H&R Real Estate Investment Trust (HRUFF)

Updated March 1st, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$7.73	**5 Year Annual Expected Total Return:**	-1.7%	**Market Cap:**	$2.14 B
Fair Value Price:	$4.90	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	03/31/2026
% Fair Value:	158%	**5 Year Valuation Multiple Estimate:**	-8.7%	**Dividend Payment Date:**	04/15/2026
Dividend Yield:	5.7%	**5 Year Price Target**	$4.90	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Sell

Overview & Current Events

H&R Real Estate Investment Trust owns 363 properties across Canada and the United States, excluding assets held for sale. Its portfolio includes 26 U.S. residential properties with 8,929 units, 66 industrial properties totaling 8.3 million square feet, 15 office properties with 4.4 million square feet, and 256 retail properties totaling 4.7 million square feet. The REIT continues to prioritize residential and industrial assets while reducing exposure to office and retail. The REIT pays dividends monthly and reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted. The stock trades at a market cap of $2.14 billion.

On February 12th, 2026, H&R Real Estate Investment Trust reported its annual results for the year ended December 31st, 2025. The REIT generated total rentals from investment properties of about $595.0 million for the year, compared to roughly $596.4 million in 2024, reflecting relatively stable portfolio performance year-over-year.

H&R's Funds from Operations for the year totaled about $247.7 million, up from about $244.1 million in 2024. The increase in FFO was mainly attributable to lower trust expenses, higher finance income and higher notional interest capitalization within equity accounted investments, partially offset by lower net operating income. For the year, AFFO per unit was $0.72. We forecast FFO per share of $0.70 for FY2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO	$1.15	$1.21	$1.03	$1.00	$1.00	$0.96	$0.73	$0.84	$0.66	$0.72	***$0.70***	***$0.70***
DPS	$1.01	$1.10	$1.01	$1.06	$0.72	$0.55	$0.40	$0.45	$0.42	$0.44	***$0.44***	***$0.44***
Shares[1]	282.2	288.8	287.1	286.1	286.8	287.7	272.7	263.8	262.0	262.6	***262.6***	***262.0***

Over the past decade, H&R REIT's FFO per share has shifted from a pattern of steady growth and stability to a declining trend in recent years. In 2016 and 2017, FFO per share rose, powered by the REIT's diversified portfolio of high-quality office, retail, and industrial properties, complemented by U.S. residential expansion under the Lantower brand. This was a period of strong leasing fundamentals, long-term contracts with investment-grade tenants, and successful developments like Jackson Park in NYC which supported consistent growth for the REIT.

In 2018, the REIT began streamlining its portfolio by disposing of lower-growth assets and reinvesting in higher-yielding U.S. residential and industrial properties. While these moves were supposed to boost long-term growth, they began to modestly compress profitability. The early stages of repositioning involved upfront costs, asset sales, and development projects. However, these projects were not producing income.

The COVID-19 pandemic in 2020 significantly deepened this trend. It disrupted leasing activity, delayed development timelines, and pressured office and retail income. These were two segments where H&R still had significant exposure. While the REIT preserved stability by cutting distributions and reinforcing liquidity, the economic fallout added to the earnings pressure already underway from the repositioning strategy. As H&R intensified its strategic transformation beginning in 2021, including the spin-off of its retail platform and the acceleration of non-core asset dispositions, FFO

[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

per share declined to $0.73 in 2022 and further to $0.66 in 2024. Performance subsequently rebounded to $0.70 in 2025, reflecting stabilization within the streamlined portfolio and benefits from a more efficient cost structure. Moving forward, we expect no growth in FFO and the dividend due to the ongoing portfolio transition, elevated interest rates, and the delayed income contribution from development projects that are still in lease-up or under construction.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	15.1	13.6	15.9	16.6	12.0	11.4	15.5	10.8	11.4	10.9	***11.0***	***7.0***
Avg. Yld.	5.8%	6.7%	6.2%	6.4%	6.0%	5.0%	3.5%	5.0%	5.6%	5.6%	***5.7%***	***9.0%***

H&R REIT's P/FFO multiple has gradually compressed over the past decade, driven by declining FFO, uncertainty from its ongoing portfolio repositioning, and weaker investor sentiment around office exposure and delayed development cash flow. Today, the stock trades at 11 times FFO. While this appears like a soft valuation, we believe H&R REIT deserves to trade at a more modest valuation given the challenges it faces and overall uncertainty attached to it.

Safety, Quality, Competitive Advantage, & Recession Resiliency

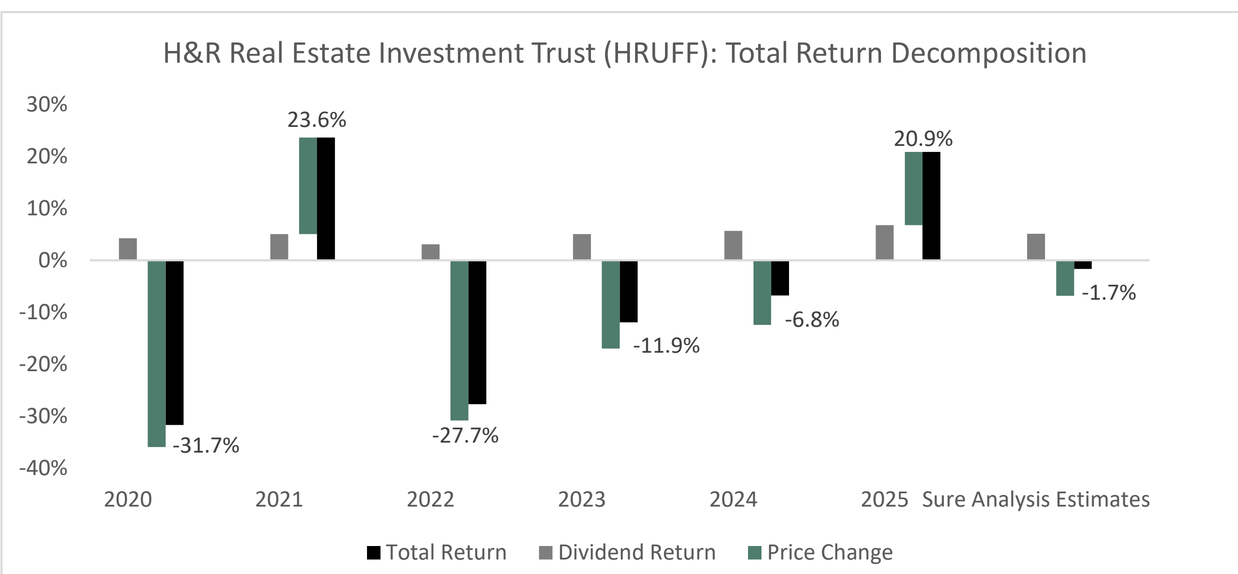
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	88%	91%	98%	106%	72%	57%	55%	54%	64%	61%	***63%***	***63%***

H&R REIT offers moderate safety, backed by a strong balance sheet and diversified tenant base, though its recent asset sales and development focus have introduced some notable volatility in FFO. The portfolio quality is improving while it shifts toward Class A U.S. residential and industrial assets, but remains weighed down by lingering office exposure. Its competitive advantage lies in its scale, development pipeline, and deep experience across property types. However, we believe that the REIT's recession resiliency is mixed. Its residential and industrial assets could provide stability, but its office and retail segments remain vulnerable to economic downturns.

Final Thoughts & Recommendation

H&R REIT offers limited growth potential in our view, as reflected in our stagnant FFO and a lack of expected dividend growth. While it may appear discounted on a historical basis, we believe the REIT remains overvalued considering its weak fundamentals, slow execution, and lingering portfolio risks. For these reasons, we rate H&R REIT a sell.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	931	903	902	908	866	820	850	642	627	596
Gross Profit	599	555	558	552	515	485	505	394	387	364
Gross Margin	64.3%	61.4%	61.9%	60.8%	59.5%	59.1%	59.5%	61.4%	61.6%	61.1%
Operating Profit	599	555	558	552	515	485	505	394	387	364
Operating Margin	64.3%	61.4%	61.9%	60.8%	59.5%	59.1%	59.5%	61.4%	61.6%	61.1%
Net Profit	267	294	515	261	256	(466)	477	649	46	(87)
Net Margin	28.6%	32.5%	57.2%	28.7%	29.6%	-56.8%	56.1%	101%	7.3%	-14.7%
Free Cash Flow	333	276	330	312	267	279	323	169	188	171
Income Tax	27	152	(30)	31	27	(40)	4	78	(23)	(43)

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	10,082	10,499	11,578	10,786	11,088	10,474	8,236	8,409	8,124	7,400
Cash & Equivalents	28	36	34	39	37	49	97	57	48	70
Accounts Receivable	11	10	13	9	9					
Total Liabilities	5,164	5,372	5,868	5,500	5,695	5,712	4,492	4,366	4,210	3,722
Long-Term Debt	4,659	4,555	5,164	4,806	4,881	4,994	3,055	2,890	2,779	2,465
Shareholder's Equity	4,918	5,127	5,710	5,286	5,392	4,761	3,744	4,043	3,914	3,678
LTD/E Ratio	0.95	0.89	0.90	0.91	0.91	1.05	0.82	0.71	0.71	0.67

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.5%	2.9%	4.7%	2.3%	2.3%	-4.3%	5.1%	7.8%	0.6%	-1.1%
Return on Equity	5.1%	5.8%	9.5%	4.7%	4.8%	-9.2%	11.2%	16.7%	1.1%	-2.3%
ROIC	2.6%	3.0%	5.0%	2.5%	2.5%	-4.7%	5.8%	9.5%	0.7%	-1.4%
Shares Out.	276.8	282.2	288.8	287.1	286.1	286.8	287.7	272.7	263.8	262.0
Revenue/Share	3.36	3.20	3.12	3.16	3.03	2.86	2.95	2.35	2.38	2.28
FCF/Share	1.20	0.98	1.14	1.09	0.93	0.97	1.12	0.62	0.71	0.65

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.