2026					
Property	Segment	Sale Date/ Expected Sale Date	H&R Ownership Interest	Square Feet[1]	Occupancy
Industrial Lands (Remaining Lands), Caledon, ON[2]	Industrial	October 15, 2026	100.0%	—	—%
8550 Goreway Dr., Brampton, ON	Industrial	Q1 2027	100.0%	1,148,972	100.0%
Total				1,148,972	

(1) Square feet is based on H&R's ownership interest.
(2) Consists of 153.5 acres.

December 31, 2025 Property	Segment	Date Sold	H&R Ownership Interest	Square Feet[1]	Occupancy
Net investment in ECHO[2]	Retail	Jan 6, 2026	33.1%	2,872,088	96.7%
23 Canadian retail properties	Retail	Jan 27, 2026	20.0%-100.0%	1,244,851	99.8%
145 Wellington St. W., Toronto, ON	Office	Jan 27, 2026	100.0%	160,098	88.2%
88 McNabb St., Markham, ON	Office	Jan 27, 2026	100.0%	74,592	100.0%
1501 McKinney St., Houston, TX ("Hess Tower")	Office	Feb 25, 2026	100.0%	844,763	100.0%
Remaining 3 Canadian retail properties	Retail	Mar 27, 2026	100.0%	118,042	100.0%
25 Sheppard Ave. W., Toronto, ON	Office	Sep 9, 2026	100.0%	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 included $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)	**September 30, 2026**	December 31, 2025
Mortgages receivable - net of provision for expected credit loss of nil (2025 - nil)	**$263,383**	$220,263
Prepaid expenses and sundry assets	**22,264**	22,250
Accounts receivable - net of provision for expected credit loss of $2,517 (2025 - $2,225)	**4,782**	6,098
Restricted cash	**13,096**	9,988
Derivative instruments	**14,564**	14,311
	$318,089	$272,910

Mortgages receivable increased by approximately $43.1 million from approximately $220.3 million as at December 31, 2025 to approximately $263.4 million as at September 30, 2026, primarily due to the REIT providing a construction loan to the REDT JV LP, which was further drawn upon during the nine months ended September 30, 2026 and had a balance outstanding of $182.2 million (U.S. $128.3 million) as at September 30, 2026. This was partially offset by $41.6 million of mortgages receivable repaid upon maturity in May 2026.

Restricted cash increased by approximately $3.1 million from approximately $10.0 million as at December 31, 2025 to approximately $13.1 million as at September 30, 2026, primarily due to tenant security deposits from residential properties in Texas being held in segregated accounts commencing in Q2 2026.

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

DEBT

	September 30, 2026	December 31, 2025
Debt to total assets per the REIT's Financial Statements[1]	**32.0%**	38.4%
Debt to total assets at the REIT's proportionate share[1][2]	**44.0%**	49.8%
Unencumbered assets[3] (in thousands of Canadian dollars)	**$2,822,374**	$3,894,795
Unsecured debt[3] (in thousands of Canadian dollars)	**$845,279**	$2,032,496
Unencumbered asset to unsecured debt coverage ratio[3]	**3.34x**	1.92x
Debt to Adjusted EBITDA at the REIT's proportionate share[1][2][4]	**6.8x**	9.3x
Non-recourse mortgages to total mortgages ratio	**60.7%**	60.4%
Weighted average interest rate of debt[1]	**4.0%**	3.9%
Weighted average term to maturity of debt (in years)[1]	**1.1**	1.8
Weighted average interest rate of debt at the REIT's proportionate share[1][2]	**3.9%**	3.9%
Weighted average term to maturity of debt (in years) at the REIT's proportionate share[1][2]	**1.6**	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:

	September 30, 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	**$1,199,923**	**$775,486**	**$1,975,409**	$1,202,008	$748,262	$1,950,270
Debentures payable	**549,279**	**—**	**549,279**	798,836	—	798,836
Unsecured term loans	**250,000**	**—**	**250,000**	625,000	—	625,000
Lines of credit	**317,143**	**73,739**	**390,882**	876,047	52,627	928,674
	$2,316,345	**$849,225**	**$3,165,570**	$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.

Debentures payable per the REIT's Financial Statements decreased by approximately $249.6 million from approximately $798.8 million as at December 31, 2025 to approximately $549.3 million as at September 30, 2026, primarily due to the REIT redeeming all of its $250.0 million Series R Senior Debentures in June 2026 upon maturity. The redemption was primarily funded using unsecured operating lines of credit.

Unsecured term loans per the REIT's Financial Statements decreased by $375.0 million from $625.0 million as at December 31, 2025 to $250.0 million as at September 30, 2026, primarily due to the REIT using proceeds from property dispositions to repay $375.0 million of unsecured term loans in January 2026.

Lines of credit per the REIT's Financial Statements decreased by approximately $558.9 million from approximately $876.0 million as at December 31, 2025 to approximately $317.1 million as at September 30, 2026, primarily due to the REIT using net proceeds from dispositions to repay unsecured operating lines of credit, which was partially offset by the REIT drawing on its lines of credit to redeem the $250.0 million outstanding Series R Senior Debentures in June 2026 noted above.

Lines of credit from equity accounted investments increased by approximately $21.1 million from approximately $52.6 million as at December 31, 2025 to approximately $73.7 million as at September 30, 2026, primarily due to the REIT's share of draws made under the REDT loan to fund the construction of the REDT Projects.

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:

	September 30, 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	**$914,909**	**$834,112**	**$1,749,021**	$895,458	$790,357	$1,685,815
Industrial	**429,932**	**15,113**	**445,045**	442,741	10,532	453,273
Office	**126,225**	**—**	**126,225**	131,196	—	131,196
Retail	**—**	**—**	**—**	—	—	—
Corporate[(2)]	**845,279**	**—**	**845,279**	2,032,496	—	2,032,496
	$2,316,345	**$849,225**	**$3,165,570**	$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)	**September 30 2026**	December 31 2025
Debt per the REIT's Financial Statements[1]	**$2,316,345**	$3,501,891
Debt - REIT's proportionate share of equity accounted investments[1]	849,225	800,889
Debt at the REIT's proportionate share[1]	**3,165,570**	4,302,780
H&R's share of ECHO's debt classified within assets held for sale[1][2]	—	361,423
Total Debt[1]	**3,165,570**	4,664,203
(Figures below are for the trailing 12 months)		
Net loss	**(745,322)**	(791,564)
Net (income) loss from equity accounted investments (within equity accounted investments)	96	(57)
Finance costs - operations	206,730	253,893
Fair value adjustments on financial instruments and real estate assets	1,294,283	1,324,237
Loss on sale of real estate assets, net of related costs	12,240	748
(Gain) loss on foreign exchange (within equity accounted investments)	(1)	879
Income tax recovery	(254,194)	(182,420)
Non-controlling interest	398	1,171
Adjustments:		
The Bow and 100 Wynford non-cash rental income adjustments	(95,182)	(94,559)
Straight-lining of contractual rent	55,786	(13,898)
IFRIC 21 - realty tax adjustment	(5,111)	—
Fair value adjustment to unit-based compensation	(1,485)	3,168
Adjusted EBITDA at the REIT's proportionate share	**$468,238**	$501,598
Debt to Adjusted EBITDA at the REIT's proportionate share[1]	**6.8x**	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 following unusual items: (i) $1.7 billion of real estate assets sold during the nine months ended September 30, 2026 (ii) 200 Bouchard First and Second Lease Termination Payments; (iii) transaction costs relating to the 2025 Strategic Review process and the 2026 Arrangement Transaction; (iv) Jackson Park Litigation Accrual (defined in the *"Net Income, FFO and AFFO from Equity Accounted Investments"* section of this MD&A); and (v) Shoreline Tax Reassessment Accrual (defined in the *"Segment Information"* section of this MD&A), Debt to Adjusted EBITDA at the REIT's proportionate share would have been 8.6x as at September 30, 2026. This is a non-GAAP ratio. Refer to the *"Non-GAAP Measures"* section of this MD&A.

OTHER LIABILITIES

Exchangeable Units

As at September 30, 2026, certain of the REIT's subsidiaries had in aggregate 15,371,962 (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 September 30, 2026 was $9.58 (December 31, 2025 - $10.23) per Unit.

During the nine months ended September 30, 2026, 69,682 exchangeable units were exchanged into Units.

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 September 30, 2026	**15,371,962**	**$9.58**	**$147,263**
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:

	September 30, 2026			December 31
(in thousands of Canadian dollars)	**The Bow**	**100 Wynford**	**Total**	2025
Income producing property - fair value[(1)]	**$864,082**	**$87,562**	**$951,644**	$991,039
Deferred revenue - net of amortization of $196,057 (2025 - $160,846)	**739,466**	**87,462**	**826,928**	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 loss as well as a reconciliation of the Bow and 100 Wynford's contribution to FFO and AFFO:

	Three months ended September 30			
(in thousands of Canadian dollars)	**The Bow**	**100 Wynford**	**2026**	2025
Rental income earned	**$3,808**	**$—**	**$3,808**	$3,878
Rental income earned - **non-cash**	**21,690**	**2,222**	**23,912**	23,704
Revenue reimbursement for property operating costs	**12,869**	**513**	**13,382**	27,229
Property operating costs	**(12,898)**	**(513)**	**(13,411)**	(27,259)
Net operating income	**25,469**	**2,222**	**27,691**	27,552
Accretion finance expense on deferred revenue - **non-cash**	**(11,721)**	**(221)**	**(11,942)**	(12,517)
Fair value adjustment on real estate assets - **non-cash**	**(11,423)**	**(2,067)**	**(13,490)**	(12,482)
Net income (loss)	**2,325**	**(66)**	**2,259**	2,553
Fair value adjustment on real estate assets	**11,423**	**2,067**	**13,490**	12,482
Non-cash rental income and accretion adjustment	**(9,969)**	**(2,001)**	**(11,970)**	(11,187)
FFO[(1)]	**3,779**	**—**	**3,779**	3,848
Capital expenditures	**—**	**(62)**	**(62)**	(4)
AFFO[(1)]	**$3,779**	**($62)**	**$3,717**	$3,844

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

	Nine months ended September 30			
(in thousands of Canadian dollars)	**The Bow**	**100 Wynford**	**2026**	2025
Rental income earned	**$11,510**	**$—**	**$11,510**	$11,569
Rental income earned - **non-cash**	**64,812**	**6,666**	**71,478**	70,855
Revenue reimbursement for property operating costs	**39,318**	**1,517**	**40,835**	41,299
Property operating costs	**(39,410)**	**(1,517)**	**(40,927)**	(41,436)
Net operating income	**76,230**	**6,666**	**82,896**	82,287
Accretion finance expense on deferred revenue - **non-cash**	**(35,589)**	**(678)**	**(36,267)**	(37,957)
Fair value adjustment on real estate assets - **non-cash**	**(33,433)**	**(6,334)**	**(39,767)**	(36,640)
Net income (loss)	**7,208**	**(346)**	**6,862**	7,690
Fair value adjustment on real estate assets	**33,433**	**6,334**	**39,767**	36,640
Non-cash rental income and accretion adjustment	**(29,223)**	**(5,988)**	**(35,211)**	(32,898)
FFO[(1)]	**11,418**	**—**	**11,418**	11,432
Capital expenditures	**—**	**(332)**	**(332)**	(4)
AFFO[(1)]	**$11,418**	**($332)**	**$11,086**	$11,428

(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 and nine months ended September 30, 2026 was $3.8 million and $11.4 million, respectively. Excluding the non-cash rental income adjustment under IFRS 15, net operating income from 100 Wynford for the three and nine months ended September 30, 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:

	September 30	December 31
(in thousands of Canadian dollars)	**2026**	2025
Deferred tax assets:		
Net operating losses	**$95,256**	$95,700
Accounts payable and accrued liabilities	**1,771**	2,531
	97,027	98,231
Deferred tax liabilities:		
Real estate assets	**(118,655)**	(226,774)
Equity accounted investments	**(32,718)**	(83,796)
Other assets	**(439)**	(442)
	(151,812)	(311,012)
Deferred tax liability	**($54,785)**	($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 $158.0 million from $212.8 million as at December 31, 2025 to $54.8 million as at September 30, 2026 primarily due to fair value adjustments on real estate assets, partially offset by the strengthening of the U.S. dollar.

UNITHOLDERS' EQUITY

Unitholders' equity decreased by $465.3 million from approximately $4,135.7 million as at December 31, 2025 to approximately $3,670.4 million as at September 30, 2026, primarily due to the following: (i) net loss during the nine months ended September 30, 2026, mainly resulting from fair value adjustments on real estate assets; and (ii) distributions to unitholders. 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 nine months ended September 30, 2026.

Unitholders' Equity per Unit and NAV per Unit	**September 30**	December 31
(in thousands except for per Unit amounts)	**2026**	2025
Unitholders' equity	**$3,670,397**	$4,135,718
Exchangeable units	**147,263**	157,968
Deferred tax liability	**54,785**	212,781
Total	**$3,872,445**	$4,506,467
Units outstanding	**264,637**	264,558
Exchangeable units outstanding	**15,372**	15,442
Total	**280,009**	280,000
Unitholders' equity per Unit[(1)]	**$13.87**	$15.63
NAV per Unit[(2)]	**$13.83**	$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.

Unitholders' equity per Unit and NAV per Unit decreased by $1.76 and $2.26, respectively, from December 31, 2025 to September 30, 2026, primarily due to fair value adjustments on real estate assets.

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 September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
For each U.S. $1.00	**$1.41 CAD**	$1.38 CAD	**$1.39 CAD**	$1.40 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 September 30, 2026 and September 30, 2025:

	Three months ended September 30, 2026			Three months ended September 30, 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	**$171,799**	**$22,057**	**$193,856**	$201,728	$40,723	$242,451
Property operating costs	**(55,082)**	**(8,875)**	**(63,957)**	(62,541)	(10,799)	(73,340)
Net operating income	**116,717**	**13,182**	**129,899**	139,187	29,924	169,111
Net income (loss) from equity accounted investments	**(68,086)**	**68,085**	**(1)**	(46,014)	46,021	7
Finance costs - operations	**(37,263)**	**(7,947)**	**(45,210)**	(51,463)	(12,006)	(63,469)
Finance income	**5,945**	**407**	**6,352**	3,923	502	4,425
Trust expenses, net	**(2,564)**	**(11,843)**	**(14,407)**	(4,769)	(1,173)	(5,942)
Fair value adjustment on financial instruments	**26,641**	**(4)**	**26,637**	(12,159)	(289)	(12,448)
Fair value adjustment on real estate assets	**(652,364)**	**(61,357)**	**(713,721)**	(419,543)	(62,623)	(482,166)
Loss on sale of real estate assets, net of related costs	**(1,740)**	**(500)**	**(2,240)**	(389)	(69)	(458)
Loss on foreign exchange	**—**	**—**	**—**	—	(29)	(29)
Transaction costs	**(14,995)**	**(2)**	**(14,997)**	(1,590)	—	(1,590)
Net income (loss) before income taxes and non-controlling interest	**(627,709)**	**21**	**(627,688)**	(392,817)	258	(392,559)
Income tax (expense) recovery	**130,430**	**(20)**	**130,410**	69,949	(39)	69,910
Net income (loss) before non-controlling interest	**(497,279)**	**1**	**(497,278)**	(322,868)	219	(322,649)
Non-controlling interest	**—**	**(1)**	**(1)**	—	(219)	(219)
Net loss	**(497,279)**	**—**	**(497,279)**	(322,868)	—	(322,868)
Other comprehensive income (loss):						
Items that are or may be reclassified subsequently to net loss	**(7,977)**	**—**	**(7,977)**	99,678	—	99,678
Total comprehensive loss attributable to unitholders	**($505,256)**	**$—**	**($505,256)**	($223,190)	$—	($223,190)

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

The following table reconciles the REIT's Results of Operations from the REIT's Financial Statements to the REIT's proportionate share for the nine months ended September 30, 2026 and September 30, 2025:

	Nine months ended September 30, 2026			Nine months ended September 30, 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	**$525,832**	**$73,344**	**$599,176**	$611,378	$123,860	$735,238
Property operating costs	**(206,236)**	**(24,348)**	**(230,584)**	(245,402)	(34,895)	(280,297)
Net operating income	**319,596**	**48,996**	**368,592**	365,976	88,965	454,941
Net income (loss) from equity accounted investments	**(64,115)**	**64,010**	**(105)**	(29,316)	29,364	48
Finance costs - operations	**(120,380)**	**(23,635)**	**(144,015)**	(154,682)	(36,496)	(191,178)
Finance income	**16,813**	**1,242**	**18,055**	9,844	1,260	11,104
Trust expenses, net	**(15,837)**	**(12,814)**	**(28,651)**	(15,495)	(4,892)	(20,387)
Fair value adjustment on financial instruments	**10,094**	**91**	**10,185**	(42,282)	(402)	(42,684)
Fair value adjustment on real estate assets	**(776,262)**	**(76,913)**	**(853,175)**	(752,897)	(77,363)	(830,260)
Gain (loss) on sale of real estate assets, net of related costs	**(10,694)**	**(502)**	**(11,196)**	(1,200)	1,496	296
Gain (loss) on foreign exchange	**—**	**1**	**1**	—	(879)	(879)
Transaction costs	**(14,995)**	**(259)**	**(15,254)**	(10,259)	—	(10,259)
Net income (loss) before income taxes and non-controlling interest	**(655,780)**	**217**	**(655,563)**	(630,311)	1,053	(629,258)
Income tax (expense) recovery	**160,766**	**(84)**	**160,682**	89,055	(147)	88,908
Net income (loss) before non-controlling interest	**(495,014)**	**133**	**(494,881)**	(541,256)	906	(540,350)
Non-controlling interest	**—**	**(133)**	**(133)**	—	(906)	(906)
Net loss	**(495,014)**	**—**	**(495,014)**	(541,256)	—	(541,256)
Other comprehensive income (loss):						
Items that are or may be reclassified subsequently to net loss	**121,435**	**—**	**121,435**	(162,276)	—	(162,276)
Total comprehensive loss attributable to unitholders	**($373,579)**	**$—**	**($373,579)**	($703,532)	$—	($703,532)

(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 21-month period ended September 30, 2026. It excludes acquisitions, dispositions, and transfers of investment properties to or from properties under development during the 21-month period ended September 30, 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 September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Rentals from investment properties	**$171,799**	$201,728	($29,929)	**$525,832**	$611,378	($85,546)
Property operating costs	**(55,082)**	(62,541)	7,459	**(206,236)**	(245,402)	39,166
Net operating income per the REIT's Financial Statements	**116,717**	139,187	(22,470)	**319,596**	365,976	(46,380)
Adjusted for:						
Net operating income from equity accounted investments[(1)]	**13,182**	29,924	(16,742)	**48,996**	88,965	(39,969)
Straight-lining of contractual rent at the REIT's proportionate share[(1)]	**49,762**	(3,095)	52,857	**59,070**	(10,614)	69,684
Realty taxes in accordance with IFRIC 21 at the REIT's proportionate share[(1)(2)]	**(11,797)**	(16,593)	4,796	**10,670**	15,781	(5,111)
Net operating income (cash basis) from Transactions at the REIT's proportionate share[(1)]	**(86,475)**	(67,028)	(19,447)	**(186,859)**	(202,268)	15,409
Same-Property net operating income (cash basis)[(1)]	**$81,389**	$82,395	($1,006)	**$251,473**	$257,840	($6,367)

(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 nine months ended September 30, 2026 is as follows: (i) Residential: $9,602; (ii) Industrial: nil; (iii) Office: $87; and (iv) Retail: $981. 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 nine months ended September 30, 2025 is as follows: (i) Residential: $10,228; (ii) Industrial: nil; (iii) Office: $3,482; and (iv) Retail: $2,071.

The average exchange rate for the three months ended September 30, 2026 was $1.41 for each U.S. $1.00 (September 30, 2025 - $1.38), which positively impacted net operating income. The average exchange rate for the nine months ended September 30, 2026 was $1.39 for each U.S. $1.00 (September 30, 2025 - $1.40), which negatively impacted net operating income.

Refer to the *"Completion of $2.1 Billion of Property Sales To Date in 2026"* section of this MD&A for the contribution to net operating income from properties sold during the three and nine months ended September 30, 2026 compared to the respective 2025 periods.

Net operating income per the REIT's Financial Statements decreased by $22.5 million and $46.4 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to the sale of $1.7 billion of real estate assets completed during the nine months ended September 30, 2026.

Net operating income from equity accounted investments decreased by $16.7 million and $40.0 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to the sale of H&R's non-managing 33.1% ownership interest in ECHO in Q1 2026.

Straight-lining of contractual rent at the REIT's proportionate share decreased by $52.9 million and $69.7 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to H&R recording a non-cash adjustment to straight-lining of contractual rent in Q3 2026, in accordance with IFRS 16, *Leases* ("IFRS 16"), of ($47.3) million to write off the remaining accrued rent receivable relating to the termination of Bell Canada's lease at 200 Bouchard in August 2026. In addition, straight-lining of contractual rent at the REIT's proportionate share further decreased for the nine months ended September 30, 2026 compared to the respective 2025 period due to a non-cash adjustment to straight-lining of contractual rent of ($15.7) million, relating to the 200 Bouchard First Lease Termination Payment (as defined in the "Leasing Update" section below).

Realty taxes in accordance with IFRIC 21 at the REIT's proportionate share changed by $4.8 million and ($5.1) million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to the sale of $1.7 billion of real estate assets completed during the nine months ended September 30, 2026.

Same-Property net operating income (cash basis) decreased by $1.0 million and $6.4 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, mainly resulting from H&R's office segment, 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, partially offset by contractual rental escalations at a U.S. office property.

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 27 residential properties in select markets in the United States. As at September 30, 2026, the portfolio comprised of 9,032 residential rental units, at H&R's ownership interest.

The Industrial segment consists of 64 industrial properties in Canada and one industrial property in the United States comprising 8.4 million square feet, at H&R's ownership interest, with an average lease term to maturity of 4.8 years as at September 30, 2026.

The Office segment, excluding the Bow and 100 Wynford, consists of seven office properties in Canada and two office properties in select markets in the United States, comprising 2.3 million square feet, at H&R's ownership interest, with an average lease term to maturity of 5.3 years as at September 30, 2026. The Office portfolio is leased to creditworthy tenants with 87.6% 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 8.9 years as at September 30, 2026.

Further disclosure of segment information for net operating income can be found in note 21 of the REIT's Financial Statements.

Net Operating Income by Segment

	Net operating income						Occupancy	
	Three months ended September 30			Nine months ended September 30			As at September 30	
(in thousands of Canadian dollars)	**2026**	2025	$ Change	**2026**	2025	$ Change	**2026**	2025
Operating Segment:								
Residential	**$50,236**	$51,030	($794)	**$116,861**	$117,852	($991)	**91.9%**	93.2%
Industrial	**17,695**	17,596	99	**56,123**	56,217	(94)	**91.1%**	90.1%
Office	**55,376**	71,749	(16,373)	**172,426**	202,588	(30,162)	**89.0%**	96.9%
Retail	**6,592**	28,736	(22,144)	**23,182**	78,284	(55,102)	**89.4%**	97.0%
The REIT's proportionate share[(1)]	**129,899**	169,111	(39,212)	**368,592**	454,941	(86,349)	**91.0%**	93.4%
Less: equity accounted investments	**(13,182)**	(29,924)	16,742	**(48,996)**	(88,965)	39,969	**79.9%**	97.3%
The REIT's Financial Statements	**$116,717**	$139,187	($22,470)	**$319,596**	$365,976	($46,380)	**92.0%**	92.7%
Geographic Location:								
Canada	**61,182**	68,639	($7,457)	**186,329**	209,770	($23,441)	**89.7%**	92.3%
United States	**68,717**	100,472	(31,755)	**182,263**	245,171	(62,908)	**92.3%**	94.5%
The REIT's proportionate share[(1)]	**129,899**	169,111	(39,212)	**368,592**	454,941	(86,349)	**91.0%**	93.4%
Less: equity accounted investments	**(13,182)**	(29,924)	16,742	**(48,996)**	(88,965)	39,969	**79.9%**	97.3%
The REIT's Financial Statements	**$116,717**	$139,187	($22,470)	**$319,596**	$365,976	($46,380)	**92.0%**	92.7%

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

The average exchange rate for the three months ended September 30, 2026 was $1.41 for each U.S. $1.00 (September 30, 2025 - $1.38), which positively impacted net operating income. The average exchange rate for the nine months ended September 30, 2026 was $1.39 for each U.S. $1.00 (September 30, 2025 - $1.40), which negatively impacted net operating income.

Net operating income from residential properties decreased by $0.8 million and $1.0 million for the three and nine months ended September 30, 2026 compared to the respective 2025 periods. Excluding the non-cash impact of IFRIC 21 applied to realty taxes, as well as the impact of foreign exchange, net operating income decreased primarily due to the following: (i) a $1.4 million property tax accrual at H&R's 31.2% ownership interest at Shoreline in Long Beach, CA in Q3 2026 relating to reassessments for years 2020 to 2024 ("Shoreline Tax Reassessment Accrual"); and (ii) a decrease in rental income from H&R's sun belt properties as a result of higher concessions and lower market rents. This was partially offset by the following: (i) lease-up of Lantower West Love and Lantower Midtown, both in Dallas, TX; (ii) rental growth from Jackson Park in Long Island City, NY; and (iii) a decrease in operating expenses from H&R's sun belt properties including property taxes, insurance and management fees.

Net operating income from industrial properties changed by $0.1 million and ($0.1) million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to lease commencements at 6900 Maritz Drive in Mississauga, ON in January 2026 and 560 Slate Drive, in Mississauga, ON in March 2026, partially offset by a decrease in occupancy during the 21-months ended September 30, 2026, from 98.9% as at December 31, 2024 to 91.1% as at September 30, 2026. Included in the three and nine months ended September 30, 2026 is an adjustment to straight-lining of contractual rent of approximately ($0.8 million) in order to write-off the remaining accrued rent receivable relating to the Coast Lease Termination.

Net operating income from office properties decreased by $16.4 million and $30.2 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, 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 $22.1 million and $55.1 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, 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 September 30			Nine months ended September 30			As at September 30	
(in thousands of Canadian dollars)	**2026**	2025	$ Change	**2026**	2025	$ Change	**2026**	2025
Operating Segment:								
Residential	**$39,722**	$39,957	($235)	**$125,894**	$127,260	($1,366)	**93.5%**	93.2%
Industrial	**17,399**	17,266	133	**53,586**	54,076	(490)	**92.7%**	92.4%
Office	**18,993**	20,459	(1,466)	**57,163**	62,455	(5,292)	**89.0%**	97.7%
Retail	**5,275**	4,713	562	**14,830**	14,049	781	**89.4%**	88.2%
The REIT's proportionate share[1] (page 35)	**$81,389**	$82,395	($1,006)	**$251,473**	$257,840	($6,367)	**92.4%**	93.1%
Geographic Location:								
Ontario	**13,500**	15,849	($2,349)	**41,932**	50,688	($8,756)	**86.1%**	89.1%
Alberta	**6,827**	6,979	(152)	**21,239**	21,553	(314)	**99.8%**	99.8%
Other Canada	**3,069**	2,946	123	**9,130**	7,942	1,188	**100.0%**	100.0%
Total – Canada	**23,396**	25,774	(2,378)	**72,301**	80,183	(7,882)	**91.0%**	92.9%
United States	**57,993**	56,621	1,372	**179,172**	177,657	1,515	**93.7%**	93.3%
The REIT's proportionate share[1] (page 35)	**$81,389**	$82,395	($1,006)	**$251,473**	$257,840	($6,367)	**92.4%**	93.1%
United States in U.S. dollars:								
Residential	**28,128**	28,983	($855)	**90,572**	90,900	($328)	**93.5%**	93.2%
Industrial	**361**	353	8	**1,084**	1,046	38	**100.0%**	100.0%
Office	**8,855**	8,307	548	**26,576**	24,916	1,660	**97.6%**	97.6%
Retail	**3,745**	3,414	331	**10,669**	10,036	633	**89.4%**	88.2%
U.S. total in U.S. dollars	**$41,089**	$41,057	$32	**$128,901**	$126,898	$2,003	**93.7%**	93.3%

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

The average exchange rate for the three months ended September 30, 2026 was $1.41 for each U.S. $1.00 (September 30, 2025 - $1.38), which positively impacted Same-Property net operating income (cash basis). The average exchange rate for the nine months ended September 30, 2026 was $1.39 for each U.S. $1.00 (September 30, 2025 - $1.40), which negatively impacted Same-Property net operating income (cash basis).

Same-Property net operating income (cash basis) from residential properties in U.S. dollars decreased by $0.9 million and $0.3 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to the following: (i) the $1.4 million Shoreline Tax Reassessment Accrual; and (ii) a decrease in rental income from H&R's sun belt properties as a result of higher concessions and lower market rents. This was partially offset by the following: (i) lease-up of Lantower West Love and Lantower Midtown, both in Dallas, TX; (ii) rental growth from Jackson Park in Long Island City, NY; and (iii) a decrease in operating expenses from H&R's sun belt properties including property taxes, insurance and management fees.

Same-Property net operating income (cash basis) from industrial properties decreased by $0.5 million for the nine months ended September 30, 2026 compared to the respective 2025 period, primarily due to a decrease in occupancy (same-property) during the 21-months ended September 30, 2026, from 98.9% as at December 31, 2024 to 92.7% as at September 30, 2026, partially offset by rental rate growth.

Same-Property net operating income (cash basis) from office properties decreased by $1.5 million and $5.3 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, 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, partially offset by contractual rental escalations at a U.S. office property.

Same-Property net operating income (cash basis) from retail properties in U.S. dollars increased by $0.3 million and $0.6 million, respectively, for the three months ended September 30, 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 September 30		Nine months ended September 30	
(in thousands of Canadian dollars)	**2026**	2025	**2026**	2025
Net loss from equity accounted investments[1]	**($68,086)**	($46,014)	**($64,115)**	($29,316)
Realty taxes in accordance with IFRIC 21	**(1,148)**	(1,271)	**17**	1,253
Fair value adjustments on financial instruments and real estate assets	**61,361**	62,912	**76,822**	77,765
(Gain) loss on sale of real estate assets, net of related costs	**500**	69	**502**	(1,496)
(Gain) loss on foreign exchange	**—**	29	**(1)**	879
Transaction costs	**2**	—	**259**	—
Notional interest capitalization[2]	**788**	995	**3,325**	2,754
FFO from equity accounted investments[1]	**(6,583)**	16,720	**16,809**	51,839
Straight-lining of contractual rent	**(193)**	(378)	**(1,062)**	(930)
Rent amortization of tenant inducements	**1**	267	**107**	832
Capital expenditures	**(346)**	(2,128)	**(1,933)**	(4,131)
Leasing expenses and tenant inducements	**—**	(315)	**(302)**	(524)
AFFO from equity accounted investments[1]	**($7,121)**	$14,166	**$13,619**	$47,086

(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.

Included in trust expenses within equity accounted investments for the three and nine months ended September 30, 2026 is a provision of approximately $11.8 million at H&R's 50% ownership interest, relating to the estimated amount of cash outflows associated with a litigation matter at Jackson Park, in Long Island City, NY ("Jackson Park Litigation Accrual"). The final amount of the outflow is not yet known; however, the amount reflects management's best estimate of the expenditure to be incurred.

Net loss from equity accounted investments increased by $22.1 million and $34.8 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to a decrease in net operating income and the Jackson Park Litigation Accrual, partially offset by lower finance costs, as a result of the sale of H&R's non-managing 33.1% ownership interest in ECHO in Q1 2026.

FFO from equity accounted investments decreased by $23.3 million and $35.0 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to the following: (i) sale of H&R's non-managing 33.1% ownership interest in ECHO in Q1 2026; (ii) Jackson Park Litigation Accrual; and (iii) Shoreline Tax Reassessment Accrual.

AFFO from equity accounted investments decreased by $21.3 million and $33.5 million respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to the decrease in FFO noted above.

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 September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Finance costs – operations:						
Contractual interest on mortgages payable	**($11,944)**	($12,226)	$282	**($35,862)**	($38,441)	$2,579
Contractual interest on debentures payable	**(5,430)**	(7,261)	1,831	**(19,167)**	(28,952)	9,785
Contractual interest on unsecured term loans	**(2,477)**	(7,176)	4,699	**(7,960)**	(21,799)	13,839
Net effect of interest rate swaps on unsecured term loans	**339**	802	(463)	**879**	2,889	(2,010)
Bank interest and charges on lines of credit	**(4,807)**	(10,068)	5,261	**(15,658)**	(21,553)	5,895
Effective interest rate accretion[(1)]	**(804)**	(962)	158	**(2,636)**	(3,285)	649
Accretion finance expense on deferred revenue	**(11,942)**	(12,517)	575	**(36,267)**	(37,957)	1,690
Exchangeable unit distributions	**(769)**	(2,614)	1,845	**(5,398)**	(7,841)	2,443
Provision for expected credit loss	**—**	—	—	**—**	(268)	268
	(37,834)	(52,022)	14,188	**(122,069)**	(157,207)	35,138
Capitalized interest	**571**	559	12	**1,689**	2,525	(836)
	(37,263)	(51,463)	14,200	**(120,380)**	(154,682)	34,302
Finance income	**5,945**	3,923	2,022	**16,813**	9,844	6,969
Fair value adjustment on financial instruments	**26,641**	(12,159)	38,800	**10,094**	(42,282)	52,376
	($4,677)	($59,699)	$55,022	**($93,473)**	($187,120)	$93,647

(1) In addition, H&R's share of effective interest rate accretion from equity accounted investments for the three months ended September 30, 2026 and 2025 was ($313) and ($439), respectively. H&R's share of effective interest rate accretion from equity accounted investments for the nine months ended September 30, 2026 and 2025 was ($979) and ($1,386), respectively.

The decrease in contractual interest on mortgages payable of $0.3 million and $2.6 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods is primarily due to monthly principal repayments and mortgages repaid.

The decrease in contractual interest on debentures payable of $1.8 million and $9.8 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods is primarily due to the repayment of the $250.0 million Series R Senior Debentures in June 2026, which bore interest at 2.91%. Contractual interest on debentures payable for the nine months ended September 30, 2026 compared to the respective 2025 period further decreased 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 $4.7 million and $13.8 million, respectively, partially offset by the increase in net effect of interest rate swaps on unsecured term loans of $0.5 million and $2.0 million for the three and nine months ended September 30, 2026 compared to the respective 2025 periods is primarily due to the repayment of $250.0 million and $125.0 million unsecured term loans as well as the settlement of the respective interest rate swaps, both in January 2026, which bore interest at 4.14% and 5.19%, respectively.

The decrease in bank interest and charges on lines of credit of $5.3 million and $5.9 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods is primarily due to proceeds from dispositions being used to repay revolving unsecured operating lines of credit resulting in less interest costs incurred as well as lower interest rates.

The accretion finance expense on deferred revenue for the three and nine months ended September 30, 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 decrease in exchangeable unit distributions of $1.8 million and $2.4 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods is primarily due to no distributions being declared for August 2026

and September 2026 as part of the Arrangement Transaction, as well as exchangeable units being exchanged into Units throughout the 21-month period ended September 30, 2026.

The increase in finance income of $2.0 million and $7.0 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods 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 $26.6 million and $10.1 million, respectively, for the three and nine months ended September 30, 2026 is due to: (i) the unrealized gain on fair value of exchangeable units of $21.5 million and $9.9 million, respectively, 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 gain on derivative instruments of $5.1 million and $0.2 million, respectively, which is further described in the *"Derivative Instruments"* section of this MD&A.

Trust Expenses, Net

	Three months ended September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
General expenses	**($7,142)**	($7,016)	($126)	**($25,000)**	($24,635)	($365)
Fees earned	**4,033**	4,894	(861)	**13,069**	18,088	(5,019)
Unit-based compensation expense	**(1,433)**	(1,366)	(67)	**(4,131)**	(4,520)	389
Fair value adjustment to unit-based compensation	**1,978**	(1,281)	3,259	**225**	(4,428)	4,653
Trust expenses, net	**($2,564)**	($4,769)	$2,205	**($15,837)**	($15,495)	($342)

Included in trust expenses for the nine months ended September 30, 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.

Fees earned decreased by $0.9 million and $5.0 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to H&R earning less fees from the REDT JV LP as the two development properties were substantially completed and transferred from properties under development to investment properties in September 2026. Fees earned include property management fees, leasing fees, financing fees and construction fees relating to properties either co-owned or owned by third parties. The timing of certain fees earned are impacted by property and development activity.

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 September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Operating Segment:						
Residential	**($329,207)**	($21,456)	($307,751)	**($383,877)**	($59,699)	($324,178)
Industrial	**(139,148)**	(5,888)	(133,260)	**(127,627)**	(68,996)	(58,631)
Office	**(74,316)**	(297,815)	223,499	**(238,780)**	(436,599)	197,819
Retail	**(31,196)**	(82,774)	51,578	**(33,464)**	(84,815)	51,351
Land and properties under development	**(139,854)**	(74,233)	(65,621)	**(69,427)**	(180,151)	110,724
Fair value adjustment on real estate assets per the REIT's proportionate share[(1)]	**(713,721)**	(482,166)	(231,555)	**(853,175)**	(830,260)	(22,915)
Less: equity accounted investments	**61,357**	62,623	(1,266)	**76,913**	77,363	(450)
Fair value adjustment on real estate assets per the REIT's Financial Statements	**($652,364)**	($419,543)	($232,821)	**($776,262)**	($752,897)	($23,365)

(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 and nine months ended September 30, 2026, H&R recorded fair value adjustments on real estate assets as a result of following the REIT's regular internal valuation process. The outcome of this process was then considered in connection with the Arrangement Transaction and in conjunction with a financial fairness opinion received from CIBC World Markets Inc. as well as a financial fairness opinion and formal valuation received from National Bank of Canada Capital Markets, which were both provided to H&R's Board of Trustees.

The largest adjustments recorded were in the residential segment given the continued market softness and lingering supply pressure in the multi-family space whereby H&R increased its weighted average capitalization rate by 30 basis points as well as revised its valuation assumptions to reflect higher rent concessions. Furthermore, rising U.S. Treasury yields has also created downward pressure on valuations given the increase in borrowing costs. This has also put downward pressure on H&R's land parcels held for future development in the United States.

The adjustments made within the industrial segment reflect valuation adjustments based on the contractual sales price approach given that as at September 30, 2026, there was an agreement of purchase and sale for cash consideration. Management views such values to be representative of an orderly transaction between market participants. These adjustments take in account leasing uncertainty, vacancy risk and the potential implications of the ongoing trade tensions between Canada and United States.

Fair value adjustments were made to certain office properties to reflect increased leasing uncertainty and vacancy risk. H&R's largest office property by fair value and square footage is Two Gotham Center in Long Island City, NY. The New York City Department of Health and Mental Hygiene occupies 660,431 square feet with their lease expiring in 2030. The leasing risk at the property was incorporated into the future cash flow assumptions in the discounted cash flow model.

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 September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Loss on sale of real estate assets, net of related costs	**($1,740)**	($389)	($1,351)	**($10,694)**	($1,200)	($9,494)

The loss on sale of real estate assets, net of related costs of $10.7 million for the nine months ended September 30, 2026 is primarily due to commissions and legal fees incurred relating to the sale of $1.7 billion of real estate assets completed during the nine months ended September 30, 2026.

Refer to the *"Completion of $2.1 Billion of Property Sales To Date in 2026, and "Investment Properties"* sections of this MD&A for further details on real estate asset dispositions.

Transaction Costs	Three months ended September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Transaction costs	**($14,995)**	($1,590)	($13,405)	**($14,995)**	($10,259)	($4,736)

During the three and nine months ended September 30, 2026, H&R incurred $15.0 million relating to the Arrangement Transaction announced on August 11, 2026. The costs primarily consisted of legal, accounting and advisor fees. Refer to the *Next Steps to Drive Unitholder Value and Governance Enhancements"* section of this MD&A for further information.

During the three and nine months ended September 30, 2025, H&R incurred $1.6 million and $10.3 million, respectively, in transaction costs relating to the 2025 strategic review process, which primarily consisted of legal and advisor fees for the REIT and a special committee of independent Trustees formed in February 2025 ("Special Committee") to review and consider strategic alternatives after receiving an unsolicited expression of interest. During 2025, the Special Committee engaged with the interested parties. Ultimately, the prices and terms proposed were not acceptable to the Special Committee and the Special Committee was dissolved in November 2025.

Income Tax Recovery	Three months ended September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Current U.S. income tax expense	**(427)**	(471)	44	**(1,494)**	(1,395)	(99)
Deferred income tax recovery applicable to U.S. Holdco	**130,857**	70,420	60,437	**162,260**	90,450	71,810
Income tax recovery in the determination of net loss	**$130,430**	$69,949	$60,481	**$160,766**	$89,055	$71,711

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 $60.4 million and $71.8 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, 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 tax relating to items recognized in equity are also recognized in equity. As at September 30, 2026, H&R had net deferred tax liabilities of $54.8 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 September 30		Nine months ended September 30	
(in thousands of Canadian dollars except per Unit amounts)	**2026**	2025	**2026**	2025
Net loss per the REIT's Financial Statements	**($497,279)**	($322,868)	**($495,014)**	($541,256)
Realty taxes in accordance with IFRIC 21	**(10,649)**	(15,322)	**10,653**	14,528
FFO adjustments from equity accounted investments (page 39)	**61,503**	62,734	**80,924**	81,155
Exchangeable unit distributions	**769**	2,614	**5,398**	7,841
Provision for expected credit loss	**—**	—	**—**	268
Fair value adjustments on financial instruments and real estate assets	**625,723**	431,702	**766,168**	795,179
Fair value adjustment to unit-based compensation	**(1,978)**	1,281	**(225)**	4,428
Loss on sale of real estate assets, net of related costs	**1,740**	389	**10,694**	1,200
Transaction costs	**14,995**	1,590	**14,995**	10,259
Deferred income tax recovery applicable to U.S. Holdco	**(130,857)**	(70,420)	**(162,260)**	(90,450)
Incremental leasing costs	**613**	585	**1,838**	1,746
The Bow and 100 Wynford non-cash rental income and accretion adjustments	**(11,970)**	(11,187)	**(35,211)**	(32,898)
FFO[1]	**$52,610**	$81,098	**$197,960**	$252,000
Straight-lining of contractual rent	**49,955**	(2,717)	**60,132**	(9,684)
Rent amortization of tenant inducements	**314**	1,112	**1,470**	3,391
Capital expenditures	**(4,074)**	(11,990)	**(16,653)**	(32,196)
Leasing expenses and tenant inducements	**(210)**	(108)	**(1,421)**	(1,363)
Incremental leasing costs	**(613)**	(585)	**(1,838)**	(1,746)
AFFO adjustments from equity accounted investments (page 39)	**(538)**	(2,554)	**(3,190)**	(4,753)
AFFO[1]	**$97,444**	$64,256	**$236,460**	$205,649
Basic and diluted weighted average number of Units and exchangeable units (in thousands of Units)[2]	**280,009**	279,990	**280,007**	279,990
FFO per basic and diluted Unit[3]	**$0.188**	$0.290	**$0.707**	$0.900
AFFO per basic and diluted Unit[3]	**$0.348**	$0.229	**$0.844**	$0.734
Cash distributions per Unit	**$0.050**	$0.150	**$0.350**	$0.450
Payout ratio as a % of FFO[3]	**26.6%**	51.7%	**49.5%**	50.0%
Payout ratio as a % of AFFO[3]	**14.4%**	65.5%	**41.5%**	61.3%

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

(2) For the three and nine months ended September 30, 2026, included in the weighted average and diluted weighted average number of Units are exchangeable units of 15,371,962 and 15,415,354, respectively. For the three and nine months ended September 30, 2025, included in the weighted average and diluted weighted average number of Units are exchangeable units of 17,424,186 and 17,440,303, respectively.

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

Refer to the *"Completion of $2.1 Billion of Property Sales To Date in 2026"* section of this MD&A for the contribution to FFO from properties sold during the three and nine months ended September 30, 2026 compared to the respective 2025 periods.

FFO decreased by $28.5 million and $54.0 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to a decrease in net operating income (excluding the non-cash impact of IFRIC 21 applied to realty taxes at the REIT's proportionate share), mainly as a result of property dispositions, as well as an increase in trust expenses within equity accounted investments due to the Jackson Park Litigation Accrual. 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.

Included in AFFO for the three and nine months ended September 30, 2026 is the add back of straight-lining of contractual rent relating to the 200 Bouchard Second Lease Termination Payment as well as the 200 Bouchard First Lease Termination Payment for the nine months ended September 30, 2026, equating to approximately $0.17 per Unit and $0.23 per Unit for each respective period. Excluding this straight-lining of contractual rent adjustment, AFFO decreased by $14.1 million and $32.2 million for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to the decrease in FFO noted above, partially offset by lower capital expenditures.

Cash distributions per Unit decreased by $0.10 per Unit for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, due to the Arrangement Transaction announced in August 2026 with H&R stating that it will pay the distribution declared in July 2026 and payable in August 2026 as scheduled. No distributions were declared for the months of August, September and October 2026. However, in November 2026, H&R announced that it would reinstate monthly distributions and would declare an additional monthly distribution to compensate for the months of August, September and October 2026 where no distributions were declared as a result of the terms of the Arrangement Agreement.

Included in FFO are the following items at the REIT's proportionate share (a non-GAAP measure, refer to the *"Non-GAAP Measures"* section of this MD&A) which can be a source of variances between periods:

	Three months ended September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Lease termination fees	**$56,127**	$66	$56,061	**$71,796**	$560	$71,236
Adjustments to straight-lining of contractual rent	**(48,036)**	—	(48,036)	**(63,778)**	—	(63,778)
Jackson Park Litigation Accrual	**(11,815)**	—	(11,815)	**(11,815)**	—	(11,815)
Shoreline Tax Reassessment Accrual	**(1,891)**	—	(1,891)	**(1,891)**	—	(1,891)
	($5,615)	$66	($5,681)	**($5,688)**	$560	($6,248)

Excluding the above items, FFO would have been $58.2 million for the three months ended September 30, 2026 (September 30, 2025 - $81.0 million) and $0.208 per basic and diluted Unit (September 30, 2025 - $0.289 per basic and diluted Unit). For the nine months ended September 30, 2026, FFO would have been $203.6 million (September 30, 2025 - $251.4 million) and $0.727 per basic and diluted Unit (September 30, 2025 - $0.898 per basic and diluted Unit).

Included in AFFO are the following items at the REIT's proportionate share (a non-GAAP measure, refer to the *"Non-GAAP Measures"* section of this MD&A) which can be a source of variances between periods:

	Three months ended September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Lease termination fees	**$56,127**	$66	$56,061	**$71,796**	$560	$71,236
Jackson Park Litigation Accrual	**(11,815)**	—	(11,815)	**(11,815)**	—	(11,815)
Shoreline Tax Reassessment Accrual	**(1,891)**	—	(1,891)	**(1,891)**	—	(1,891)
Capital Expenditure Settlement	**3,654**	—	3,654	**3,654**	—	3,654
	$46,075	$66	$46,009	**$61,744**	$560	$61,184

Excluding the above items, AFFO would have been $51.4 million for the three months ended September 30, 2026 (September 30, 2025 - $64.2 million) and $0.183 per basic and diluted Unit (September 30, 2025 - $0.229 per basic and diluted Unit). For the nine months ended September 30, 2026, AFFO would have been $174.7 million (September 30, 2025 - $205.1 million) and $0.624 per basic and diluted Unit (September 30, 2025 - $0.732 per basic and diluted Unit).

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 September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Residential:						
Capital expenditures	**$2,013**	$11,666	($9,653)	**$13,780**	$31,106	($17,326)
Leasing expenses and tenant inducements	**—**	122	(122)	**26**	122	(96)
Industrial:						
Capital expenditures	**356**	603	(247)	**1,058**	752	306
Leasing expenses and tenant inducements	**230**	64	166	**1,001**	487	514
Office:						
Capital expenditures	**2,051**	384	1,667	**2,492**	1,220	1,272
Leasing expenses and tenant inducements	**(20)**	44	(64)	**420**	852	(432)
Retail:						
Capital expenditures	**—**	1,465	(1,465)	**1,256**	3,249	(1,993)
Leasing expenses and tenant inducements	**—**	193	(193)	**276**	426	(150)
Total at the REIT's proportionate share[(1)]	**4,630**	14,541	(9,911)	**20,309**	38,214	(17,905)
Less: equity accounted investments	**(346)**	(2,443)	2,097	**(2,235)**	(4,655)	2,420
Total per the REIT's Financial Statements[(2)]	**$4,284**	$12,098	($7,814)	**$18,074**	$33,559	($15,485)

(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.

Included in capital expenditures in the Residential segment for the three and nine months ended September 30, 2026 is a reversal of approximately $3.7 million of settlement proceeds ("Capital Expenditure Settlement") received relating to a subfloor deficiency claim, whereby H&R had incurred capital expenditures in prior years to remediate the defect, and the settlement proceeds received offset those previously incurred costs. Excluding the Capital Expenditure Settlement, capital expenditures spent in the Residential segment for the three and nine months ended September 30, 2026 included the following: (i) $2.6 million and $5.8 million, respectively, relating to capital turn expenses across all properties including interior painting, flooring, and HVAC replacements; (ii) $1.0 million and $5.2 million, respectively, 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) $2.1 million and $6.5 million, respectively, relating to asset preservation projects including exterior painting at two of H&R's properties, clubhouse improvements at several properties, along with landscaping across H&R's portfolio.

Capital expenditures spent in the Office segment for the three and nine months ended September 30, 2026 included $1.7 million relating to a full roof replacement at H&R's two office properties in Sydney, NS.

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 September 30 2026**	**Nine months ended September 30 2026**	Year ended December 31 2025	Year ended December 31 2024
Cash provided by operations	**$116,985**	**$235,643**	$188,430	$274,070
Net loss	**(497,279)**	**(495,014)**	(791,564)	(119,714)
Distributions to unitholders	**13,232**	**92,605**	157,639	188,623
Excess cash provided by operations over total distributions	**103,753**	**143,038**	30,791	85,447
Shortfall of net loss over total distributions	**(510,511)**	**(587,619)**	(949,203)	(308,337)

Cash provided by operations exceeded distributions for all 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 September 30			Nine months ended September 30		
(in thousands of Canadian dollars)	**2026**	2025	Change	**2026**	2025	Change
Cash and cash equivalents, beginning of period	**$59,129**	$60,095	($966)	**$52,137**	$100,354	($48,217)
Cash flows from operations	**116,985**	59,406	57,579	**235,643**	163,581	72,062
Cash flows from (used for) investing	**125,650**	(44,058)	169,708	**1,121,176**	(48,328)	1,169,504
Cash flows used for financing	**(219,315)**	(18,323)	(200,992)	**(1,326,507)**	(158,487)	(1,168,020)
Cash and cash equivalents, end of period	**$82,449**	$57,120	$25,329	**$82,449**	$57,120	$25,329

Cash flows from operations increased by $57.6 million and $72.1 million, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to the timing of payments related to working capital balances.

Cash flows from (used for) investing increased by approximately $169.7 million and $1.2 billion, respectively, for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to proceeds received from retail and office property sales completed in 2026.

Cash flows used for financing decreased by approximately $201.0 million and $1.2 billion for the three and nine months ended September 30, 2026 compared to the respective 2025 periods, primarily due to the REIT using proceeds from dispositions in 2026 to repay corporate debt.

Funding of Future Commitments and Debt Profile

As at September 30, 2026, H&R had cash and cash equivalents of $82.4 million, $882.1 million available under its unused lines of credit and an unencumbered property pool of approximately $2.8 billion.

The following summarizes the estimated loan to value ratios on investment properties and properties under development for which mortgages mature over the next six 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][2]	3	$200,897	3.5%	$255,600	79%
2027	9	313,856	4.3%	750,663	42%
2028	12	510,323	4.1%	929,371	55%
2029	3	87,092	3.5%	171,297	51%
2030	1	49,400	3.5%	96,730	51%
2031	0	—	—%	—	—%
	28	$1,161,568	4.0%	$2,203,661	53%

(1) For the balance of the year.

(2) In October 2026, H&R repaid one mortgage with a balance on maturity as at September 30, 2026 of $126.3 million, using a portion of the proceeds from the Caledon Lands sale.

The mortgages outstanding as at September 30, 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 1.4 years (December 31, 2025 - 2.1 years). As at September 30, 2026, the non-recourse mortgages to total mortgages ratio was 60.7% (December 31, 2025 - 60.4%).

					September 30 2026	December 31 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[1]	2.91%	3.00%	$—	**$—**	$249,902
Series S Senior Debentures	February 19, 2027	2.63%	2.72%	300,000	**299,905**	299,725
Series T Senior Debentures	February 28, 2029	5.46%	5.56%	250,000	**249,374**	249,209
		3.92%	4.01%	$550,000	**$549,279**	$798,836

(1) In June 2026, the REIT repaid all of its outstanding Series R senior debentures upon maturity for a cash payment of $250.0 million.

Unsecured Term Loans		**September 30**	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	($46,000)	$—	$104,000
Revolving unsecured line of credit	December 14, 2027	230,000	—	—	230,000
Revolving unsecured line of credit	December 14, 2029	520,000	—	(145)	519,855
Revolving unsecured letter of credit facility		60,000	—	(31,796)	28,204
Sub-total		960,000	(46,000)	(31,941)	882,059
Non-revolving secured operating line of credit[1]					
REIT and CrestPSP non-revolving secured line of credit	March 14, 2027	271,143	(271,143)	—	—
September 30, 2026		**$1,231,143**	**($317,143)**	**($31,941)**	**$882,059**
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 September 30, 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 September 30, 2026 of material contractual obligations including payments due for the next six years and thereafter:

	Payments Due by Period					
Contractual Obligations[1] **(in thousands of Canadian dollars)**	2026[2][3]	2027	2028	2029-2030	2031 and thereafter	Total
Mortgages payable[4]	$208,636	$332,920	$521,337	$139,355	$—	$1,202,248
Senior debentures	—	300,000	—	250,000	—	550,000
Unsecured term loans	—	250,000	—	—	—	250,000
Lines of credit	—	317,143	—	—	—	317,143
Committed Developments[5]	11,224	—	—	—	—	11,224
Total contractual obligations	$219,860	$1,200,063	$521,337	$389,355	$—	$2,330,615

(1) The amounts in the table above are the principal amounts due under the contractual agreements.
(2) For the balance of the year.
(3) In October 2026, H&R repaid one mortgage with a balance on maturity as at September 30, 2026 of $126.3 million, using a portion of the proceeds from the Caledon Lands sale.
(4) Non-recourse mortgages to total mortgages ratio is 60.7%.
(5) Committed Developments consists of the REDT Projects.

Capital Resources

As at September 30, 2026, H&R had cash and cash equivalents of $82.4 million and amounts available under its lines of credit totalling $882.1 million. Subject to market conditions, management expects to be able to meet all of the REIT's ongoing contractual obligations. As at September 30, 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 September 30, 2026, H&R had 43 unencumbered properties (including properties under development), with a fair value of approximately $2.8 billion. As at September 30, 2026, H&R had two properties valued at approximately $172.9 million which are encumbered with mortgages totalling $39.3 million. In this pool of assets, the average loan to value ratio is 22.7%, the minimum loan to value ratio is 22.5% and the maximum loan to value ratio is 22.7%. The weighted average remaining term to maturity of this pool of mortgages is 0.4 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 September 30, 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

(a) In the normal course of operations, H&R has issued letters of credit in connection with developments, financings, operations and acquisitions. As at September 30, 2026, H&R had outstanding letters of credit totalling $31.9 million (December 31, 2025 - $34.5 million), including $20.0 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.

(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 September 30, 2026, the estimated amount of debt subject to such guarantees, and therefore the maximum exposure to credit risk, was $63.4 million, which expires in 2027 (December 31, 2025 - $94.3 million – which expire between 2027 and 2030). In October 2026, the REIT was released from $2.7 million of these guarantees.

In addition, the REIT provides guarantees on behalf of the co-owners of certain Primaris REIT's properties. As at September 30, 2026, the estimated amount of debt subject to such guarantees, and therefore the maximum exposure to credit risk, was $63.4 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. In October 2026, the REIT was released from $2.7 million of these guarantees.

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. $136.2 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 September 30, 2026, the balance outstanding on the REDT Loan was U.S. $128.3 million (Canadian equivalent - $182.2 million), therefore the remaining balance that the REIT is committed to fund is U.S. $7.9 million (Canadian equivalent - $11.2 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).

(d) 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 - $75.2 million), to be utilized upon any drawdowns under the Central Pointe construction financing facility. As at September 30, 2026, U.S. $4.0 million (Canadian equivalent - $5.6 million) had been drawn on this facility.

(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 REIT's Financial Statements and MD&A.

(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 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.

(h) On August 11, 2026, the REIT announced that it had entered into an arrangement agreement (the "Arrangement Agreement") with GO Residential Real Estate Investment Trust ("GO REIT") and 1001700058 Ontario Inc. ("Purchaser"), on behalf of a consortium of co-purchasers (which includes funds affiliated with Blackstone Real Estate, Crestpoint Real Estate Investments Ltd., the Public Sector Pension Investment Board and a company controlled by members of the family of Tom Hofstedter, Executive Chairman and CEO of the REIT ("CRAL") (collectively, the "Asset Purchasers"), pursuant to which GO REIT and the Purchaser (on behalf of the Asset Purchasers) agreed to acquire all of the assets of H&R by way of a court-approved plan of arrangement under the Business Corporations Act (Alberta) in a cash and unit transaction valued at approximately $6.7 billion, including the assumption of certain debt (the "Arrangement Transaction"). Refer to the "Subsequent Events" section of this MD&A for further information on the Arrangement Transaction.

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 JV LP, 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 September 30		Nine months ended September 30	
(in thousands of Canadian dollars)	**2026**	2025	**2026**	2025
Trust expenses, net:				
Development management fee earned	**$79**	$1,648	**$1,827**	$6,141
Asset management fees earned	**192**	179	**559**	546
Financing fees earned	**—**	(14)	**—**	2,002
	271	1,813	**2,386**	8,689
Finance income - interest earned	**4,232**	1,725	**10,780**	2,438
	$4,503	$3,538	**$13,166**	$11,127

Amounts due from related parties recorded in other assets include:

	September 30	December 31
(in thousands of Canadian dollars)	**2026**	2025
REDT Loan receivable	**$182,180**	$100,876
Sunny Creek mortgage receivable	**21,158**	20,413
Interest receivable	**674**	373
Development management fee receivable	**3**	335
Asset management fee receivable	**1,842**	1,243
	$205,857	$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 contracts outstanding as at September 30, 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 gain (loss) on derivative instruments		Net gain (loss) on derivative instruments	
	Maturity /	**September 30**	December 31	Three months ended September 30		Nine months ended September 30	
	Repayment Date	**2026**	2025	**2026**	2025	**2026**	2025
Term loan interest rate swap[1]	January 6, 2026	**$—**	$10	**$—**	($353)	**($10)**	($1,503)
Foreign exchange swap[2]	January 30, 2026	**—**	4,260	**—**	—	**(4,260)**	—
Debt interest rate swap[3]	January 30, 2026	**—**	(4,352)	**—**	(128)	**(99)**	(575)
Term loan interest rate swap[4]	May 7, 2030	**14,564**	10,041	**5,120**	(1,758)	**4,523**	(4,266)
		$14,564	$9,959	**$5,120**	($2,239)	**$154**	($6,344)

(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 swap 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 swap 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 $14.6 million (December 31, 2025 - $14.3 million) are recorded in other assets and derivative instruments in a liability position of nil (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:

	Q3	Q2	Q1	Q4
(in thousands of Canadian dollars)	**2026**	2026	2026	2025
Rentals from investment properties	**$171,799**	$169,780	$184,253	$203,750
Net income (loss) from equity accounted investments	**(68,086)**	11,235	(7,264)	(241,748)
Net income (loss)	**(497,279)**	37,135	(34,870)	(250,308)
Total comprehensive income (loss) attributable to unitholders	**(505,256)**	110,192	21,485	(307,605)

	Q3	Q2	Q1	Q4
	2025	2025	2025	2024
Rentals from investment properties	$201,728	$204,011	$205,639	$202,350
Net income (loss) from equity accounted investments	(46,014)	26,780	(10,082)	82,308
Net income (loss)	(322,868)	(166,370)	(52,018)	130,882
Total comprehensive income (loss) attributable to unitholders	(223,190)	(428,262)	(52,080)	424,184

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 increased by $2.0 million in Q3 2026 compared to Q2 2026 primarily due to 200 Bouchard (refer to the *"Summary of Significant Q3 2026"* section of this MD&A for further information) as well as the strengthening of the U.S. dollar, partially offset by property sales in Q3 2026.

Net income (loss) from equity accounted investments decreased by $79.3 million in Q3 2026 compared to Q2 2026 primarily due to fair value adjustments on real estate assets and the Jackson Park Litigation Accrual.

Net income (loss) decreased by $534.4 million in Q3 2026 compared to Q2 2026 primarily due to fair value adjustments on real estate assets and the decrease in net income (loss) from equity accounted investments noted above. This was partially offset by an increase in deferred income tax recoveries and fair value adjustments on financial instruments.

Total comprehensive income (loss) attributable to unitholders decreased by $615.4 million in Q3 2026 compared to Q2 2026 primarily due the decrease in net income (loss) noted above, as well as an unrealized foreign currency loss on translation of U.S. denominated foreign operations of $8.0 million in Q3 2026, compared to an unrealized gain of $73.1 million in Q2 2026.

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 16 and 33 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 21-month period ended September 30, 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 35 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 44 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 28 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 15 and 26 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 15 and 44, 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 32 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 JUDGMENTS

Preparation of the REIT's Financial Statements requires management to make estimates and judgments 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 judgment, as well as other accounting policies, refer to notes 1 and 2 of the REIT's audited consolidated financial statements as at and 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 audited consolidated 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 and statement of cash flows was an increase in accounts payable and accrued liabilities of $3,690, and an increase in cash and cash equivalents of $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 September 30, 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 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 September 30, 2026 and November 10, 2026, there were 264,636,940 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 September 30, 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 2,336,840 incentive units which remain outstanding, 532,579 have been settled for Units and 2,130,581 incentive units remain available for grant. As at November 10, 2026, there were 2,336,840 incentive units outstanding.

As at September 30, 2026 and November 10, 2026, there were 15,371,962 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.ca.

SUBSEQUENT EVENTS

(a) In October 2026, the REIT sold one property under development, which was classified as held for sale as at September 30, 2026, for gross proceeds of $436.0 million. The REIT used a portion of the proceeds to repay debt.

(b) In October 2026, the REIT repaid one Canadian mortgage with an outstanding balance of approximately $125.8 million, bearing interest at 3.67% per annum and originally scheduled to mature in March 2027. The early repayment was not subject to any prepayment penalty.

(c) On November 13, 2026, the REIT held its unitholder meeting to consider and vote on the Arrangement Transaction. The Arrangement Transaction did not receive the requisite unitholder approval to proceed and accordingly, immediately following the meeting, the REIT terminated the Arrangement Agreement, which resulted in termination of the arrangements with the Asset Purchasers.

GO REIT commenced an action by Statement of Claim issued on November 13, 2026 in the Ontario Superior Court of Justice against H&R, its trustees and others. The claim seeks a termination fee of approximately $102.1 million. and other relief, alleging breaches of the Arrangement Agreement. The Arrangement Agreement was terminated after H&R unitholders did not approve the proposed arrangement at the special meeting of unitholders held on November 13, 2026. The REIT believes the claim is without merit and intends to defend itself vigorously. The REIT's position is that it complied with its obligations under the Arrangement Agreement and that no termination fee is payable to GO REIT or any other member of the consortium of purchasers under the terms of the Arrangement Agreement. The allegations in the Statement of Claim have not been proven in court.

(d) Also effective November 13, 2026, the REIT's subsidiaries and Lantower Residential Real Estate Development Trust (No. 1) agreed to terminate the acquisition agreement among them that would have resulted in the REIT indirectly acquiring the remaining interests in the REDT JV LP that it did not already own, in light of the unitholder vote on the Arrangement Transaction.

(e) On November 13, 2026, the REIT declared a distribution of $0.20 per Unit, consisting of: (i) the reinstatement of the monthly distribution of $0.05 per Unit for the month of November 2026, and (ii) a further $0.15 per Unit to compensate for the months of August, September and October 2026 during which time distributions were suspended pursuant to the Arrangement Agreement. This $0.20 per Unit distribution is payable on December 15, 2026 to unitholders of record on November 30, 2026. The REIT also announced an intention to declare a special cash distribution of approximately $2.30 per Unit prior to the end of 2026, subject to lender approval, in addition to the $0.20 per Unit distribution.

Unaudited condensed consolidated interim financial statements of

H&R REAL ESTATE INVESTMENT TRUST

For the three and nine months ended September 30, 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	**September 30 2026**	December 31 2025
		(Unaudited)	
Assets			
Real estate assets:			
Investment properties	*3*	**$5,471,265**	$6,370,453
Properties under development	*3*	**350,542**	785,184
		5,821,807	7,155,637
Equity accounted investments	*4*	**423,749**	484,702
Assets classified as held for sale	*5*	**603,760**	1,142,900
Other assets	*6*	**318,089**	272,910
Cash and cash equivalents	*7*	**82,449**	52,137
		$7,249,854	$9,108,286
Liabilities and Unitholders' Equity			
Liabilities:			
Debt	*8*	**$2,316,345**	$3,501,891
Exchangeable units	*9*	**147,263**	157,968
Deferred revenue	*10*	**826,928**	862,139
Deferred tax liability	*22*	**54,785**	212,781
Accounts payable and accrued liabilities	*11*	**234,136**	237,789
		3,579,457	4,972,568
Unitholders' equity		**3,670,397**	4,135,718
Commitments and contingencies	*24*		
Subsequent events	*13(b), 24(b), 25*		
		$7,249,854	$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 Loss
(In thousands of Canadian dollars)

		Three months ended September 30		Nine months ended September 30	
	Note	**2026**	2025	**2026**	2025
Rentals from investment properties	*15*	**$171,799**	$201,728	**$525,832**	$611,378
Property operating costs		**(55,082)**	(62,541)	**(206,236)**	(245,402)
Net operating income		**116,717**	139,187	**319,596**	365,976
Net loss from equity accounted investments	*4*	**(68,086)**	(46,014)	**(64,115)**	(29,316)
Finance cost - operations	*16*	**(37,263)**	(51,463)	**(120,380)**	(154,682)
Finance income	*16*	**5,945**	3,923	**16,813**	9,844
Trust expenses, net	*18*	**(2,564)**	(4,769)	**(15,837)**	(15,495)
Fair value adjustment on financial instruments	*16*	**26,641**	(12,159)	**10,094**	(42,282)
Fair value adjustment on real estate assets	*3*	**(652,364)**	(419,543)	**(776,262)**	(752,897)
Loss on sale of real estate assets, net of related costs	*3*	**(1,740)**	(389)	**(10,694)**	(1,200)
Transaction costs	*19*	**(14,995)**	(1,590)	**(14,995)**	(10,259)
Net loss before income taxes		**(627,709)**	(392,817)	**(655,780)**	(630,311)
Income tax recovery	*22*	**130,430**	69,949	**160,766**	89,055
Net loss		**(497,279)**	(322,868)	**(495,014)**	(541,256)
Other comprehensive income (loss):					
Items that are or may be reclassified subsequently to net loss	*14*	**(7,977)**	99,678	**121,435**	(162,276)
Total comprehensive loss attributable to unitholders		**($505,256)**	($223,190)	**($373,579)**	($703,532)

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		—	(541,256)	—	—	(541,256)
Distributions to unitholders	*13*	—	—	(118,155)	—	(118,155)
Other comprehensive loss		—	—	—	(162,276)	(162,276)
Unitholders' equity, September 30, 2025		5,383,200	6,117,242	(7,595,861)	557,645	4,462,226
Issuance of Units		20,581	—	—	—	20,581
Net loss		—	(250,308)	—	—	(250,308)
Distributions to unitholders		—	—	(39,484)	—	(39,484)
Distributions in Units		39,684	—	(39,684)	—	—
Other comprehensive loss		—	—	—	(57,297)	(57,297)
Unitholders' equity, December 31, 2025		5,443,465	5,866,934	(7,675,029)	500,348	4,135,718
Issuance of Units		**863**	**—**	**—**	**—**	**863**
Net loss		**—**	**(495,014)**	**—**	**—**	**(495,014)**
Distributions to unitholders	***13***	**—**	**—**	**(92,605)**	**—**	**(92,605)**
Other comprehensive income	***14***	**—**	**—**	**—**	**121,435**	**121,435**
Unitholders' equity, September 30, 2026		**$5,444,328**	**$5,371,920**	**($7,767,634)**	**$621,783**	**$3,670,397**

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)

		Nine months ended September 30	
	Note	**2026**	2025[1]
Cash provided by (used in):			
Operations:			
Net loss		**($495,014)**	($541,256)
Finance cost - operations	*16*	**120,380**	154,682
Interest paid		**(89,289)**	(121,197)
Finance income	*16*	**(16,813)**	(9,844)
Finance income received		**17,144**	8,718
Restricted cash	*6*	**(3,108)**	2,224
Items not affecting cash:			
Rental income accrued from the Bow and 100 Wynford	*10*	**(71,478)**	(70,855)
Net loss from equity accounted investments	*4*	**64,115**	29,316
Rent amortization of tenant inducements	*15*	**1,470**	3,391
Fair value adjustment on real estate assets	*3*	**776,262**	752,897
IFRS Interpretations Committee Interpretation 21, Levies ("IFRIC 21") realty tax adjustment	*3*	**10,653**	14,528
Loss on sale of real estate assets, net of related costs	*3*	**10,694**	1,200
Fair value adjustment on financial instruments	*16*	**(10,094)**	42,282
Unit-based compensation expense	*13(a)*	**3,906**	8,948
Deferred income tax recovery	*22*	**(162,260)**	(90,450)
Change in other non-cash operating items	*17*	**79,075**	(21,003)
		235,643	163,581
Investing:			
Properties under development:			
Additions	*3, 16*	**(17,012)**	(30,363)
Investment properties:			
Net proceeds on disposition of investment properties		**770,506**	77,001
Redevelopment	*3*	**(30,736)**	(18,633)
Capital expenditures	*3*	**(16,653)**	(32,196)
Leasing expenses and tenant inducements	*3*	**(1,421)**	(1,363)
Net proceeds on disposition of net investment in ECHO	*4*	**441,600**	—
Contributions to equity accounted investments		**(20,751)**	(26,962)
Distributions received from equity accounted investments		**31,820**	35,518
Advances of mortgages receivable	*6*	**(77,991)**	(68,295)
Repayments of mortgages receivable	*6*	**41,814**	16,965
		1,121,176	(48,328)
Financing:			
Repayments of unsecured term loans	*8*	**(375,000)**	—
Advances (repayments) of lines of credit	*8*	**(559,804)**	509,089
Mortgages payable:			
Advances	*8*	**463**	679
Principal repayments	*8*	**(36,333)**	(118,686)
Redemption of debentures payable	*8*	**(250,000)**	(400,000)
Cash distributions paid to unitholders		**(105,833)**	(149,569)
		(1,326,507)	(158,487)
Increase (decrease) in cash and cash equivalents		**30,312**	(43,234)
Cash and cash equivalents, beginning of year	*7*	**52,137**	100,354
Cash and cash equivalents, end of period	*7*	**$82,449**	$57,120

[1] Certain comparative figures for the nine months ended September 30, 2025, have been revised to reflect the adjustments described in Note 1(d).

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 November 16, 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 their expected 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 period presentation. The change in restricted cash provided by operations of $2,224 was reclassified from investing activities to operating activities on the unaudited condensed consolidated interim statements of cash flows for the nine months ended September 30, 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 audited consolidated 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 and statement of cash flows was an increase in accounts payable and accrued liabilities of $3,690, and an increase in cash and cash equivalents of $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".

3. Real estate assets:

The following is a summary of the changes in real estate assets for the nine months ended September 30, 2026 and the year ended December 31, 2025:

	September 30, 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	**(86,685)**	**—**	(60,778)	—
Operating capital:				
Capital expenditures	**16,653**	**—**	41,995	—
Leasing expenses and tenant inducements	**1,421**	**—**	1,938	—
Development capital:				
Redevelopment	**30,736**	**—**	19,323	—
Additions to properties under development (including capitalized interest)	**—**	**18,701**	—	37,780
Amortization of tenant inducements and straight-lining of contractual rents	**(61,602)**	**—**	7,747	—
Transfer of real estate assets to assets classified as held for sale	**(167,760)**	**(436,000)**	(704,500)	—
Transfer of investment properties to properties under development	**(24,590)**	**24,590**	—	—
Transfer of properties under development that have reached practical completion to investment properties	**—**	**—**	36,300	(36,300)
Fair value adjustment on real estate assets[2]	**(711,663)**	**(54,599)**	(768,562)	(200,713)
Change in foreign exchange	**114,955**	**12,666**	(199,820)	(26,231)
IFRIC 21 realty tax adjustment	**(10,653)**	**—**	—	—
Closing balance, end of period	**$5,471,265**	**$350,542**	$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, $951,644 is included in the table above as at September 30, 2026 (December 31, 2025 - $991,039).

(2) The aggregate fair value adjustment on real estate assets for the nine months ended September 30, 2026 is ($776,262), consisting of a (i) ($711,663) adjustment on investment properties, (ii) ($54,599) adjustment on properties under development, and (iii) ($10,000) adjustment on one asset classified as held for sale as at December 31, 2025, which was subsequently sold in September 2026.

Real estate asset acquisitions:

During both the nine months ended September 30, 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.

Real estate asset dispositions:

During the nine months ended September 30, 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 $10,694.

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%
26 Wellington St. E., Toronto, ON	Office	98.5%
2021 41st Ave. N.E. & 4000 St. N.E., Calgary, AB	Industrial	50.0%
5550 Skyline Way N.E., Calgary, AB	Industrial	50.0%
8610 87th Ave., Peace River, AB	Industrial	50.0%
25 Sheppard Ave. W., Toronto, ON	Office	100.0%

During the nine months ended September 30, 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 $1,200.

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%
32 Wellington St. E., Toronto, ON [(1)]	Office	98.5%
3990 Red Cedar Dr., Highlands Ranch, CO	Retail	100.0%
69 Yonge St., Toronto, ON	Office	100.0%

(1) Consists of one commercial unit adjacent to 26 Wellington St. E., Toronto, ON.

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;

(iii) The contractual sales price approach in which fair value is based on the cash consideration stipulated in agreements of purchase and sale when cash is the only form of consideration transferred. Management views such values to be representative of an orderly transaction between market participants; and

(iv) 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), (ii) and (iii) above.

The contractual sales price approach has been used to support approximately $1,396,000 of estimated fair values of Canadian industrial investment properties as at September 30, 2026, which includes: 61 investment properties, one investment property held for sale and two investment properties held through equity accounted investments.

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 nine months ended September 30, 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 15.4% and 12.6% of the fair value of investment properties and properties under development, respectively, as at September 30, 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.

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

	Weighted Average Capitalization Rates[1]			Weighted Average Discount Rates[2]			Weighted Average Terminal Capitalization Rates[1][2]		
	Canada	United States	Total	Canada	United States	Total	Canada	United States	Total
September 30, 2026[3]	**9.37%**	**5.42%[4]**	**5.82%[4]**	**7.11%**	**8.24%**	**7.48%**	**8.84%**	**7.74%**	**8.12%**
December 31, 2025[5]	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 Canadian industrial investment properties for which there is an agreement of purchase and sale for cash consideration, which have been valued in accordance with method (iii) above.

(4) Excludes one U.S. office property in Long Island City, NY which has been valued in accordance with method (i) above. The New York City Department of Health and Mental Hygiene occupies 660,431 square feet with their lease expiring in 2030. The leasing risk at the property was incorporated into the future cash flow assumptions in the discounted cash flow model.

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

Fair value sensitivity:

The REIT's investment properties are classified as level 3 under the fair value hierarchy (note 23(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 September 30, 2026:

Capitalization Rate Sensitivity Increase (Decrease)	Capitalization Rate	Fair Value of Investment Properties		Fair Value Variance	% Change
(0.75%)	5.07%	$ 3,544,344		$ 456,745	14.79%
(0.50%)	5.32%	$ 3,377,787		$ 290,188	9.40%
(0.25%)	5.57%	$ 3,226,181		$ 138,582	4.49%
September 30, 2026	**5.82%**	**$ 3,087,599**	(1) (2) (3)	$ —	—
0.25%	6.07%	$ 2,960,433		$ (127,166)	(4.12)%
0.50%	6.32%	$ 2,843,327		$ (244,272)	(7.91)%
0.75%	6.57%	$ 2,735,133		$ (352,466)	(11.42)%

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

(2) Excludes investment properties for which there is an agreement of purchase and sale for cash consideration, which have been valued in accordance with method (iii) above.

(3) Excludes one U.S. office property in Long Island City, NY which has been valued in accordance with method (i) above. The New York City Department of Health and Mental Hygiene occupies 660,431 square feet with their lease expiring in 2030. The leasing risk at the property was incorporated into the future cash flow assumptions in the discounted cash flow model.

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	
			September 30	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 its respective share of 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 nine months ended September 30, 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.

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 September 30, 2026 and December 31, 2025:

Equity accounted investments in:	**.....Associates.....**		**Joint Ventures[1]**	**Total**
	Jackson Park	**REDT JV LP**		**September 30, 2026**
Investment properties	**$1,775,000**	**$308,623**	**$484,369**	**$2,567,992**
Properties under development	**—**	**—**	**272,366**	**272,366**
Other assets	**11,809**	**6,354**	**8,579**	**26,742**
Cash and cash equivalents	**32,086**	**644**	**8,473**	**41,203**
Debt	**(1,413,615)**	**(182,181)**	**(249,422)**	**(1,845,218)**
Accounts payable and accrued liabilities	**(43,276)**	**(7,592)**	**(35,780)**	**(86,648)**
Net assets	**362,004**	**125,848**	**488,585**	**976,437**
REIT's share of net assets	**$181,374**	**$36,658**	**$205,717**	**$423,749**

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.

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 September 30, 2026 and the three months ended September 30, 2025:

	Three months ended September 30, 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	**$187**	**$37,326**	**$302**	**$9,201**	**$47,016**
Property operating costs	**(31)**	**(12,711)**	**(1,228)**	**(6,754)**	**(20,724)**
Net loss from equity accounted investments	**(2)**	**—**	**—**	**—**	**(2)**
Finance income	**1**	**—**	**2**	**812**	**815**
Finance cost - operations	**(43)**	**(12,232)**	**(3,310)**	**(2,734)**	**(18,319)**
Trust expenses, net	**(20)**	**(23,630)** [3]	**(70)**	**(2)**	**(23,722)**
Fair value adjustment on financial instruments	**2**	**—**	**—**	**(16)**	**(14)**
Fair value adjustment on real estate assets	**(85)**	**(61,821)**	**4,800**	**(84,040)**	**(141,146)**
Loss on sale of real estate assets, net of related costs	**—**	**—**	**—**	**(1,577)**	**(1,577)**
Gain on foreign exchange	**—**	**—**	**—**	**—**	**—**
Transaction costs	**(6)**	**—**	**—**	**—**	**(6)**
Income tax expense	**—**	**—**	**—**	**(41)**	**(41)**
Net income (loss)	**3**	**(73,068)**	**496**	**(85,151)**	**(157,720)**
Net income attributable to non-controlling interest	**(3)**	**—**	**—**	**—**	**(3)**
Net income (loss) attributable to owners	**—**	**(73,068)**	**496**	**(85,151)**	**(157,723)**
REIT's share of net income (loss) attributable to unitholders	**$—**	**($36,534)**	**$145**	**($31,697)**	**($68,086)**

(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 June 1, 2026 to August 31, 2026.

(3) For the three months ended September 30, 2026, the REIT recorded a provision relating to the estimated amount of cash outflows associated with a litigation matter involving the property. The final amount of the outflow is not yet known; however, the amount reflects management's best estimate of the expenditure to be incurred.

	Three months ended September 30, 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	$60,744	$35,125	$—	$8,982	$104,851
Property operating costs	(8,603)	(13,199)	(179)	(4,098)	(26,079)
Net income from equity accounted investments	20	—	—	—	20
Finance income	291	—	1	809	1,101
Finance cost - operations	(14,689)	(11,977)	—	(3,669)	(30,335)
Trust expenses, net	(3,469)	—	(56)	(13)	(3,538)
Fair value adjustment on financial instruments	(693)	—	—	(189)	(882)
Fair value adjustment on real estate assets	(186,954)	(949)	—	(194)	(188,097)
Loss on sale of real estate assets, net of related costs	(191)	—	—	(17)	(208)
Loss on foreign exchange	—	—	(87)	—	(87)
Income tax expense	(43)	(14)	—	(37)	(94)
Net income (loss)	(153,587)	8,986	(321)	1,574	(143,348)
Net income attributable to non-controlling interest	(660)	—	—	—	(660)
Net income (loss) attributable to owners	(154,247)	8,986	(321)	1,574	(144,008)
REIT's share of net income (loss) attributable to unitholders	($51,125)	$4,493	($99)	$717	($46,014)

(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 June 1, 2025 to August 31, 2025.

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 nine months ended September 30, 2026 and the nine months ended September 30, 2025:

	Nine months ended September 30, 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	**$26,025**	**$108,986**	**$302**	**$29,093**	**$164,406**
Property operating costs	**(4,416)**	**(32,878)**	**(1,714)**	**(18,688)**	**(57,696)**
Net income (loss) from equity accounted investments	**(317)**	**—**	**—**	**—**	**(317)**
Finance income	**83**	**—**	**5**	**2,427**	**2,515**
Finance cost - operations	**(5,928)**	**(35,806)**	**(3,310)**	**(8,969)**	**(54,013)**
Trust expenses, net	**(2,797)**	**(23,630)** [3]	**(208)**	**(23)**	**(26,658)**
Fair value adjustment on financial instruments	**276**	**—**	**—**	**(3)**	**273**
Fair value adjustment on real estate assets	**(11,705)**	**(99,819)**	**15,406**	**(76,985)**	**(173,103)**
Gain (loss) on sale of real estate assets, net of related costs	**(4)**	**—**	**—**	**(1,579)**	**(1,583)**
Gain on foreign exchange	**—**	**—**	**4**	**—**	**4**
Transaction costs	**(781)**	**—**	**—**	**—**	**(781)**
Income tax expense	**(34)**	**(23)**	**—**	**(124)**	**(181)**
Net income (loss)	**402**	**(83,170)**	**10,485**	**(74,851)**	**(147,134)**
Net income attributable to non-controlling interest	**(402)**	**—**	**—**	**—**	**(402)**
Net income (loss) attributable to owners	**—**	**(83,170)**	**10,485**	**(74,851)**	**(147,536)**
REIT's share of net income (loss) attributable to unitholders	**$—**	**($41,585)**	**$3,051**	**($25,581)**	**($64,115)**

(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, 2025 to August 31, 2026.

(3) For the nine months ended September 30, 2026, the REIT recorded a provision relating to the estimated amount of cash outflows associated with a litigation matter involving the property. The final amount of the outflow is not yet known; however, the amount reflects management's best estimate of the expenditure to be incurred.

	Nine months ended September 30, 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	$186,568	$105,856	$—	$27,022	$319,446
Property operating costs	(44,025)	(33,331)	(546)	(11,006)	(88,908)
Net income from equity accounted investments	145	—	—	—	145
Finance income	1,018	—	377	1,625	3,020
Finance cost - operations	(44,368)	(36,064)	—	(12,017)	(92,449)
Trust expenses, net	(14,488)	—	(243)	(38)	(14,769)
Fair value adjustment on financial instruments	(1,052)	—	—	(171)	(1,223)
Fair value adjustment on real estate assets	(160,245)	(51,963)	—	7,553	(204,655)
Gain (loss) on sale of real estate assets, net of related costs	4,559	—	—	(43)	4,516
Loss on foreign exchange	—	—	(3,021)	—	(3,021)
Income tax expense	(199)	(24)	—	(141)	(364)
Net income (loss)	(72,087)	(15,526)	(3,433)	12,784	(78,262)
Net income attributable to non-controlling interest	(2,734)	—	—	—	(2,734)
Net income (loss) attributable to owners	(74,821)	(15,526)	(3,433)	12,784	(80,996)
REIT's share of net income (loss) attributable to unitholders	($24,802)	($7,763)	($1,000)	$4,249	($29,316)

[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 August 31, 2025.

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 September 30, 2026, the REIT had one wholly-owned industrial property classified as held for sale. In addition, the REIT had one wholly-owned industrial property under development 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:

	September 30 2026	December 31 2025
Assets		
Real estate assets:		
Investment properties	**$167,760**	$704,500
Property under development	**436,000**	—
	603,760	$704,500
Net investment in ECHO [1]	**—**	438,400
	$603,760	$1,142,900

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

6. Other assets:

	Note	**September 30 2026**	December 31 2025
Mortgages receivable - net of provision for expected credit loss of nil (2025 - nil) [1] [2]		**$263,383**	$220,263
Prepaid expenses and sundry assets		**22,264**	22,250
Accounts receivable - net of provision for expected credit loss of $2,517 (2025 - $2,225)		**4,782**	6,098
Restricted cash		**13,096**	9,988
Derivative instruments	*12*	**14,564**	14,311
		$318,089	$272,910

[1] Mortgages receivable as at September 30, 2026, include $263,383 classified as amortized cost (December 31, 2025 - $220,263). As at September 30, 2026, mortgages receivable bear interest at effective rates between 5.50% and 10.00% per annum (December 31, 2025 - between 4.40% and 10.00% per annum) with a weighted average effective rate of 8.70% 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 20) which, as at September 30, 2026, had an outstanding balance of $182,180 (December 31, 2025 - $100,876).

	September 30 2026	December 31 2025
Current	**$62,458**	$139,816
Non-current	**255,631**	133,094
	$318,089	$272,910

The following is a summary of the changes in mortgages receivable for the nine months ended September 30, 2026:

	September 30 2026
Balance, beginning of year	**$220,263**
Cash activities:	
Advances of mortgages receivable	**77,991**
Repayments of mortgages receivable	**(41,814)**
Non-cash activities:	
Change in foreign exchange	**5,626**
Mark-to-market of mortgages receivable	**1,317**
Balance, end of period	**$263,383**

7. Cash and cash equivalents:

Cash and cash equivalents as at September 30, 2026 included cash on hand of $82,449 (December 31, 2025 - $52,137).

Included in cash and cash equivalents as at September 30, 2026 were U.S. dollar denominated amounts of U.S. $45,577 (December 31, 2025 - U.S. $25,750). The Canadian dollar equivalent of these amounts is $64,719 (December 31, 2025 - $35,278).

8. Debt:

The REIT's debt consists of the following items:

	Note	**September 30 2026**	December 31 2025
Mortgages payable	*8(a)*	**$1,199,923**	$1,202,008
Debentures payable	*8(b)*	**549,279**	798,836
Unsecured term loans	*8(c)*	**250,000**	625,000
Lines of credit	*8(d)*	**317,143**	876,047
		$2,316,345	$3,501,891

The following is a summary of the changes in debt for the nine months ended September 30, 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	(26,038)	—	—	(1,345)	(27,383)
Debt repayments	(10,295)	(250,000)	(375,000)	(558,459)	(1,193,754)
Advances	463	—	—	—	463
Effective interest rate accretion	1,104	443	—	—	1,547
Change in foreign exchange	32,681	—	—	900	33,581
Closing balance, end of period	$1,199,923	$549,279	$250,000	$317,143	$2,316,345

(a) Mortgages payable:

The mortgages payable are secured by 28 real estate assets with an aggregate fair value of $2,203,661 (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 3.99% (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 September 30, 2026 were U.S. dollar denominated mortgages of U.S. $644,302 (December 31, 2025 - U.S. $653,619). The Canadian dollar equivalent of these amounts is $914,909 (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:

	September 30 2026
Years ending December 31:	
2026[(1)]	**$208,636**
2027	**332,920**
2028	**521,337**
2029	**89,839**
2030	**49,516**
2031	**—**
Thereafter	**—**
	1,202,248
Financing costs and mark-to-market adjustment arising on acquisitions	**(2,325)**
	$1,199,923

(1) For the balance of the year.

(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:

					September 30 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 [1]	2.91%	3.00%	$—	**$—**	$249,902
Series S Senior Debentures	February 19, 2027	2.63%	2.72%	300,000	**299,905**	299,725
Series T Senior Debentures	February 28, 2029	5.46%	5.56%	250,000	**249,374**	249,209
		3.92%	4.01%	$550,000	**$549,279**	$798,836

[1] In June 2026, the REIT repaid all of its outstanding Series R senior debentures upon maturity for a cash payment of $250,000.

The Series 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:

		September 30 2026	December 31 2025
	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 $250,000, 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).

(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	($46,000)	$—	$104,000
Revolving unsecured line of credit	December 14, 2027	230,000	—	—	230,000
Revolving unsecured line of credit	December 14, 2029	520,000	—	(145)	519,855
Revolving unsecured letter of credit facility		60,000	—	(31,796)	28,204
Sub-total		960,000	(46,000)	(31,941)	882,059
Non-revolving secured operating line of credit[(1)]:					
REIT and CrestPSP non-revolving secured line of credit	March 14, 2027	271,143	(271,143)	—	—
September 30, 2026		**$1,231,143**	**($317,143)**	**($31,941)**	**$882,059**
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 September 30, 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 September 30, 2026, the REIT was in compliance with each of the preceding financial ratios.

9. Exchangeable units:

As at September 30, 2026, certain of the REIT's subsidiaries had in aggregate 15,371,962 (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 September 30, 2026 was $9.58 (December 31, 2025 - $10.23) per Unit.

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

	September 30 2026	December 31 2025
Carrying value, beginning of year	**$157,968**	$166,800
Exchanged for Units	**(765)**	(25,649)
(Gain) loss on fair value of exchangeable units	**(9,940)**	16,817
Carrying value, end of period	**$147,263**	$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.

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

	September 30, 2026			December 31
	The Bow	**100 Wynford**	**Total**	2025
Income producing property - fair value[(1)]	**$864,082**	**$87,562**	**$951,644**	$991,039
Deferred revenue - net of amortization of $196,057 (2025 - $160,846)	**739,466**	**87,462**	**826,928**	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 loss:

	Three months ended September 30			
	The Bow	**100 Wynford**	**2026**	2025
Rental income earned	**$3,808**	**$—**	**$3,808**	$3,878
Rental income earned - **non-cash**	**21,690**	**2,222**	**23,912**	23,704
Revenue reimbursement for property operating costs	**12,869**	**513**	**13,382**	27,229
Property operating costs	**(12,898)**	**(513)**	**(13,411)**	(27,259)
Net operating income	**25,469**	**2,222**	**27,691**	27,552
Accretion finance expense on deferred revenue - **non-cash**	**(11,721)**	**(221)**	**(11,942)**	(12,517)
Fair value adjustment on real estate assets - **non-cash**	**(11,423)**	**(2,067)**	**(13,490)**	(12,482)
Net income (loss)	**$2,325**	**($66)**	**$2,259**	$2,553

	Nine months ended September 30			
	The Bow	**100 Wynford**	**2026**	2025
Rental income earned	**$11,510**	**$—**	**$11,510**	$11,569
Rental income earned - **non-cash**	**64,812**	**6,666**	**71,478**	70,855
Revenue reimbursement for property operating costs	**39,318**	**1,517**	**40,835**	41,299
Property operating costs	**(39,410)**	**(1,517)**	**(40,927)**	(41,436)
Net operating income	**76,230**	**6,666**	**82,896**	82,287
Accretion finance expense on deferred revenue - **non-cash**	**(35,589)**	**(678)**	**(36,267)**	(37,957)
Fair value adjustment on real estate assets - **non-cash**	**(33,433)**	**(6,334)**	**(39,767)**	(36,640)
Net income (loss)	**$7,208**	**($346)**	**$6,862**	$7,690

11. Accounts payable and accrued liabilities:

	Note	**September 30 2026**	December 31 2025
Current:			
Other accounts payable and accrued liabilities		**$177,482**	$152,809
Distributions payable to unitholders	*13(b)*	**—**	13,227
Distributions payable to exchangeable unitholders	*13(b)*	**—**	771
Debt interest payable		**7,683**	12,927
Prepaid rent		**22,318**	24,614
Unit-based compensation payable:			
Incentive units	*13(a)*	**8,866**	5,526
Derivative instruments	*12*	**—**	4,352
Security deposits		**6,800**	6,819
Sub-total current		**223,149**	221,045
Non-current:			
Security deposits		**3,586**	4,949
Unit-based compensation payable:			
Incentive units	*13(a)*	**7,401**	11,795
Sub-total non-current		**10,987**	16,744
		$234,136	$237,789

12. Derivative instruments:

		Fair value asset (liability)*		Net gain (loss) on derivative instruments		Net gain (loss) on derivative instruments	
	Maturity / Repayment Date	**September 30 2026**	December 31 2025	Three months ended September 30 **2026**	2025	Nine months ended September 30 **2026**	2025
Term loan interest rate swap[(1)]	January 6, 2026	**$—**	$10	**$—**	($353)	**($10)**	($1,503)
Foreign exchange swap[(2)]	January 30, 2026	**—**	4,260	**—**	—	**(4,260)**	—
Debt interest rate swap[(3)]	January 30, 2026	**—**	(4,352)	**—**	(128)	**(99)**	(575)
Term loan interest rate swap[(4)]	May 7, 2030	**14,564**	10,041	**5,120**	(1,758)	**4,523**	(4,266)
		$14,564	$9,959	**$5,120**	($2,239)	**$154**	($6,344)

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 swap 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 swap 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 $14,564 (December 31, 2025 - $14,311) are recorded in other assets (note 6) and derivative instruments in a liability position of nil (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:

	September 30 2026	December 31 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	**69,682**	2,532,542
Distribution in Units	**—**	3,879,148
Consolidation of Units	**—**	(3,879,148)
Balance, end of period	**264,636,940**	264,557,922

The weighted average number of Units for the three months ended September 30, 2026 was 264,636,940 (September 30, 2025 - 262,565,592) and for the nine months ended September 30, 2026 was 264,591,701 (September 30, 2025 - 262,549,475).

(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.

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

	September 30, 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 September 30, 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 September 30, 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 2,336,840 (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 2,130,581 (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 September 30, 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:

	September 30 2026	December 31 2025
	Incentive units	Incentive units
Outstanding, beginning of year	**2,439,826**	2,077,221
Granted	**663,500**	880,049
Expired	**(102,410)**	—
Settled	**(664,076)**	(517,444)
Outstanding, end of period	**2,336,840**	2,439,826

The fair values of the incentive units included in accounts payable and accrued liabilities as at September 30, 2026 is $16,267 (December 31, 2025 - $17,321).

Unit-based compensation (expense) recovery, including the fair value adjustment to unit-based compensation, for the three months ended September 30, 2026 was $545 (September 30, 2025 - ($2,647)) and for the nine months ended September 30, 2026 was ($3,906) (September 30, 2025 - ($8,948)) (note 18).

(b) Distributions:

For the three months ended September 30, 2026, the REIT declared distributions per Unit of $0.05 (September 30, 2025- $0.15) and for the nine months ended September 30, 2026, the REIT declared distributions per Unit of $0.35 (September 30, 2025 - $0.45).

The REIT paid its regular monthly distribution for July 2026 in August 2026 as scheduled. On November 13, 2026, the REIT declared a distribution of $0.20 per Unit, consisting of: (i) the reinstatement of the monthly distribution of $0.05 per Unit for the month of November 2026, and (ii) a further $0.15 per Unit to compensate for the months of August, September and October 2026 during which time distributions were suspended pursuant to the Arrangement Agreement. This $0.20 per Unit distribution is payable on December 15, 2026 to unitholders of record on November 30, 2026. The REIT also announced an intention to declare a special cash distribution of approximately $2.30 per Unit prior to the end of 2026, subject to lender approval, in addition to the $0.20 per Unit distribution.

14. Accumulated other comprehensive income:

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

				December 31
		September 30, 2026		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	**18**	**—**	**18**	26
Unrealized gain (loss) on translation of U.S. denominated foreign operations	**—**	**122,317**	**122,317**	(219,599)
Net loss on hedges of net investments in foreign operations	**—**	**(900)**	**(900)**	—
	18	**121,417**	**121,435**	(219,573)
Closing balance, end of period	**($35)**	**$621,818**	**$621,783**	$500,348

15. Rentals from investment properties:

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Rental income	**$188,544**	$160,079	**$486,689**	$488,964
Revenue from services	**33,524**	40,044	**100,745**	116,121
Straight-lining of contractual rent	**(49,955)**	2,717	**(60,132)**	9,684
Rent amortization of tenant inducements	**(314)**	(1,112)	**(1,470)**	(3,391)
	$171,799	$201,728	**$525,832**	$611,378

16. Finance costs:

	Note	Three months ended September 30		Nine months ended September 30	
		2026	2025	**2026**	2025
Finance cost - operations					
Contractual interest on mortgages payable		**($11,944)**	($12,226)	**($35,862)**	($38,441)
Contractual interest on debentures payable		**(5,430)**	(7,261)	**(19,167)**	(28,952)
Contractual interest on unsecured term loans		**(2,477)**	(7,176)	**(7,960)**	(21,799)
Net effect of interest rate swaps on unsecured term loans		**339**	802	**879**	2,889
Bank interest and charges on lines of credit		**(4,807)**	(10,068)	**(15,658)**	(21,553)
Effective interest rate accretion		**(804)**	(962)	**(2,636)**	(3,285)
Accretion finance expense on deferred revenue	*10*	**(11,942)**	(12,517)	**(36,267)**	(37,957)
Exchangeable unit distributions		**(769)**	(2,614)	**(5,398)**	(7,841)
Provision for expected credit loss		**—**	—	**—**	(268)
		(37,834)	(52,022)	**(122,069)**	(157,207)
Capitalized interest[(1)]		**571**	559	**1,689**	2,525
		(37,263)	(51,463)	**(120,380)**	(154,682)
Finance income		**5,945**	3,923	**16,813**	9,844
Fair value adjustment on financial instruments[(2)]		**26,641**	(12,159)	**10,094**	(42,282)
		($4,677)	($59,699)	**($93,473)**	($187,120)

(1) The weighted average rate of borrowings for the capitalized interest was 9.00% for both the three and nine months ended September 30, 2026 (for the three and nine months ended September 30, 2025 - 9.00% and 7.62%, respectively).

(2) Includes nil dilution of an investment in associate for the three and nine months ended September 30, 2026 (for the three and nine months ended September 30, 2025 - $12 and ($1,546), respectively).

17. Supplemental cash flow information:

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

	Nine months ended September 30	
	2026	2025
Accrued rents receivable	**$60,132**	($9,562)
Prepaid expenses and sundry assets	**(1,416)**	(7,002)
Accounts receivable	**1,316**	(159)
Accounts payable and accrued liabilities	**19,043**	(4,280)
	$79,075	($21,003)

18. Trust (expenses) recoveries, net:

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
General expenses	**($7,142)**	($7,016)	**($25,000)**	($24,635)
Fees earned	**4,033**	4,894	**13,069**	18,088
Unit-based compensation expense	**(1,433)**	(1,366)	**(4,131)**	(4,520)
Fair value adjustment to unit-based compensation	**1,978**	(1,281)	**225**	(4,428)
Trust expenses, net	**($2,564)**	($4,769)	**($15,837)**	($15,495)

19. Transaction costs:

During the three and nine months ended September 30, 2026, the REIT incurred $14,995 relating to the Arrangement Transaction announced on August 11, 2026 as described in note 24(h). The costs primarily consisted of legal, accounting and advisor fees.

During the three and nine months ended September 30, 2025, the REIT incurred $1,590 and $10,259, respectively, relating to the 2025 strategic review process, which primarily consisted of legal and advisor fees for the REIT and a special committee of independent Trustees formed in February 2025 ("Special Committee") to review and consider strategic alternatives after receiving an unsolicited expression of interest. During 2025, the Special Committee engaged with the interested parties. Ultimately, the prices and terms proposed were not acceptable to the Special Committee and the Special Committee was subsequently dissolved in November 2025.

20. 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 JV LP, including: (i) a development agreement; (ii) an asset management agreement; and (iii) the REDT Loan (as defined in note 24(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 September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Trust expenses, net:				
Development management fee earned	**$79**	$1,648	**$1,827**	$6,141
Asset management fees earned	**192**	179	**559**	546
Financing fees earned	**—**	(14)	**—**	2,002
	271	1,813	**2,386**	8,689
Finance income - interest earned	**4,232**	1,725	**10,780**	2,438
	$4,503	$3,538	**$13,166**	$11,127

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

	Note	**September 30 2026**	December 31 2025
REDT Loan receivable	6	**$182,180**	$100,876
Sunny Creek mortgage receivable		**21,158**	20,413
Interest receivable		**674**	373
Development management fee receivable		**3**	335
Asset management fee receivable		**1,842**	1,243
		$205,857	$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.

21. 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 September 30, 2026 and December 31, 2025 were as follows:

September 30, 2026	**Residential**	**Industrial**	**Office**	**Retail**	**Total**
Number of investment properties	**27**	**65**	**11** [(1)]	**1**	**104** [(1)]
Real estate assets:					
Investment properties	**$3,572,627**	**$1,417,495**	**$1,525,657** [(1)]	**$290,390**	**$6,806,169** [(1)]
Properties under development	**465,658**	**436,000**	**—**	**—**	**901,658**
	4,038,285	**1,853,495**	**1,525,657**	**290,390**	**7,707,827**
Less: real estate assets classified as held for sale	**—**	**(603,760)**	**—**	**—**	**(603,760)**
Less: REIT's proportionate share of real estate assets relating to equity accounted investments	**(1,180,547)**	**(101,713)**	**—**	**—**	**(1,282,260)**
	$2,857,738	**$1,148,022**	**$1,525,657**	**$290,390**	**$5,821,807**

[(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, $951,644 is included in the table above as at September 30, 2026 (December 31, 2025 - $991,039).

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, $951,644 is included in the table above as at September 30, 2026 (December 31, 2025 - $991,039).

Net operating income by reportable segment for the three months ended September 30, 2026 and September 30, 2025 was as follows:

	Residential	**Industrial**	**Office**	**Retail**	**Sub-total**	**Less: equity accounted investments**	**Three months ended September 30, 2026**
Rentals from investment properties	**$77,394**	**$24,844**	**$83,116**	**$8,502**	**$193,856**	**($22,057)**	**$171,799**
Property operating costs	**(27,158)**	**(7,149)**	**(27,740)**	**(1,910)**	**(63,957)**	**8,875**	**(55,082)**
Net operating income	**$50,236**	**$17,695**	**$55,376**	**$6,592**	**$129,899**	**($13,182)**	**$116,717**

	Residential	Industrial	Office	Retail	Sub-total	Less: equity accounted investments	Three months ended September 30, 2025
Rentals from investment properties	$76,725	$24,433	$105,987	$35,306	$242,451	($40,723)	$201,728
Property operating costs	(25,695)	(6,837)	(34,238)	(6,570)	(73,340)	10,799	(62,541)
Net operating income	$51,030	$17,596	$71,749	$28,736	$169,111	($29,924)	$139,187

Net operating income by reportable segment for the nine months ended September 30, 2026 and September 30, 2025 was as follows:

	Residential	**Industrial**	**Office**	**Retail**	**Sub-total**	**Less: equity accounted investments**	**Nine months ended September 30, 2026**
Rentals from investment properties	**$230,105**	**$76,878**	**$256,590**	**$35,603**	**$599,176**	**($73,344)**	**$525,832**
Property operating costs	**(113,244)**	**(20,755)**	**(84,164)**	**(12,421)**	**(230,584)**	**24,348**	**(206,236)**
Net operating income	**$116,861**	**$56,123**	**$172,426**	**$23,182**	**$368,592**	**($48,996)**	**$319,596**

	Residential	Industrial	Office	Retail	Sub-total	Less: equity accounted investments	Nine months ended September 30, 2025
Rentals from investment properties	$232,842	$76,129	$317,478	$108,789	$735,238	($123,860)	$611,378
Property operating costs	(114,990)	(19,912)	(114,890)	(30,505)	(280,297)	34,895	(245,402)
Net operating income	$117,852	$56,217	$202,588	$78,284	$454,941	($88,965)	$365,976

(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.

	September 30 2026	December 31 2025
Real estate assets:		
Canada	**$3,090,409** [1]	$3,749,227 [1]
United States	**4,617,418**	5,405,123
	7,707,827	9,154,350
Less: Real estate assets classified as held for sale	**(603,760)**	(704,500)
Less: REIT's proportionate share of real estate assets relating to equity accounted investments	**(1,282,260)**	(1,294,213)
	$5,821,807	$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, $951,644 is included in the table above as at September 30, 2026 (December 31, 2025 - $991,039).

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Rentals from investment properties:				
Canada	**$90,714**	$103,977	**$277,662**	$314,944
United States	**103,142**	138,474	**321,514**	420,294
	193,856	242,451	**599,176**	735,238
Less: REIT's proportionate share of rentals relating to equity accounted investments	**(22,057)**	(40,723)	**(73,344)**	(123,860)
	$171,799	$201,728	**$525,832**	$611,378

22. Income tax recovery:

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**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	**($427)**	($471)	**($1,494)**	($1,395)
Deferred income tax recovery applicable to H&R REIT (U.S.) Holdings Inc.	**130,857**	70,420	**162,260**	90,450
	$130,430	$69,949	**$160,766**	$89,055

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:

	September 30 2026	December 31 2025
Deferred tax assets:		
Net operating losses	**$95,256**	$95,700
Accounts payable and accrued liabilities	**1,771**	2,531
	97,027	98,231
Deferred tax liabilities:		
Real estate assets	**(118,655)**	(226,774)
Equity accounted investments	**(32,718)**	(83,796)
Other assets	**(439)**	(442)
	(151,812)	(311,012)
Deferred tax liability	**($54,785)**	($212,781)

23. 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).

September 30, 2026	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying value**
Assets measured at fair value:						
Investment properties	*3*	**$—**	**$—**	**$5,471,265**	**$5,471,265**	**$5,471,265** [(1)]
Properties under development	*3*	**—**	**—**	**350,542**	**350,542**	**350,542**
Assets classified as held for sale	*5*	**—**	**—**	**603,760**	**603,760**	**603,760**
Derivative instruments	*12*	**—**	**14,564**	**—**	**14,564**	**14,564**
Assets for which fair values are disclosed:						
Mortgages receivable	*6*	**—**	**260,322**	**—**	**260,322**	**263,383**
		—	**274,886**	**6,425,567**	**6,700,453**	**6,703,514**
Liabilities measured at fair value:						
Exchangeable units	*9*	**(147,263)**	**—**	**—**	**(147,263)**	**(147,263)**
Liabilities for which fair values are disclosed:						
Mortgages payable	*8(a)*	**—**	**(1,167,206)**	**—**	**(1,167,206)**	**(1,199,923)**
Debentures payable	*8(b)*	**—**	**(555,258)**	**—**	**(555,258)**	**(549,279)**
Unsecured term loans	*8(c)*	**—**	**(250,823)**	**—**	**(250,823)**	**(250,000)**
Lines of credit	*8(d)*	**—**	**(318,278)**	**—**	**(318,278)**	**(317,143)**
		(147,263)	**(2,291,565)**	**—**	**(2,438,828)**	**(2,463,608)**
		($147,263)	**($2,016,679)**	**$6,425,567**	**$4,261,625**	**$4,239,906**

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, $951,644 is included in the tables above as at September 30, 2026 (December 31, 2025 - $991,039).

24. 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 September 30, 2026, the REIT had outstanding letters of credit totalling $31,941 (December 31, 2025 - $34,527), including $20,000 (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 September 30, 2026, the estimated amount of debt subject to such guarantees, and therefore the maximum exposure to credit risk, was $63,427, which expires in 2027 (December 31, 2025 - $94,262, which expire between 2027 and 2030). In October 2026, the REIT was released from $2,700 of these guarantees.

In addition, the REIT continues to provide guarantees on behalf of the co-owners of certain Primaris REIT's properties. As at September 30, 2026, the estimated amount of debt subject to such guarantees, and therefore the maximum exposure to credit risk, was $63,427, 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. In October 2026, the REIT was released from $2,700 of these guarantees.

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 September 30, 2026, the balance outstanding on the REDT Loan was U.S. $128,296 (Canadian equivalent - $182,180), therefore the remaining balance that the REIT is committed to fund is U.S. $7,904 (Canadian equivalent - $11,224).

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 - $75,159), to be utilized upon any drawdowns under the Central Pointe construction financing facility. As at September 30, 2026, U.S. $3,951 (Canadian equivalent - $5,610) had been drawn on this facility.

(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.

(h) On August 11, 2026, the REIT announced that it had entered into an arrangement agreement (the "Arrangement Agreement") with GO Residential Real Estate Investment Trust ("GO REIT") and 1001700058 Ontario Inc. ("Purchaser"), on behalf of a consortium of co-purchasers (which includes funds affiliated with Blackstone Real Estate, Crestpoint Real Estate Investments Ltd., the Public Sector Pension Investment Board and a company controlled by members of the family of Tom Hofstedter, Executive Chairman and CEO of the REIT ("CRAL") (collectively, the "Asset Purchasers"), pursuant to which GO REIT and the Purchaser (on behalf of the Asset Purchasers) agreed to acquire all of the assets of H&R by way of a court-approved plan of arrangement under the Business Corporations Act (Alberta) in a cash and unit transaction valued at approximately $6.7 billion, including the assumption of certain debt (the "Arrangement Transaction"). See note 25 (c), (d), and (e) for further information on the Arrangement Transaction.

25. Subsequent events:

(a) In October 2026, the REIT sold one property under development, which was classified as held for sale as at September 30, 2026, for gross proceeds of $436,000. The REIT used a portion of the proceeds to repay debt.

(b) In October 2026, the REIT repaid one Canadian mortgage with an outstanding balance of approximately $125,773, bearing interest at 3.67% per annum and originally scheduled to mature in March 2027. The early repayment was not subject to any prepayment penalty.

(c) On November 13, 2026, the REIT held its unitholder meeting to consider and vote on the Arrangement Transaction. The Arrangement Transaction did not receive the requisite unitholder approval to proceed and accordingly, immediately following the meeting, the REIT terminated the Arrangement Agreement, which resulted in termination of the arrangements with the Asset Purchasers.

GO REIT commenced an action by Statement of Claim issued on November 13, 2026 in the Ontario Superior Court of Justice against H&R, its trustees and others. The claim seeks a termination fee of $102,131 and other relief, alleging breaches of the Arrangement Agreement. The Arrangement Agreement was terminated after H&R unitholders did not approve the proposed arrangement at the special meeting of unitholders held on November 13, 2026. The REIT believes the claim is without merit and intends to defend itself vigorously. The REIT's position is that it complied with its obligations under the Arrangement Agreement and that no termination fee is payable to GO REIT or any other member of the consortium of purchasers under the terms of the Arrangement Agreement. The allegations in the Statement of Claim have not been proven in court.

(d) Also effective November 13, 2026, the REIT's subsidiaries and Lantower Residential Real Estate Development Trust (No. 1) agreed to terminate the acquisition agreement among them that would have resulted in the REIT indirectly acquiring the remaining interests in the REDT JV LP that it did not already own, in light of the unitholder vote on the Arrangement Transaction.

(e) On November 13, 2026, the REIT declared a distribution of $0.20 per Unit, consisting of: (i) the reinstatement of the monthly distribution of $0.05 per Unit for the month of November 2026, and (ii) a further $0.15 per Unit to compensate for the months of August, September and October 2026 during which time distributions were suspended pursuant to the Arrangement Agreement. This $0.20 per Unit distribution is payable on December 15, 2026 to unitholders of record on November 30, 2026. The REIT also announced an intention to declare a special cash distribution of approximately $2.30 per Unit prior to the end of 2026, subject to lender approval, in addition to the $0.20 per Unit distribution.

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

Lindsay Brand[1,2,3]
Chief Investment Officer, Concert Properties

Stephen Gross[1,3]
Principal, Initial Corporation

Thomas J. Hofstedter[1]
Executive Chairman & CEO, H&R REIT

Marvin Rubner[2]
Manager & Founder, YAD Investments Limited

Mark Cowie[1]
Principal, Cowie Capital Partners

Brenna Haysom[2,3]
Chief Executive Officer, Rally Labs

Juli Morrow
Lawyer

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