H&R Real Estate Investment Trust (HRUFF)

Updated August 26th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$7.31	**5 Year Annual Expected Total Return:**	4.6%	**Market Cap:**	$2.1 B
Fair Value Price:	$7.00	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	08/28/2026
% Fair Value:	104%	**5 Year Valuation Multiple Estimate:**	-0.9%	**Dividend Payment Date:**	09/14/2026
Dividend Yield:	5.9%	**5 Year Price Target**	$7.00	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Sell

Overview & Current Events

H&R Real Estate Investment Trust owns 107 properties across Canada and the United States, excluding The Bow and 100 Wynford. Its portfolio includes 26 U.S. residential properties containing 8,930 units, 68 industrial properties totaling 8.5 million square feet, 12 office properties encompassing 3.4 million square feet, and one 0.5-million-square-foot retail property. 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 $2.1 billion.

On August 12th, 2026, H&R Real Estate Investment Trust reported its Q2 results for the period ending June 30th, 2026. Rentals from investment properties declined 16.8% to about $122.1 million from $146.8 million last year. FFO fell 21.3% to approximately $49.7 million, or $0.18 per unit, from $63.2 million, or $0.23 per unit. The decline primarily reflected lower NOI following roughly $1.1 billion of property sales in Q1, partly offset by lower finance costs and higher finance income. Same-property cash NOI rose 14.5%, although this included an approximately $11.3 million lease-termination payment from Bell Canada. We forecast FFO per share of $0.70 for FY2026.

Separately, H&R agreed to a C$6.7 billion transaction under which GO Residential REIT and a consortium of purchasers will acquire all of its assets. Unitholders will receive C$4.28 (~$3.07) in cash and 0.5688 GO REIT units for each H&R unit, representing upfront consideration initially valued at C$12.01 per unit. The transaction is expected to close in Q4 2026, subject to approvals. H&R will make its August distribution but suspend payments from September through December. If the transaction has not closed by January 1st, 2027, H&R intends to resume monthly distributions of no more than C$0.05 per unit until closing.

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	***$0.43***	***$0.43***
Shares[1]	282.2	288.8	287.1	286.1	286.8	287.7	272.7	263.8	262.0	262.6	***264.6***	***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.

[1] Share count is in millions.

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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 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	***10.4***	***10.0***
Avg. Yld.	5.8%	6.7%	6.2%	6.4%	6.0%	5.0%	3.5%	5.0%	5.6%	5.6%	***5.9%***	***6.1%***

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 10.4 times FFO. We believe H&R REIT is more or less fairly valued today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

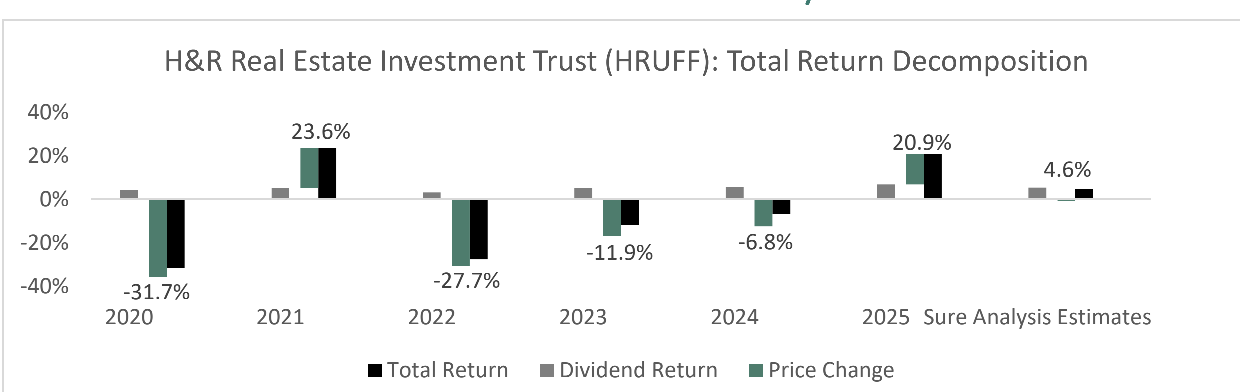
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	88%	91%	98%	106%	72%	57%	55%	54%	64%	61%	***61%***	***61%***

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

Under normal circumstances, we would expect H&R to deliver only mid-single-digit annual returns, given its muted FFO outlook and lack of dividend growth. However, the investment case now rests almost entirely on whether the pending transaction closes and where GO REIT units trade. Regardless, due to the lack of progressive dividend growth, we rate H&R REIT as a sell.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	903	902	908	866	820	850	642	627	596	583
Gross Profit	555	558	552	515	485	505	394	387	364	341
Gross Margin	61.4%	61.9%	60.8%	59.5%	59.1%	59.5%	61.4%	61.6%	61.1%	58.5%
Operating Profit	555	558	552	515	485	505	394	387	364	329
Operating Margin	61.4%	61.9%	60.8%	59.5%	59.1%	59.5%	61.4%	61.6%	61.1%	56.4%
Net Profit	294	515	261	256	(466)	477	649	46	(87)	(567)
Net Margin	32.5%	57.2%	28.7%	29.6%	-56.8%	56.1%	101%	7.3%	-14.7%	-97.3%
Free Cash Flow	276	330	312	267	279	323	169	188	171	170
Income Tax	152	(30)	31	27	(40)	4	78	(23)	(43)	(131)

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	10,499	11,578	10,786	11,088	10,474	8,236	8,409	8,124	7,400	6,716
Cash & Equivalents	36	34	39	37	49	97	57	48	70	45
Accounts Receivable	10	13	9	9	---	---	---	---	---	---
Total Liabilities	5,372	5,868	5,500	5,695	5,712	4,492	4,366	4,210	3,722	3,584
Long-Term Debt	4,555	5,164	4,806	4,881	4,994	3,055	2,890	2,779	2,465	2,555
Shareholder's Equity	5,127	5,710	5,286	5,392	4,761	3,744	4,043	3,914	3,678	3,017
LTD/E Ratio	0.89	0.90	0.91	0.91	1.05	0.82	0.71	0.71	0.67	0.85

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.9%	4.7%	2.3%	2.3%	-4.3%	5.1%	7.8%	0.6%	-1.1%	-8.0%
Return on Equity	5.8%	9.5%	4.7%	4.8%	-9.2%	11.2%	16.7%	1.1%	-2.3%	-16.9%
ROIC	3.0%	5.0%	2.5%	2.5%	-4.7%	5.8%	9.5%	0.7%	-1.4%	-9.7%
Shares Out.	282.2	288.8	287.1	286.1	286.8	287.7	272.7	263.8	262.0	262.6
Revenue/Share	3.20	3.12	3.16	3.03	2.86	2.95	2.35	2.38	2.28	2.22
FCF/Share	0.98	1.14	1.09	0.93	0.97	1.12	0.62	0.71	0.65	0.65

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

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