NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

For the three and nine months ended September 30, 2017

November 9, 2017

CEO'S MESSAGE

The third quarter of 2017 marked yet another exceptionally active period highlighted by the REIT's acquisition of Generation Healthcare REIT. Integration of this strategic acquisition is well under way and we are pleased that the initial earnings accretion from development completions and portfolio refinancing will be in place by year end. Additionally, to further reduce leverage and simplify its balance sheet, we successfully completed our largest equity offering to repay higher cost debt and announced the repayment of $40 million of convertible debentures. Complementing the REIT's balance sheet strength and current liquidity position, its capital recycling initiatives are progressing well and it is positioned to capitalize on a significant pipeline of accretive growth opportunities.

In addition to a very busy transactional quarter, the REIT continued to deliver another strong quarter of financial and operational performance across an expanded 144 property, 9.7 million square foot diversified healthcare real estate portfolio underpinned by long-term inflation indexed leases. For the three months ended September 30, 2017, the REIT delivered strong financial and operating results, illustrated by the following:

- IFRS revenue increased 26% in Q3 2017 to $83,932 from $66,488 in Q3 2016 primarily driven by the acquisition of GHC;
- For Q3 2017, IFRS net income/(loss) declined to $(71,213) from $3,633 in Q3 2016 driven by loss on business combination;
- AFFO per unit for the third quarter 2017 of $0.23 and $0.90 on an annualized basis ($0.96 per unit on a normalized basis);
- AFFO payout ratio of 88.6% (83.3% normalized) for the third quarter based on the REIT's annual distribution of $0.80 per unit;
- Recognition of a $14M fair value gain in the REIT's total investment property portfolio, primarily driven by gains in Australasia;
- Net asset value of $12.00 per unit, a slight decrease from Q2 2017 primarily driven by appreciation of the Canadian dollar relative to the REIT's other currencies which was partially offset by continued portfolio valuation gains;
- Temporary increase in leverage to 46.7% (54.4% including convertible debentures) at the end of Q3 2017 which has been more than offset by the REIT's financing initiatives post the end of the quarter which have reduced current in-place leverage to 43.7% (50.6% including convertible debentures);
- Strong portfolio occupancy of 95.4%, led by the international portfolio occupancy of 99%;
- Weighted average lease expiry of 11.3 years, underpinned by the international portfolio with a weighted average lease expiry of 15.6 years; and
- Canadian dollar and source currency weighted normalized cash SPNOI growth of 3.3% and 4.7%, respectively, in Q3 2017 as compared to the same quarter in 2016, driven largely by inflation indexation on leases at the REIT's international assets.

During both the third quarter and subsequent to quarter end, the REIT has continued executing on committed, low-risk development and expansion projects, completing accretive debt and equity financings and pursuing select accretive acquisitions. Significant achievements included:

- Completed the acquisition of 100% of Generation Healthcare REIT, with total assets of $865M and a high quality portfolio of 16 hospitals and MOBs located primarily in major Australian cities;
- $143.8M equity offering, which allowed the REIT to reduce its overall leverage levels and repay higher cost revolving debt and reduce leverage by approximately 300bps;
- $84.7M, 10 year, 6.35% Brazilian long term financing, further enhancing the REIT's liquidity position and simplifying its balance sheet by repaying two series of convertible debentures totaling $40M with a weighted average interest rate of 7.0%;
- Receipt of a committed term sheet in respect of a new 5 year, $473.5M term loan facility to refinance existing Generation portfolio lending facilities which is expected to generate $3.3M in annual interest savings on a leverage neutral basis;
- Completion of 3 development projects with a combined cost of $130M ($63M at NorthWest's share) at a 7.8% weighted average yield on cost;
- Committed or agreed in principal to develop six properties with a combined value of approximately $400 million at accretive project yields; and
- Executed on its $225M capital recycling program which is progressing well with expected proceeds being deployed into a combination of accretive growth and deleveraging.

Looking ahead and building on strong and consistent quarterly and YTD operational results, the REIT is focused on further deleveraging consistent with its 40% LTV target as well as continuing to execute on its accretive acquisition and development pipeline and previously announced capital recycling initiatives. To round out 2017, the REIT will continue to advance ongoing discussions with new institutional capital partners in each of its international markets as a means to leverage its platform in the continuing consolidation of healthcare real estate globally.

Sincerely,

Paul Dalla Lana

Chief Executive Officer

PART I - BASIS OF PRESENTATION

This Management's Discussion and Analysis of the results of operations and financial condition ("**MD&A**") of NorthWest Healthcare Properties Real Estate Investment Trust ("**NorthWest**" or the "**REIT**") should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2017, prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. All amounts are presented in thousands of Canadian dollars, except where otherwise stated. Per unit amounts are presented in Canadian dollars, and are calculated including Class B LP Units (as defined hereafter), except where otherwise stated.

This MD&A should also be read in conjunction with the Annual Information Form of the REIT dated March 31, 2017 (the "**Annual Information Form**") and the REIT's Management Information Circular dated April 14, 2017 (the "**Circular**"). This MD&A is current as of November 9, 2017 unless otherwise stated. Additional information relating to the REIT, including its continuous disclosure documents required by the securities regulators, is filed as required on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed electronically at www.sedar.com.

Throughout this MD&A the following terms have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa:

- "**Convertible Debentures**" has the meaning set out in the Section "**CAPITAL STRUCTURE– Convertible Debentures**" and includes the following series of convertible debentures:
    a) NWH.DB;
    b) NWH.DB.A;
    c) NWH.DB.B;
    d) NWH.DB.C;
    e) NWH.DB.D;
    f) NWH.DB.E;
    g) NWH.DB.F.
- "**Class B LP Unit**" or "**Exchangeable Unit**" means a Class B limited partnership unit of NWI Healthcare Properties LP ("**NWI LP**"), exchangeable for Trust Units;
- "**Special Voting Unit**" means a special voting unit of the REIT attached to a Class B LP Unit;
- "**Trust Unit**" or "**REIT Trust Unit**" means a trust unit of the REIT; and
- "**Unitholder**" means a holder of Trust Units and any reference to a Unitholder in the context of such Unitholder's right to vote at a meeting of Unitholders also includes reference to a holder of Special Voting Units.

FORWARD-LOOKING INFORMATION ADVISORY

This MD&A contains forward-looking statements which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT. The words "plans", "expects", "does not expect", "scheduled", "estimates", "intends", "anticipates", "does not anticipate", "projects", "believes", "normalized", "run rate", "contracted", "stabilized", or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "might", "occur", "be achieved" or "continue" and similar expressions identify forward-looking statements. Some of the specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the following:

- the intention of the REIT to pay stable and growing distributions;
- the ability of the REIT to execute its growth strategies;
- the ability of the REIT to refinance maturing debt obligations;
- any projections of financial performance of the REIT for the periods set out herein; including normalized, run-rate, contracted or stabilized metrics ;
- development opportunities;
- the expected tax treatment of the REIT's distributions to Unitholders; and

- the expectations regarding real estate, the healthcare industry and demographic trends.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The REIT's estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the REIT's future growth potential, results of operations, future prospects and opportunities, demographic and industry trends remaining unchanged, future levels of indebtedness, the ability to access debt and capital markets, the tax laws as currently in effect remaining unchanged, the current economic and political conditions in the countries in which the REIT operates remaining unchanged, anticipated capital expenditures, future general and administrative expenses (including estimated synergies resulting therefrom) and contracted acquisition, disposition and development opportunities.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Risks and Uncertainties" in this MD&A, as well as the section titled "Risk Factors" in the Annual Information Form and the Circular, which are hereby incorporated by reference in this MD&A.

These forward-looking statements are made as of the date of this MD&A and, except as expressly required by applicable law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

MARKET AND INDUSTRY DATA

This MD&A includes market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information.

Although the third-party sources believe it to be reliable, we have not independently verified any of the data from third-party sources referred to in this MD&A, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

PERFORMANCE MEASUREMENT

The key performance indicators by which management measures the REIT's performance are as follows:

- Net income;
- Cash flows from operations;
- Funds from operations ("**FFO**");
- Adjusted funds from operations ("**AFFO**");
- Normalized AFFO;
- Weighted average lease expiry ("**WALE**");
- Weighted average interest rate;
- Occupancy levels;
- Debt - Declaration of Trust;
- Debt - Including Convertible Debentures;
- Adjusted EBITDA;
- Net operating income ("**NOI**"); and
- Net Asset Value ("**NAV**") and Net Asset Value per unit ("**NAV/unit**");
- Adjusted Liabilities;

- Same Property NOI.

"WALE" is a measurement of the average term (expressed in years) remaining in each of the REIT's leases, weighted by the size of the gross leasable area ("**GLA**") each lease represents of the total GLA of the REIT's portfolio. WALE is a common performance measure used in the real estate industry which is useful in measuring the vacancy risk and the stability of future cash flows of the REIT's properties.

"Occupancy levels" are presented in different manners depending on its context. It could be presented as a weighted average portfolio occupancy, based on the area weightings, when analyzing the overall operating performance of the REIT's portfolio, or as a point-in-time reference when analyzing future lease expiries, or as an assessment of the performance of each property period over period. Management considers this a useful measure in assessing the overall performance of its portfolio and is an essential tool to determine which properties require further investigation if performance lags.

Explanation of Non-IFRS measures used in this MD&A

FFO and AFFO are not measures recognized under International Financial Reporting Standards ("**IFRS**") and do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. FFO and AFFO are supplemental measures of a Canadian real estate investment trust's performance and the REIT believes that FFO and AFFO, while primarily earnings based measures, also provide are relevant measures of its ability to earn and distribute cash returns to Unitholders. FFO and AFFO should not be construed as alternatives to net income (loss), or cash flow from operating activities, determined in accordance with IFRS as indicators of the REIT's performance. The IFRS measurement most directly comparable to FFO and AFFO is net income (loss). The REIT's method of calculating FFO and AFFO may differ from other issuers' methods and accordingly may not be comparable to measures used by other issuers.

In February 2017, the Real Property Association of Canada ("**REALpac**") issued white papers with recommendations for calculations of FFO and AFFO and introduced a new cash flow measure, Adjusted Cash Flow from Operations ("ACFO"). The REIT is currently reviewing the new guidance and therefore has not adopted the White Paper AFFO and ACFO for the current quarter.

"**FFO**" is defined as net income (computed in accordance with IFRS), excluding: (i) fair value adjustments on investment properties; (ii) gains (or losses) from sales of investment properties; (iii) amortization of tenant incentives; (iv) fair value adjustments and other effects of redeemable units classified as liabilities; (v) revaluation adjustments of financial liabilities; (vi) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; (vii) deferred income tax expense; (viii) Convertible Debentures issuance costs; (ix) goodwill impairment; (x) internal leasing costs; and (xi) strategic transaction costs, all after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.

"**AFFO**" is defined as FFO, subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on mortgages acquired; (ii) amortization of deferred financing charges; (iii) compensation expense related to deferred unit incentive plans; (iv) differences, if any, resulting from recognizing property revenues on a straight line basis as opposed to contractual rental amounts, (v) amortization and adjustments relating to assets expected to provide an economic benefit to the REIT; (vi) adjusting for differences, if any, resulting from recognizing acquired contracts at fair value rather than the contracted rate; (vii) incentive amount expense, and (viii) deducting stabilized amounts for tenant inducements, leasing costs, and sustaining capital expenditures, as determined by the REIT. Other adjustments may be made to AFFO as determined by management at their discretion.

We have provided an analysis of FFO and AFFO under **PART III - RESULTS FROM OPERATIONS, FUNDS FROM OPERATIONS ("FFO")** and **ADJUSTED FUNDS FROM OPERATIONS ("AFFO")**.

"**Normalized AFFO"** is a non-IFRS measure which management believes is relevant in representing its ability to earn and distribute cash returns to Unitholders. In addition to the adjusting items to arrive at AFFO, Normalized AFFO also adjusts for the full year effect of transactions occurring in the reporting period, transactions that have occurred

subsequent to the reporting period, and adjusts for other items management believes were non-recurring or seasonal in nature and estimated based on management's expectations on a normalized level of activity. The REIT considers Normalized AFFO to be a meaningful measure because it provides, in management's view, an estimate of AFFO on a stabilized basis. There is no standard industry-defined measure of Normalized AFFO. As such, the REIT's method of calculating Normalized AFFO will differ from other issuers' methods and, accordingly, will not be comparable to such amounts reported by other issuers.

The REIT's "**Weighted average interest rate**" includes secured debt with fixed interest rates and excludes secured debt with floating interest rates. This calculation is a useful measure because it allows management to compare movements in interest rates period over period and to compare the average rate to the current market rates at that point in time.

"**Debt - Declaration of Trust**" is a non-IFRS financial measure that represents the indebtedness definition outlined in the REIT's Declaration of Trust. It includes the sum of the principal balance of mortgages, securities lending agreements, margin facilities, term loans, line of credit, and deferred consideration and excludes the Class B LP Units and the REIT's Convertible Debentures. The Debt - Declaration of Trust is measured as a percentage of total assets or Gross Book Value. The REIT's Declaration of Trust provides an operating guideline that sets a maximum level of indebtedness relative to Gross Book Value of 65%. The REIT measures Debt-Declaration of Trust each reporting period to ensure that the REIT remains compliant with the operating guidelines of the REIT's Declaration of Trust in respect of indebtedness. The definition of indebtedness and maximum indebtedness ratio relative to Gross Book Value of the REIT's declaration of trust may differ from the declarations of trust of other issuers and accordingly may not be comparable to similar measures used by other issuers.

"**Debt - Including Convertible Debentures**" is a non-IFRS financial measure and represents the sum of the REIT's indebtedness as defined by the REIT's declaration of Trust (Debt - Declaration of Trust, defined above) plus the amount of Convertible Debentures outstanding stated at fair value. The Debt - Including Convertible Debentures amount is intended to measure total leverage which is commonly reported by other issuers in the industry and is used an important measure in the management of debt levels. The Debt - Including Convertible Debentures is also stated as a ratio to total assets or Gross Book Value. The ratio is an important measure in determining the REIT's capacity for incremental indebtedness to finance operations, maturing obligations or capital expenditures, as required. The definition of Debt - Including Convertible Debentures and its ratio relative to Gross Book Value of the REIT's Declaration of Trust may differ and may not be comparable to similar measures used by other issuers.

"**EBITDA**" is a non-IFRS measure that is comprised of income (loss) before taxes, excluding mortgage and loan interest expense, distributions on Exchangeable Units and depreciation expense and amortization expense. It is a metric that can be used to determine the REIT's ability to satisfy its obligations, including servicing its debt; but it may be affected by non-recurring items.

"**Adjusted EBITDA**" is a non-IFRS measure, defined by the REIT as, income (loss) before taxes excluding mortgage and loan interest expense, distributions on Exchangeable Units, other finance costs, depreciation expense and amortization expense, IFRS fair value changes associated with investment properties and financial instruments, DUP Compensation Expense, foreign exchange gains and losses, gains and losses on disposal of investment properties, adjustments for equity accounted associates, as well as, other items that management considers non-operating or non-recurring in nature. It is a metric that can be used to determine the REIT's ability to satisfy its obligations, including servicing its debt.

"**Net Asset Value**" or **("NAV")** is a non-IFRS measure, defined by the REIT as, total assets less total liabilities and less non-controlling interest, adjusted further to exclude the REIT's proportionate share of the following: DUP Liability, deferred tax liability, accrued Ontario land transfer tax liability, derivative instruments and Class B LP Unit liability. "**NAV per Unit"** or sometimes presented as "**NAV/unit**" is an extension of NAV and defined as NAV divided by the number of units outstanding at the end of the period. The REIT considers NAV and NAV per Unit to be meaningful measures because it provides, in management's view, an estimate of the underlying value of the REIT's units. There is no standard industry-defined measure of NAV per Unit. As such, the REIT's method of calculating NAV per Unit will differ from other issuers' methods, and accordingly, will not be comparable to such amounts reported by other issuers.

"**Adjusted Liabilities**" is a non-IFRS measure, defined by the REIT as, total liabilities and non-controlling interest, excluding the REIT's proportionate share of DUP Liability, deferred tax liability, accrued Ontario land transfer tax liability, derivative instruments and Class B LP Unit liability. Adjusted Liabilities is deducted from total assets to calculate the REIT's non-IFRS measure, NAV per Unit, defined above. The REIT considers Adjusted Liabilities to be a meaningful measure because it provides, in management's view, an estimate of the REIT's liabilities that are expected to be settled in cash in the near term. Further, management views the Class B LP Unit liability to form part of the REIT's equity regardless of it being accounted for as a financial liability under IFRS. There is no standard industry-defined measure of Adjusted Liabilities. As such, the REIT's method of calculating Adjusted Liabilities will differ from other issuers' methods, and accordingly, will not be comparable to such amounts reported by other issuers.

"**Same Property NOI"** is a non-IFRS measure, defined by the REIT as, NOI for investment properties that were owned for a full quarterly reporting period in both the current and comparative year, and excludes properties held for redevelopment. Management considers Same Property NOI to be a key operating metric used to evaluate same property performance. There is no standard industry-defined measure of Same Property NOI. As such, the REIT's method of calculating Same Property NOI will differ from other issuers' methods, and accordingly, will not be comparable to such amounts reported by other issuers.

Explanation of additional IFRS measure used in this MD&A

"**NOI**" is an industry term in widespread use. NOI as calculated by the REIT may not be comparable to similar titled measures reported by other issuers. The REIT considers NOI a meaningful additional measure of operating performance of its property assets, prior to financing considerations. NOI is defined as income from properties after operating expenses have been deducted, but before deducting interest expense, finance costs, depreciation and amortization expense, general and administrative expenses, income taxes, leasehold improvement and external leasing costs, and unrecoverable capital costs.

We have provided an analysis of NOI under **PART III - RESULTS FROM OPERATIONS - NET OPERATING INCOME**.

KEY PERFORMANCE DRIVERS

In addition to monitoring and analyzing the performance of operations through such measures as NOI, FFO and AFFO, management considers the following to be key drivers of current and future financial performance:

- the ability to access equity capital at a competitive/reasonable cost;
- the ability to access debt with terms and conditions that are cost effective; and
- the ability to acquire new properties on a yield accretive basis that enhance the REIT's portfolio.

PART II – BUSINESS OVERVIEW

BUSINESS OVERVIEW AND STRATEGIC DIRECTION

The REIT

The REIT is a Canadian open-ended trust created pursuant to an amended and restated Declaration of Trust dated May 15, 2015, under the laws of the Province of Ontario (the "**Declaration of Trust**" or "**DOT**"). The REIT completed its initial public offering ("**IPO**") on March 25, 2010. The REIT Trust Units are listed and publicly traded on the Toronto Stock Exchange ("**TSX**") under the symbol NWH.UN. The REIT's Convertible Debentures are listed and publicly traded on the TSX under the symbols NWH.DB, NWH.DB.A, NWH.DB.B, NWH.DB.C, NWH.DB.D, NWH.DB.E and NWH.DB.F.

On May 15, 2015, pursuant to the Combination Transaction, the REIT acquired, among other things, all the assets of NWI and its subsidiaries became direct or indirect subsidiaries of the REIT, in accordance with the plan of arrangement. The unitholders of NWI received 0.208 of a REIT Trust Unit for each NWI trust unit held, other than dissenting unitholders. All outstanding NWI deferred units were exchanged on the same basis for REIT deferred units. In addition,

NWI's exchangeable units were converted into a new class of limited partnership units using the same exchange ratio of 0.208, which are redeemable, at the option of the holder, for REIT Trust Units. NWI's trust units which were traded on the TSX Venture Exchange ("**TSXV**") under the symbol MOB.UN ceased to trade on the TSX Venture Exchange at the close of business on May 19, 2015. NWI's convertible debentures, previously trading under the symbols MOB.DB, MOB.DB.A and MOB.DB.B, were assumed by the REIT, ceased to trade on the TSXV at the close of business on May 19, 2015 and commenced trading on the TSX under the symbols NWH.DB.A, NWH.DB.B and NWH.DB.C, respectively, on May 20, 2015.

The REIT's objectives are to:

- provide sustainable and growing cash distributions through focused investment in healthcare real estate globally;
- build a diversified, growth-oriented global portfolio of healthcare properties concentrated initially in Australia/New Zealand, Brazil, Canada and Germany;
- capitalize on growth opportunities both within its existing portfolio and through accretive acquisitions in its target markets; and
- grow the value of its assets and maximize the long-term value of its Trust Units through active and efficient management.

Declaration of Trust

The investment guidelines of the REIT are outlined in the REIT's Declaration of Trust, a copy of which is filed on SEDAR. Further information regarding the Declaration of Trust can also be located in the REIT's Annual Information Form under the heading "Declaration of Trust". Some of the main investment guidelines and operating policies in the Declaration of Trust include the following:

Investment Guidelines (condensed summary)

1. The REIT may only invest directly or indirectly in interests in income–producing real estate and assets ancillary thereto necessary for the operation of such real estate;
2. Provided that the REIT may invest up to 25% of the Gross Book Value of the REIT in investments which do not comply with one or more of the specific investment guidelines set forth in Declaration of Trust; and
3. The REIT shall not hold any investment or take any action that would result in the REIT not qualifying as a "mutual fund trust" or "unit trust" both within the meaning of the Tax Act or the Units not qualifying as qualified investments for Exempt Plans.

Operating Policies (condensed summary)

1. The REIT shall not incur or assume any Indebtedness, as defined, if, after giving effect to the incurrence or assumption of such Indebtedness, the total Indebtedness of the REIT would be more than 65% of Gross Book Value;
2. Subsidiaries of the REIT may engage in construction or development of real property provided such real property meets the REIT's investment guidelines and operating policies; and
3. No guaranteeing of third-party debt outside its existing structure and potential joint venture partner structures, except under certain specific conditions and meeting certain defined criteria.

At September 30, 2017, the REIT was in compliance with all investment guidelines and operating policies stipulated in the Declaration of Trust.

Strategic Direction

Market Opportunity

The REIT provides an opportunity for investors to gain exposure to healthcare real estate globally with a focus on MOBs and hospitals in major markets in Australia/New Zealand, Brazil, Canada and Germany. The REIT intends to provide sustainable and growing monthly cash distributions, while allowing investors to diversify their holdings beyond

strictly the Canadian market. The REIT is the only publicly-listed real estate investment trust in Canada dedicated to investing in healthcare real estate globally.

Over the past several years, some of Canada's largest pension funds and institutional investors have increasingly sought out investment opportunities outside of Canada in the real estate sector. These investors have increased the international component of their real estate investments for reasons that include diversification, the opportunity to enhance returns and the possibility of generating long-term, stable cash flows. Significant markets for Canadian institutional buyers of foreign real estate include the United States, Asia, Australia, and South America. The REIT believes that it is providing a unique opportunity for Canadian retail and institutional investors to diversify their real estate investments, as large Canadian pension funds and other large Canadian institutional investors have done, by investing in an entity that will pursue investment opportunities in international commercial real estate while retaining a significant interest in the Canadian market.

The REIT believes that healthcare real estate represents a compelling asset class within commercial real estate, serving as a defensive asset class with both scale and growth. The REIT believes that international markets will continue to offer attractive healthcare real estate acquisition opportunities for the REIT in the future. To select international markets in which to expand, the REIT identifies key market characteristics that lead to growth in demand which may be similar to those occurring in Canada, specifically:

- Demographics: growing or aging population and increasing life expectancy, each of which are key drivers in the demand for healthcare services;
- Economics: a balance of economic growth and stability, stabilized and/or increasing GDP per capita, and increasing healthcare spending as % of GDP or on an absolute basis; and
- Real estate and healthcare trends: fragmented healthcare real estate markets, healthcare operators focusing on "core business", demand for new infrastructure, and growing public and private healthcare services.

Target Markets

Within the landscape of international healthcare real estate markets, the REIT has identified the following markets as the REIT's focus areas:

- **Canada:** an established market with selective, incremental growth opportunities and the stability of a government backed tenant base;
- **Brazil:** a high-growth market with experienced hospital operators, where the REIT has investments through long-term inflation indexed triple-net leases;
- **Germany:** a fragmented market with available first mover advantage, NOI growth through active management and the building of scale, which is similar to the REIT's experiences growing in Canada; and
- **Australasia:** an established market with consolidation opportunities and inflation indexed triple net rents, where the REIT owns 16 healthcare assets in Australia and has an investment in Vital Healthcare Property Trust ("**Vital Trust**").

The following table highlights certain key market data in connection with the REIT's target markets:

TABLE 1 - KEY MARKET DATA

				Australasia	
	Canada	**Brazil**	**Germany**	**New Zealand**	**Australia**
Population[1]	36.7 Million	206.1 Million	82.8 Million	4.8 Million	24.1 Million
GDP Annual Growth Rate[2]	3.70%	0.30%	2.10%	2.50%	1.80%
Inflation [3]	1.60%	2.54%	1.80%	1.90%	1.80%
5 Yr. Government Bond Yield [4]	1.75%	9.29%	(0.26)%	2.52%	2.37%
Health Care System	Publicly-funded healthcare system	Hybrid public and private healthcare systems	Hybrid public and private healthcare systems	Hybrid public and private healthcare systems	Hybrid public and private healthcare systems

Notes

(1) 2016 Estimate

(2) June 2017

(3) September 2017

(4) September 30, 2017, closing rate

Sources: Statistics Canada, Bank of Canada, Trading Economics, investing.com

RELATIONSHIP WITH NWVP

As at September 30, 2017, NorthWest Value Partners Inc. ("**NWVP**") indirectly owned approximately 25% (approximately 20% on a fully-diluted basis assuming conversion of the REIT's Convertible Debentures and redemption of its deferred Trust Units) of the REIT through a combination of Trust Units of the REIT and Class B LP Units. Established in 1994, Toronto-based NWVP is one of Canada's leading privately-owned real estate companies. The scope of its business includes real estate, ownership and management, in Canada and internationally with a significant focus on the healthcare sector. The Principal of NWVP serves as an officer and trustee of the REIT.

FINANCIAL AND OPERATIONAL SUMMARY

The following is a summary of key financial and operational information for the periods indicated:

TABLE 2 - FINANCIAL AND OPERATIONAL HIGHLIGHTS

Expressed in thousands of Canadian dollars, except per unit amounts	As at September 30, 2017 (Unaudited)	As at December 31, 2016 (Unaudited)
Operational Information [1]		
Number of Properties - 100% of associates	144	138
Gross Leasable Area (sf) - 100% of associates	9,714,877	9,376,600
Occupancy % - 100% of associates	95.4%	95.6%
WALE (Years) - 100% of associates	11.3	11.1
Summary of Financial Information		
Gross Book Value [2]	$ 4,454,086	$ 3,328,533
Debt - Declaration of Trust [3]	$ 2,079,307	$ 1,382,784
Debt to Gross Book Value - Declaration of Trust	46.7%	41.5%
Debt - Including Convertible Debentures [3]	$ 2,421,546	$ 1,714,618
Debt to Gross Book Value - Including Convertible Debentures	54.4%	51.5%
Percentage of Mortgages and Loans Payable at Fixed Rates[9]	61.4%	81.8%
Weighted Average Interest Rate on Fixed Rate Mortgages and Loans Payable	4.44%	4.39%
Adjusted Units Outstanding - period end [5]		
Basic	106,662,343	88,435,233

	For the three months ended September 30, 2017 (Unaudited)	For the three months ended September 30, 2016 (Unaudited)	For the three months ended June 30, 2017 (Unaudited)
Operating Results			
Net Income / (Loss)	$ (71,213)	$ 3,633	$ 161,799
NOI [6]	$ 61,805	$ 48,277	$ 54,131
Funds From Operations ("FFO") [6]	$ 24,123	$ 21,432	$ 25,912
Adjusted Funds From Operations ("AFFO") [6]	$ 24,080	$ 17,708	$ 25,983
Distributions [7]	$ 21,322	$ 17,652	$ 21,291
Interest Coverage [4]	2.05	2.46	2.54
Per Unit Amounts [5]			
FFO per unit - Basic [8]	$ 0.23	$ 0.25	$ 0.24
FFO per unit - fully diluted [8]	$ 0.22	$ 0.24	$ 0.23
AFFO per unit - Basic	$ 0.23	$ 0.21	$ 0.25
AFFO per unit - fully diluted [8]	$ 0.22	$ 0.20	$ 0.23
Distributions per unit	$ 0.20	$ 0.20	$ 0.20
AFFO Payout Ratio	89%	98%	82%
AFFO Payout Ratio - fully diluted [8]	93%	100%	86%
Adjusted Weighted Average Units Outstanding [5]			
Basic	106,585,010	86,344,032	106,015,975
Diluted - FFO [8]	126,946,696	105,023,797	132,550,904
Diluted - AFFO [8]	126,946,696	98,757,698	132,550,904

TABLE 2 - FINANCIAL AND OPERATIONAL HIGHLIGHTS CONT.	
Notes	
(1)	Operational information includes 100% of Vital Trust. The REIT has an exposure to an approximate 25% interest in Vital Trust.
(2)	Gross Book Value is defined as total assets.
(3)	As defined in Non-IFRS measures used in this MD&A.
(4)	See Ratios and Covenants for the REIT's calculation of Interest Coverage.
(5)	Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP Units in basic and diluted units outstanding/weighted average units outstanding. There were 18,998,065 Class B LP Units outstanding as at September 30, 2017 and December 31, 2016.
(6)	FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. These terms are defined in this MD&A and reconciled to IFRS-based amounts reported in the consolidated financial statements of the REIT. NOI is an additional IFRS measure and NOI as calculated by the REIT may not be comparable to similar titled measures reported by other issuers.
(7)	Represents distributions to Unitholders and Class B LP Units on an accrual basis. Distributions are payable as at the end of the period in which they are declared by the Board of Trustees, and are paid on or around the 15th day of the following month.
(9)	Diluted units includes vested but unissued deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual conversion price. Convertible Debentures are dilutive if the interest (net of tax and other changes in income or expense) per unit obtainable on conversion is less than the basic per unit measure.
(9)	The REIT classifies variable rate debt hedged with fixed rate swaps as fixed rate debt.

HIGHLIGHTS FOR THE QUARTER

Completion of GHC Acquisition

On July 17, 2017, the REIT completed the compulsory acquisition of all outstanding units of GHC by purchasing the remaining 6.4% of GHC representing 14,132,399 GHC units for approximately $32,362 (A$32,505), excluding transaction costs. Concurrently, GHC passed a resolution to appoint NorthWest Healthcare Australia RE Limited (a subsidiary of the REIT) as the responsible entity of GHC. As a result of these events, the REIT determined that it had obtained control of GHC and thus consolidates GHC from the date of acquisition. The completion of the GHC acquisition was funded with existing resources and headroom on the existing credit facilities.

See note 4 of the REIT's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2017, for further details of the business combination including the purchase equation.

Vital Property Acquisition

On August 1, 2017, Vital Trust settled the previously announced acquisition of The Hills Clinic located in Sydney, Australia for approximately $31,472 (NZD$34,367). The Hills Clinic is a two-level purpose-built private mental health hospital with 59 beds, 8 consulting rooms and approximately 30 referring clinicians. The weighted average lease expiry at The Hills Clinic is 29.8 years.

GHC Property Acquisition

Agreed, subject to customary closing conditions, with Epworth Healthcare to acquire the remaining 50% interest in Epworth Freemasons Hospital that Generation does not already own for approximately $54,200 (A$55,000) inclusive of transaction costs. The transaction is expected to close in Q1 2018. As part of the transaction the REIT has entered into a revised development agreement for a larger hospital expansion as detailed in the development section below.

Development

During the quarter the REIT reached substantial completion of Casey Specialist Medical Centre (Casey Stage II) in partnership with St. John of God Health Care ("SJOG"). As a reminder, Casey Stage II was a previously announced approximately $107,400 (A$110,000; $39,000 (A$40,000) at the REIT's interest) development of a 17,000 SqM state-of-art private hospital that will be fully occupied and operated by SJOG, Australia's largest not for profit healthcare group.

During the quarter the REIT entered into a partnership with Healthe Care Australia ("Healthe Care") to lease approximately 10,000 SqM at Epping Medical Centre & Private Hospital ("Epping"). Additionally, the REIT agreed in principle with Healthe Care to develop an approximately $244,100 (A$250,000), 360 bed private hospital on land adjoining Epping, on a long-term, multi-staged basis.

During the quarter, and as part of the transaction to acquire the remaining 50% interest in Epworth Freemasons outlined above, the REIT has agreed with Epworth Healthcare to an approximately $84,000 (A$86,000) expansion (the "Grey Street Centre and Albert Street Carpark") of the Epworth Freemasons Hospital. Epworth Healthcare has agreed to lease the Grey Street Centre and Albert Street Carpark for a 30 year term beginning on substantial completion of the development.

Australasian Refinancing

During the third quarter, the REIT received, from a major Australian bank, a committed term sheet for a new five year approximately C$473,506 (A$485,000) syndicated term loan facility to refinance existing Generation portfolio lending facilities, higher cost corporate debt, and to provide working capital and funding for ongoing expansions committed in region. The financing, which remains subject to typical terms, conditions and final documentation, is expected to close later this year.

SUBSEQUENT EVENTS

Equity Offering

On October 13, 2017, the REIT completed a public offering of 13,133,000 REIT units, including 1,713,000 units issued pursuant to the exercise in full of an over-allotment option, at a price of $10.95 per unit, representing gross proceeds of $143,806. The REIT used the net proceeds from the public offering to repay in full the $125,000 additional tranche of its revolving secured credit facility, which was utilized by the REIT to partially fund the acquisition of GHC.

Brazilian Financings

On October 10, 2017, the REIT completed long term financing in respect of Hospital Santa Helena located in Brasilia Brazil, raising gross proceeds of approximately $84,654 (R$215,900). The financing is secured by 100% of future rents during a ten year term and bears an interest rate of 6.35%.

Capital Recycling Initiatives

Subsequent to quarter end, the REIT listed for sale two properties in downtown Toronto, Canada: Dundas-Edward Centre, a two-building office and medical office complex containing approximately 417,000 square feet; and 149 College Street (also known as the Stewart Building), an office building containing approximately 44,000 square feet.

Other

On October 13, 2017, the REIT announced a distribution of $0.06667 per REIT unit to unitholders of record on October 31, 2017, payable November 15, 2017. On November 9, 2017, the REIT declared a distribution of $0.06667 per REIT unit to unitholders of record on November 30, 2017, payable December 15, 2017.

ASSETS OF THE REIT

Summary

The following table summarizes the REIT's assets by region as at September 30, 2017:

TABLE 3 - SUMMARY OF ASSETS

	Canada	Brazil	Germany	Vital Trust [1] (Australasia)	GHC (Australasia)	Consolidated Total
Number of Properties	58	7	22	41	16	144
Asset Mix	100% MOB	100% Hospital	100% MOB	25% MOB/75% Hospital	75% MOB/25% Hospital	56% MOB/44% Hospital
Gross Leaseable Area ("GLA") (million sf)	4.0	1.5	0.9	2.2	1.1	9.7
Total Assets (Cdn$ millions)[2]	$1,259	$655	$235	$1,335	$865	$4,454
Occupancy	90.5%	100.0%	96.3%	99.3%	98.2%	95.4%
WALE (Years)	5.0	20.9	4.8	17.7	13.4	11.3
Average Building Age (Years)	30	13	25	21	12	23
Weighted Average Implied Cap Rate	6.5%	8.2%	5.8%	6.0%	5.7%	6.5%

Notes

(1) Shown on a 100% basis. The REIT has an approximate 25% interest in Vital Trust and consolidates its Investment in Vital Trust

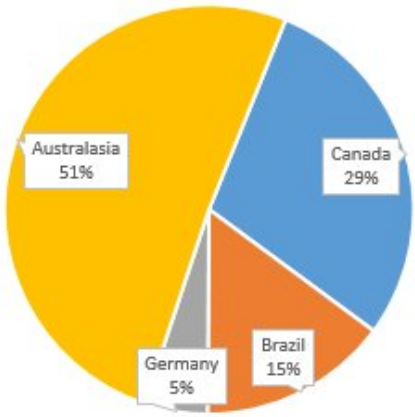
(2) Consolidated Total includes corporate assets

See **PART XI – PROPERTY TABLE** for additional property portfolio information.

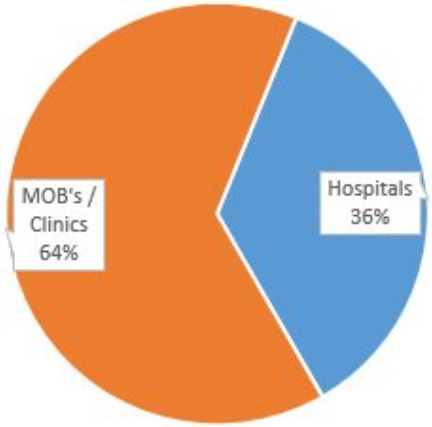
Diversification of Assets

The REIT's assets are diversified geographically and by asset type as follows:

Geographic Profile by Total Assets



Asset Mix by GLA



Notes

(1) As at September 30, 2017

(2) Total assets excludes corporate assets.

(3) Vital Trust shown on a 100% basis. The REIT has an approximate 25% ownership interest in Vital Trust and consolidates its investment in Vital Trust

Geographic Diversification

The REIT aims to provide its investors with an exposure to a well-diversified portfolio of healthcare real estate located in the greater areas of cities such as: Auckland (New Zealand), Berlin (Germany), Calgary (Canada), Edmonton (Canada), Halifax (Canada), Melbourne (Australia), Montreal (Canada), Quebec City (Canada), Rio de Janeiro (Brazil), Sao Paulo (Brazil), Brasília (Brazil), Sydney (Australia) and Toronto (Canada).

Asset Mix

The REIT's asset mix can be broadly categorized into hospitals and medical office buildings / clinics and residential aged care facilities. A brief summary of each asset type is below:

Hospitals:

The REIT's hospital portfolio is located in Australia, Brazil and New Zealand and represents a diversified portfolio of facilities providing healthcare services by best-in-class private hospital operators and philanthropic foundations.

All of the REIT's hospitals are leased to single tenant, hospital operators under long-term, inflation indexed, triple net lease structures in which the REIT does not absorb any material property operating cost risk.

*Medical office buildings ("**MOB**"):*

The REIT's MOB portfolio is located in Australia, Canada, Germany and New Zealand.

MOB's are similar to commercial office buildings, are typically multi-tenant properties and are primarily leased to necessity based healthcare providers.

Residential Aged Care Facilities:

The REIT's residential aged care facilities are located in Australia. Residential aged care provides support and accommodation for those elderly who choose to have their personal and/or nursing care provided within residential aged care accommodation.

The REIT's residential aged care facilities are leased to Hall & Prior Health, RSL Care, RDNS, and and Aged Care Group, one of Australia's leading private residential aged care operators, for 20 years on triple net leases with annual CPI reviews and periodic market reviews.

As at September 30, 2017, and including the REIT's interest in Vital Trust on a 100% basis, the REIT had interests in 33 hospitals, 8 aged care facilities and 103 medical office buildings or development sites.

Canada - Largest non-government owner and manager of medical office buildings and healthcare facilities

The REIT is Canada's largest non-government owner and manager of MOBs and healthcare facilities. The REIT owns and operates, as at September 30, 2017, a portfolio of 58 properties, located primarily in major markets such as Toronto, Montreal and Calgary, with a GLA of 4.0 million million square feet, 90.5% occupancy and approximately 1,100 tenants. The REIT's portfolio has a well-diversified tenant profile, reflecting an attractive mix of healthcare-related tenants, including regional health authorities, primary care networks, family health teams, medical and diagnostic imaging clinics, medical practitioners, pharmacies and laboratories, as well as institutional and non-healthcare tenants. The Canadian region has a fully-integrated team of investment, development, asset management and portfolio operations professionals.

Brazil – Long term net leases to private hospital operators

The REIT owns a portfolio of seven private hospitals varying in size, with the smallest comprising 96,875 square feet with 56 beds and the largest consisting of a 342,000 square foot full-service hospital with 350 beds. The assets are located in São Paulo, Brasilia and Rio de Janeiro. The hospitals are single tenant properties. Six hospitals are leased to Rede D'Or Sao Luiz (the "**Rede D'Or Hospital Portfolio**"), a privately owned Brazilian hospital operator with 30 hospitals across the country, and one hospital (the "**Sabará Children's Hospital**") is leased to Hospital Sabará (the "Sabará Tenant"), who uses the property to operate one of the region's largest private children's hospitals. All the leases are triple-net, indexed to inflation, ranging in term from 15 years (7 years remaining) to 25 years (24.1 years remaining) with a WALE of 20.9 years. The Brazil region is supported by a local team with significant experience in investment, development, property operations and asset management.

Germany – High quality MOB assets located in major markets

As at September 30, 2017 the REIT's German portfolio consists of 22 high quality MOB assets strategically located in the country's major markets, including Berlin, Frankfurt, Ingolstadt and Leipzig. As at September 30, 2017 the portfolio has a 96.3%% occupancy rate and an approximate 4.8 year average lease term. The REIT also benefits from the strength of its fully-integrated investment, property management and asset management capabilities located in the market, which allow for efficient operation and transaction sourcing in the country.

Australasia – Direct Investment in Australian Hospitals and Strategic Interest in Vital Trust

100% of Generation Healthcare REIT

During the quarter, the REIT completed the 100% acquisition of Generation Healthcare REIT ("**GHC**"). GHC (ASX: GHC.AX) was an Australian Securities Exchange ("**ASX**") listed investment fund and was Australia's only listed real estate entity that invests exclusively in healthcare property. As at September 30, 2017, GHC owns a portfolio of 16 hospitals, medical centers and aged care facilities centered around the major markets of Sydney, Melbourne and Brisbane. GHC's portfolio comprises approximately 1.1 million square feet, is approximately 98.2% occupied and has a weighted average lease expiry term of 13.4 years. The GHC portfolio offers stable and growing cash flows underpinned by tenancies of high quality hospital and healthcare operators with long-term, inflation-indexed leases. The GHC team is a fully integrated operation with an office in Melbourne, Australia comprised of leading investment, development, asset management and property operations professionals.

In June 2016, the REIT purchased Generation Healthcare Management Pty Limited ("**GHM**") from APN Property Group Limited ("**APN**") and senior executives of GHM's management team.

On July 17, 2017, in connection with the completion of the GHC bid, GHC passed a resolution to appoint NorthWest Healthcare Australia RE Limited (a subsidiary of the REIT) as the responsible entity. The REIT has consolidated GHC from the date of acquisition of control in July 2017. Accordingly, from the date of acquisition of control, the management fees in GHM (and related expenses in GHC) have been eliminated on consolidation.

25% of Vital Trust and 100% of Vital Manager

The REIT acts as manager and owns an approximate 25% strategic stake in Vital Healthcare Property Trust ("**Vital Trust**"). Vital Trust (NZX: VHP) is a New Zealand Stock Exchange ("**NZX**") listed investment fund and is Australasia's largest healthcare real estate owner. As at September 30, 2017 Vital Trust owns 22 private hospitals, 10 MOBs, 5 aged care facilities and 4 development sites in Australia and New Zealand, with a 99.3% occupancy rate and an approximate 17.7 year average lease term. Through Vital Trust, the Australasia portfolio offers stable and growing cash flows underpinned by tenancies of high quality hospital and healthcare operators with long-term, inflation-indexed leases. The Vital team is a fully integrated operation with offices in Melbourne, Australia and Auckland, New Zealand comprised of leading investment, development, asset management and property operations professionals.

As at September 30, 2017, the REIT's equity interest in Vital Trust represents 108,417,366 units (December 31, 2016 - 105,977,179) which had a fair value at September 30, 2017 of $2.00 (NZ$2.23) per unit (December 31, 2016 - $1.88 (NZ$2.02)). Table 3 above highlights certain information about Vital Trust as at, on a 100% basis; noting, however, that the REIT has a 25% interest in Vital Trust.

As a result of the REIT's ownership of the rights and obligations relating to the management of Vital Trust through the Vital Manager, the REIT determined it has control with respect to its investment in Vital Trust and therefore accounts for its investment in Vital Trust as a subsidiary and consolidates the financial position and results of Vital Trust.

In exchange for its services, the Vital Manager earns management fees, activity-based fees for acquisitions and development activity, as well as an incentive fee. Management fees are calculated at 0.75% of the monthly average of the gross value of the assets of Vital Trust for the quarter ended on the last day of the month. Incentive fees are earned when there is an average annual increase in the gross value of the assets of Vital Trust over the relevant financial year and the two preceding years. The incentive fee is 10% of the amount of the increase with payment being received by way of subscribing for new units of Vital Trust. The management and incentive fees shall not exceed an amount equal to 1.75% per annum of the gross value of the trust. In addition, the Vital Manager earns management fees in its capacity as manager, with an Australian Financial Services License, of both of Vital Trust's Australian subsidiary trusts.

The following table summarizes the management fees earned by Vital Manager for the three and nine months ended September 30, 2017 and 2016:

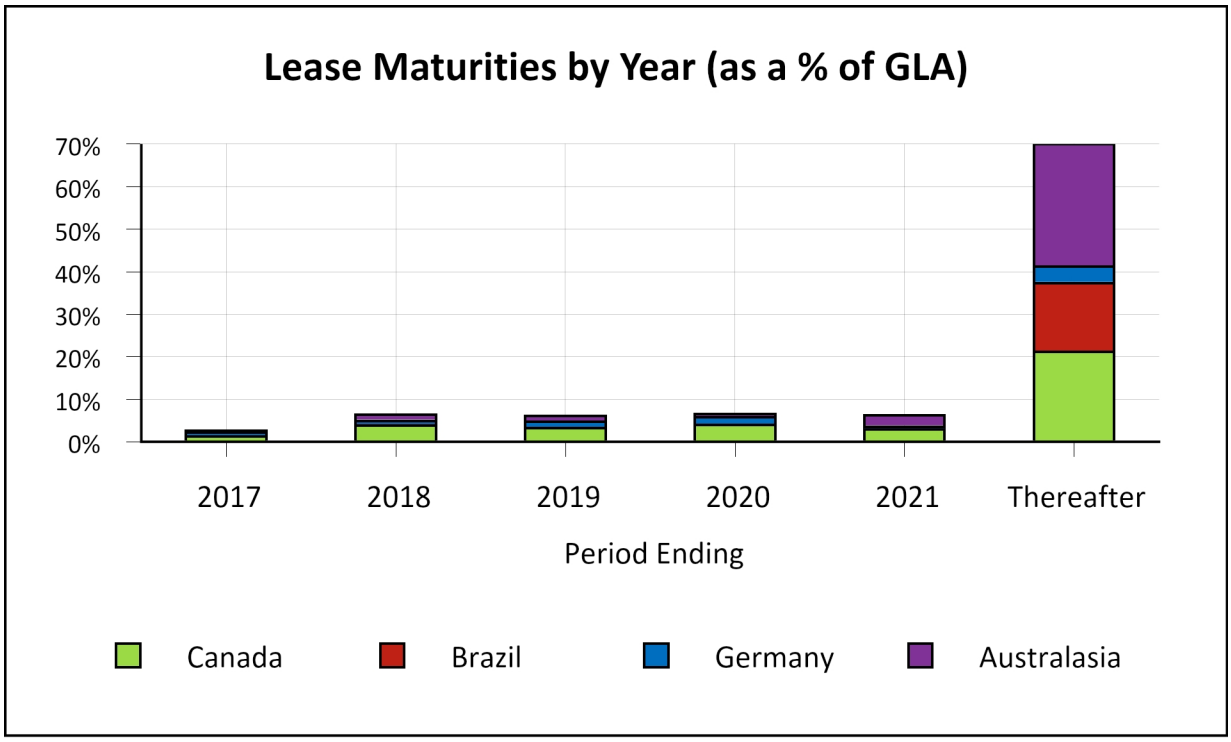
VITAL MANAGER MANAGEMENT FEES						
Expressed in thousands of Canadian dollars	**Three months ended September 30,**			**Nine months ended September 30,**		
	2017	**2016**	**Variance**	**2017**	**2016**	**Variance**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Base fee	$ 2,502	$ 1,760	$ 742	$ 6,716	$ 4,827	$ 1,889
Incentive fee	3,118	1,516	1,602	11,463	4,204	7,259
Trustee fees	170	92	78	387	260	127
Project and Acquisition fees	93	551	(458)	2,907	1,687	1,220
Total Management Fees	**$ 5,883**	**$ 3,919**	**$ 1,964**	**$ 21,473**	**$ 10,978**	**$ 10,495**
less inter-company component	(5,883)	(3,919)	(1,964)	(21,473)	(10,978)	(10,495)
Consolidated Management Fees	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

The Vital Manager fees are eliminated on consolidation as inter-company transactions but the REIT receives the benefit of approximately 75% of the fees; representing the non-controlling interest ownership in Vital Trust.

PORTFOLIO PROFILE

Lease Maturities

The REIT's asset diversification is complemented by a long term maturity profile, with a weighted average lease expiry of 11.3 years as at September 30, 2017.



Notes:
- As at September 30, 2017
- Includes 100% of Vital Trust

	2017	2018	2019	2020	2021	Thereafter	Total
Canada	1.6%	4.2%	3.6%	4.3%	3.2%	21.5%	38.4%
Brazil	—%	—%	—%	—%	—%	16.1%	16.1%
Germany	0.9%	1.1%	1.4%	1.8%	0.7%	3.9%	9.8%
Australasia	0.5%	1.5%	1.4%	0.8%	2.7%	28.8%	35.7%
Total	3.0%	6.8%	6.4%	6.9%	6.6%	70.3%	100.0%

The REIT's expiry profile benefits from its Brazilian properties which are subject to long term leases. The seven Brazil hospitals are each occupied by single tenants that are leading hospital operators, and have leases expiring between September 30, 2024 and October 24, 2041. The expiry profile also reflects the longer term nature of many of the hospital tenants within the Vital Trust portfolio which has a WALE of 17.7 years and GHC which has a WALE of 13.4 years.

The below table summarizes the REIT's WALE allocated by asset type as at September 30, 2017:

	Asset Mix		WALE		
	MOB	Hospitals/ Clinics	MOB	Hospitals/ Clinics	Total
Canada[1]	100%	—%	5.0	—	**5.0**
Brazil	—%	100%	—	20.9	**20.9**
Germany	100%	—%	4.8	—	**4.8**
Vital[1]	24%	76%	10.9	19.1	**17.7**
GHC[1]	75%	25%	13.3	13.7	**13.4**

Notes

1 Excluding development projects

Lease Indexation

As at September 30, 2017, over 56.0% of the REIT's revenue (93.4% of the International Portfolio) is subject to inflationary adjustments and market reviews. The below table summarizes the percentage of revenue by region which receives the benefit of regular inflationary adjustments:

Revenue Subject to Inflationary/Market Based Adjustments

As at September 30, 2017	% of Revenue [(1)]
Canada	—%
Brazil	100.0%
Germany	91.1%
Vital	92.2%
GHC	89.1%
International Total/Weighted Average	**93.4%**
Portfolio Total / Weighted Average	**56.0%**

Notes

1 Includes revenue which is subject to inflationary adjustments and market reviews

Leasing Activity

TABLE 3A - LEASING ACTIVITY						
	Three months ended September 30, 2017					
	Canada	Brazil	Germany	Vital Trust [1]	GHC	Total
Opening Occupancy	91.5%	100.0%	96.3%	98.8%	98.1%	95.7%
Opening Balance	3,578,996	1,493,329	896,627	2,149,610	1,100,594	9,219,156
Acquisition	—	—	—	31,797	—	31,797
Disposition	—	—	—	—	—	—
Expiries	(250,105)	—	(28,995)	(6,951)	(2,902)	(288,953)
Renewal	132,918	—	23,489	6,951	1,998	165,356
Early Terminations	(3,817)	—	—	—	—	(3,817)
New Leasing	60,365	—	5,506	—	1,959	67,830
Month-to-Month	23,210	—	—	—	—	23,210
Remeasurements and other	4,818	—	—	—	—	4,818
Closing Balance	3,546,385	1,493,329	896,627	2,181,407	1,101,649	9,219,397
Closing Occupancy	**90.5%**	**100.0%**	**96.3%**	**99.3%**	**98.2%**	**95.4%**
	Nine months ended September 30, 2017					
	Canada	Brazil	Germany	Vital Trust [1]	GHC [2]	Total
Opening Occupancy	91.6%	100.0%	95.4%	98.7%	98.1%	95.6%
Opening Balance	3,581,880	1,493,329	801,391	1,998,501	1,100,594	8,975,695
Acquisition	—	—	85,337	174,373	—	259,710
Disposition	—	—	—	—	—	—
Expires	(518,944)	—	(113,576)	(18,240)	(2,902)	(653,662)
Renewal	326,962	—	87,072	16,286	1,998	432,318
Early Terminations	(25,111)	—	—	—	—	(25,111)
New Leasing	129,777	—	43,576	2,148	1,959	177,460
Month-to-Month	42,788	—	—	2,273	—	45,061
Remeasurements and other	9,033	—	(7,173)	6,066	—	7,926
Closing Balance	3,546,385	1,493,329	896,627	2,181,407	1,101,649	9,219,397
Closing Occupancy	**90.5%**	**100.0%**	**96.3%**	**99.3%**	**98.2%**	**95.4%**

Notes

(1) Shown on a 100% basis. The REIT has an approximate 25% interest in Vital Trust and acts as manager of Vital Trust, it therefore consolidates Vital Trust.

(2) GHC leasing activity for the year to date period represents the period from acquisition in July 2017.

Canada

During the quarter the REIT completed 132,918 square feet of renewal leasing. The REIT completed the renewals at an initial net rent of $11.15 per square foot versus an expiring net rent per square foot of $21.02, a 46.9% decrease. The decrease was attributable to a single non-medical tenant renewal in the West region. Excluding this particular renewal, the initial renewing net rent versus expiring net rent per square foot would have increased by 2.6% from $12.20 per square foot to $12.52 per square foot. During the quarter the REIT also completed 60,365 square feet of new leasing at an initial net rent of $13.00 per square foot.

Year to date the REIT completed 326,962 square feet of renewal leasing representing a 63% renewal rate of 2017 expiries. Excluding the above mentioned West region renewal, the renewal rate would have been 67%. The REIT completed the renewals at an initial net rent of $12.86 per square foot versus an expiring net rent per square foot of

$16.75 per square foot, a 23.2% decrease. Excluding the non-medical tenant renewal in the West region, renewing net rent versus expiring net rent per square foot would have been increased by 1.7%. Year to date the REIT also completed 129,777 square foot of new leasing at an initial net rent of $13.92 per square foot.

As at September 30, 2017 the REIT had 146,778 square feet of committed leasing against future expiries at an initial net rent of $15.32 versus expiring net rent per square foot of $15.78, a decrease of 2.9% per square foot. The decrease was primarily due to select committed renewals in the Quebec region. The REIT also had 50,407 square feet of committed leasing against vacant space at an initial net rent of $16.02 per square foot.

Expiring net rent declined slightly to $17.75 in the third quarter 2017, from $18.31 in the second quarter 2017, primarily due to the same non-medical tenant renewal referred to above.

TABLE 3B - EXPIRING NET RENT ($PSF)		
September 30, 2017		
	Canada	
Month-to-Month	$	17.98
2017	$	17.34
2018	$	17.19
2019	$	16.33
2020	$	17.51
2021	$	17.95
2022+	$	18.14
Total Expires	$	17.75

Brazil

The REIT's Brazil properties are subject to long term leases (portfolio WALE of 20.9 years) and there was no leasing activity during the quarter.

Germany

During the quarter, the REIT completed 23,489 square feet of renewal leasing. These renewals were completed at an initial net rent of €12.58 per square foot versus an expiring net rent per square foot of €12.52, a 0.5% increase. Averages are above the second quarter reported numbers due to higher weighting of activity in higher valued buildings in Berlin.

During the quarter, the REIT completed 5,506 square feet of new leasing at an initial net rent of €7.25 per square foot, with the lower average net rent because of a high weighting of a lease to a health oriented fitness operator that took up lower rent space.

Year to date, the REIT has completed 87,072 square feet of renewal leasing representing a 77% renewal rate of 2017 expiries. The REIT completed the renewals at an initial net rent of €10.10 per square foot versus an expiring net rent per square foot of €10.02, a 0.8% increase. Year to date the REIT also completed 43,576 square feet of new leasing at an initial net rent of €7.95 per square foot because of a high weighting of the Leipzig leasing activity and of a lease to a health oriented fitness operator.

Overall occupancy remained at 96.3% during the quarter.

TABLE 3B - EXPIRING NET RENT (€PSF)	
September 30, 2017	
	Germany
Month-to-Month	€ 9.34
2017	10.00
2018	9.71
2019	9.81
2020	10.00
2021	12.98
2022+	11.11
Total Expires	€ 10.61

Vital Trust

Vital Trust's properties are generally subject to long term leases, and as such there was no material leasing activity during the quarter other than the acquisition of the Hills Clinic (31,797 square feet; WALE 29.8 years).

GHC

During the quarter GHC completed 1,959 square feet of new leasing generating initial annual rent of approximately A$89 with terms of 5 to 7 years.

During the quarter GHC also completed 1,998 square feet of lease renewals at its Pacific Private and Victoria Parade properties. The two leases completed were for terms of 1 year and 2 years respectively and collectively represent A$83 annual net rent.

In addition, GHC also completed 34,025 square feet of new leasing at Epping Specialist Medical Centre.

Tenant Mix

The following table summarizes the REIT's 10 largest tenants by percentage of revenue for the three months ended September 30, 2017:

TABLE 3C - 10 LARGEST TENANTS BY PERCENTAGE OF RENT

	Tenant	Country	%	# of locations
1	Rede D'Or	Brazil	14.5%	6
2	Healthe Care	Australia	12.6%	16
3	Epworth Foundation	Australia	4.6%	5
4	CISSS / CIUSSS	Canada	1.7%	6
5	Bolton Clarke	Australia	1.7%	3
6	Hall & Prior	Australia	1.3%	5
7	Healthscope Limited	Australia	1.3%	3
8	Mercy Ascot	New Zealand	1.2%	2
9	Sportsmed SA	Australia	1.2%	3
10	Bantrel Co.	Canada	1.0%	1
			41.1%	50

Note:
Vital Trust included on a 100% basis. The REIT has an approximate 25% interest in Vital Trust and consolidates its investment in Vital Trust.

INVESTMENT PROPERTIES

The fair value of investment properties as at September 30, 2017 was $4,100,449 (December 31, 2016 - $3,040,354) representing an implied weighted average capitalization rate of 6.5% (December 31, 2016 - 7.0%).

TABLE 4 - INVESTMENT PROPERTIES

Expressed in thousands of Canadian dollars	Three months ended September 30, 2017					
Unaudited	Income Properties					
	Canada	Brazil	Germany	Vital Trust	GHC	Total
Opening Balance	**$ 1,214,176**	**$ 645,472**	**$ 230,454**	**$ 1,278,390**	**$ —**	**$ 3,368,492**
Acquisition of GHC	—	—	—	—	631,805	631,805
Acquisitions of investment properties	344	—	1	33,733	—	34,078
Addition to investment properties	10,253	31	538	40	1,448	12,310
Increase in straight-line rents	436	—	—	—	129	565
Transfers from (to) assets held for sale	—	—	—	—	(21,674)	(21,674)
Amortization of deferred revenue	—	299	—	—	—	299
Fair value gain (loss)	2,234	2,993	(538)	8,387	(1,344)	11,732
Foreign currency translation	—	(1,512)	(1,450)	(33,762)	(12,251)	(48,975)
Closing Balance	**$ 1,227,443**	**$ 647,283**	**$ 229,005**	**$ 1,286,788**	**$ 598,113**	**$ 3,988,632**
	Properties Under Development					
	Canada	Brazil	Germany	Vital Trust	GHC	Total
Opening Balance	**$ 10,444**	**$ —**	**$ —**	**$ 29,373**	**$ —**	**$ 39,817**
Acquisition of GHC	—	—	—	—	59,869	59,869
Addition to investment properties	45	—	—	6,374	5,521	11,940
Increase in straight-line rents	—	—	—	—	—	—
Transfers from (to) income properties	—	—	—	—	—	—
Transfers from (to) assets held for sale	—	—	—	—	—	—
Amortization of deferred revenue	—	—	—	—	—	—
Fair value gain (loss)	—	—	—	—	2,082	2,082
Foreign currency translation	—	—	—	(628)	(1,263)	(1,891)
Closing Balance	**$ 10,489**	**$ —**	**$ —**	**$ 35,119**	**$ 66,209**	**$ 111,817**
	Total					
	Canada	Brazil	Germany	Vital Trust	GHC	Total
Opening Balance	**$ 1,224,620**	**$ 645,472**	**$ 230,454**	**$ 1,307,763**	**$ —**	**$ 3,408,309**
Acquisition of GHC	—	—	—	—	691,674	691,674
Acquisitions of investment properties	344	—	1	33,733	—	34,078
Addition to investment properties	10,298	31	538	6,414	6,969	24,250
Increase in straight-line rents	436	—	—	—	129	565
Transfers from (to) assets held for sale	—	—	—	—	(21,674)	(21,674)
Amortization of deferred revenue	—	299	—	—	—	299
Fair value gain (loss)	2,234	2,993	(538)	8,387	738	13,814
Foreign currency translation	—	(1,512)	(1,450)	(34,390)	(13,514)	(50,866)
Closing Balance	**$ 1,237,932**	**$ 647,283**	**$ 229,005**	**$ 1,321,907**	**$ 664,322**	**$ 4,100,449**

TABLE 4A - INVESTMENT PROPERTIES						
Expressed in thousands of Canadian dollars	Nine months ended September 30, 2017					
Unaudited	Income Properties					
	Canada	Brazil	Germany	Vital Trust	GHC	Total
Opening Balance	**$ 1,201,788**	**$ 642,901**	**$ 189,432**	**$ 994,113**	**$ —**	**$ 3,028,234**
Acquisition of GHC	—	—	—	—	631,805	631,805
Acquisitions of investment properties	440	—	32,571	145,738	—	178,749
Addition to investment properties	19,772	82	2,752	1,607	1,448	25,661
Increase in straight-line rents	1,315	—	—	—	129	1,444
Transfers from (to) assets held for sale	(10,525)	—	—	—	(21,674)	(32,199)
Amortization of deferred revenue	—	934	—	—	—	934
Fair value gain (loss)	14,653	39,198	(4,353)	156,664	(1,344)	204,818
Foreign currency translation	—	(35,832)	8,603	(11,334)	(12,251)	(50,814)
Closing Balance	**1,227,443**	**$ 647,283**	**$ 229,005**	**$ 1,286,788**	**$ 598,113**	**$ 3,988,632**
	Properties Under Development					
	Canada	Brazil	Germany	Vital Trust	GHC	Total
Opening Balance	**$ 8,494**	**$ —**	**$ —**	**$ 3,626**	**$ —**	**$ 12,120**
Acquisition of GHC	—	—	—	—	59,869	59,869
Acquisitions of investment properties	2,214	—	—	—	—	2,214
Addition to investment properties	151	—	—	31,152	5,521	36,824
Fair value gain (loss)	(370)	—	—	—	2,082	1,712
Foreign currency translation	—	—	—	341	(1,263)	(922)
Closing Balance	**$ 10,489**	**$ —**	**$ —**	**$ 35,119**	**$ 66,209**	**$ 111,817**
	Total					
	Canada	Brazil	Germany	Vital Trust	GHC	Total
Opening Balance	**$ 1,210,282**	**$ 642,901**	**$ 189,432**	**$ 997,739**	**$ —**	**$ 3,040,354**
Acquisition of GHC	—	—	—	—	691,674	691,674
Acquisitions of investment properties	2,654	—	32,571	145,738	—	180,963
Addition to investment properties	19,923	82	2,752	32,759	6,969	62,485
Increase in straight-line rents	1,315	—	—	—	129	1,444
Transfers from (to) assets held for sale	(10,525)	—	—	—	(21,674)	(32,199)
Amortization of deferred revenue	—	934	—	—	—	934
Fair value gain (loss)	14,283	39,198	(4,353)	156,664	738	206,530
Foreign currency translation	—	(35,832)	8,603	(10,993)	(13,514)	(51,736)
Closing Balance	**$ 1,237,932**	**$ 647,283**	**$ 229,005**	**$ 1,321,907**	**$ 664,322**	**$ 4,100,449**

See **LEASING COSTS AND CAPITAL EXPENDITURES** for additional information on additions to investment properties.

Canada

There were no material acquisitions of investment properties during the three months ended September 30, 2017. During the nine months ended September 30, 2017 the REIT acquired a 5-acre land parcel in Collingwood, Ontario and condo units in Ottawa, Ontario.

The REIT recognized net fair value gain of $2,234 for the three months ended September 30, 2017 (nine months ended September 30, 2017 - $14,653). The year to date change in value primarily reflects increased density value at the REIT's Dundas-Edward Centre property in Toronto.

During the three months ended September 30, 2017 external valuations were performed on properties with an aggregate value of $32,380 (nine months ended September 30, 2017 - $207,940).

Brazil

During three months ended September 30, 2017 the REIT capitalized $31 of additional transaction costs related to the Hospital Ifor acquisition in 2016 (nine months ended September 30, 2017 - $82).

The REIT recognized net fair value gain of $2,993 for the three months ended September 30, 2017 (nine months ended September 30, 2017 - $39,198). The year to date change in value primarily reflects a decrease in cap rates for the Hospital Ifor and Santa Helena assets, as well as, reflecting the expected increases in rents for actual reported inflation, as contracted per the REIT's Brazil leases, increasing the portfolio's future net operating income once the indexation is applied.

A weakening of the Brazilian Real relative to the Canadian dollar during the three months ended September 30, 2017 resulted in foreign currency translation loss of $1,512 (nine months ended September 30, 2017 - $35,832).

During the three months ended September 30, 2017 external valuations were performed on properties with an aggregate value of $nil (nine months ended September 30, 2017- $696,943).

Germany

There were no acquisitions of investment properties during the three months ended September 30, 2017. During the nine months ended September 30, 2017, the REIT completed the acquisitions of the Medical Care Centre Hamburg-Bergedorf and the Alstadt-Caree Fulda Medical Centre for combined consideration of $32,571 (€22,281) including transaction costs. During the quarter the REIT also acquired a small parcel of land next to the Mehrower Allee complex.

During the three months ended September 30, 2017 there was no material change in the fair value of the German investment properties. For the nine months ended September 30, 2017, a fair value loss of $4,353 was recognized, which primarily reflects the write off of transaction costs related to the acquisitions made during the period.

A weakening of the Euro relative to the Canadian dollar during three months ended September 30, 2017 resulted in a foreign currency translation loss of $1,450. For the nine months ended September 30, 2017 a strengthening of the Euro relative to the Canadian dollar resulted in a foreign currency translation gain of $8,603.

During the three months ended September 30, 2017 external valuations were performed on properties with an aggregate value of $nil (nine months ended September 30, 2017 - $nil).

Vital Trust

On February 27, 2017, Vital Trust purchased the 30-bed private mental health, Abbotsford Private Hospital, in Western Australia for $21,781 (A$23,139) including transaction costs.

On March 31, 2017, Vital Trust purchased an 83-bed Grafton Aged Care facility in Western Australia. In addition, Epworth Eastern Hospital has extended a six-year lease term to 25 years, and a fit-out for further potential development work. The two acquisitions have a combined value of $28,641 (A$30,427) including transaction costs.

On April 5, 2017, Vital Trust completed the acquisition of a private surgical hospital, Ormiston Hospital, located in Auckland, New Zealand for $31,598 (NZ$33,328).

On June 1, 2017, Vital Trust completed the acquisition of Hirondelle Private Hospital, 53-bed private rehabilitation hospital located within Sydney's lower North Shore suburb of Chatsworth for $25,4497 (NZD$27,093).

On August 1, 2017, Vital Trust completed the acquisition of The Hills Clinic, a two-level purpose-built private mental health hospital located in Sydney, Australia for approximately $31,472 (NZD$34,367).

During the three months ended September 30, 2017 the REIT recognized fair value gains of $8,387 (nine months ended September 30, 2017 - $156,664). The increase for the year to date period reflects capitalization rate compression that Vital Trust is seeing in certain markets consistent with declining long-term interest rates. Healthcare real estate markets in Australia and New Zealand continue to benefit from strong demand from institutional investors that are increasingly devoting capital to the sector. The broader institutionalization of the asset class has supported higher valuations and put downward pressure on capitalization rates.

During the three and nine months ended September 30, 2017, external valuations were performed on properties with an aggregate value of $1,301,719 (NZ$1,371,674).

A weakening of the New Zealand dollar relative to the Canadian dollar during the three months ended September 30, 2017 resulted in foreign currency translation loss of $34,390 (nine months ended September 30, 2017 - $10,993).

GHC

In July 2017, the REIT completed the 100% acquisition of GHC and as a result the REIT consolidates GHC as a subsidiary. During the three months ended September 30, 2017, GHC recorded a fair value gain of $738 primarily related to the revaluation of property under development.

A weakening of the Australian dollar relative to the Canadian dollar during the three months ended September 30, 2017, resulted in foreign currency translation loss of $13,514.

During the three months ended September 30, 2017, external valuations were performed on properties with an aggregate value of nil.

Valuations

The fair values of the investment properties at September 30, 2017 and December 31, 2016, were determined based on a combination of internal valuation models incorporating available market evidence and external appraisals.

The key valuation assumptions for the REIT's investment properties are set out in the following table:

TABLE 4B - INVESTMENT PROPERTIES VALUATION ASSUMPTIONS

Unaudited	As at September 30, 2017				
	Canada	**Brazil**	**Germany**	**Vital Trust**	**GHC**
Discount rate - range	5.3% - 8.8%	8.5%	5.2% - 7.3%	6.3% - 9.5%	5.9% - 7.9%
Discount rate - weighted average	7.2%	8.5%	6.1%	6.9%	6.6%
Terminal capitalization rate - range	5.0% - 8.0%	8.0%	5.5% - 8.4%	6.0% - 9.0%	5.3% - 7.3%
Terminal capitalization rate - weighted average	6.6%	8.0%	6.1%	6.2%	6.0%
Implied capitalization rate - range	4.3% - 10.2%	8.2%	4.8% - 7.1%	5.2% - 8.0%	5.0% - 7.0%
Implied capitalization rate - weighted average	6.5%	8.2%	5.8%	6.0%	5.7%
	As at December 31, 2016				
	Canada	**Brazil**	**Germany**	**Vital Trust**	**GHC**
Discount rate - range	5.8% - 8.8%	8.5 - 10.5%	5.2% - 7.3%	7.2% - 9.5%	n/a
Discount rate - weighted average	7.1%	8.8%	6.2%	8.0%	n/a
Terminal capitalization rate - range	5.5% - 8.0%	8.0% - 10.0%	5.5% - 8.4%	6.5% - 8.9%	n/a
Terminal capitalization rate - weighted average	6.5%	8.3%	6.1%	7.0%	n/a
Implied capitalization rate - range	5.1% - 10.6%	8.2% - 10.7%	4.8% - 7.1%	6.3% - 8.5%	n/a
Implied capitalization rate - weighted average	6.4%	8.5%	5.8%	6.9%	n/a

ASSETS HELD FOR SALE

Canada

As at September 30, 2017, the REIT had classified a medical office building located in Quebec, Canada with value of $10,443, as held for sale. Liabilities associated with the properties as at September 30, 2017 are $9,172 representing a first mortgage secured by the property. The sale is expected to close in the fourth quarter.

GHC

As at September 30, 2017, the REIT had classified a medical office building located in Victoria, Australia with value $21,674 as held for sale. Liabilities associated with the properties as at September 30, 2017 are $nil. The sale is expected to close in the fourth quarter.

DEVELOPMENT ACTIVITY

The REIT develops new properties and reinvests capital in its existing properties, through expansions and refurbishments, as a way to create value for our tenants and unitholders. It is expected that development activity will become a more important component of the REIT's growth over time, to help our tenants meet the growing healthcare needs of the populations they serve. Meeting these needs is largely contingent upon completing the development projects in the manner contemplated. The most important factor affecting completion will be the successful execution of construction plans, while meeting the timing and costs goals of each project.

The REIT is undertaking the following active development activities which are at various stages of execution ranging from planning to active development:

TABLE 4C - MAJOR DEVELOPMENT ACTIVITY BY REGION

Expressed in thousands of Canadian dollars, except percentage amounts

	Number of Projects	Estimated Completion Date	Estimated Project Costs	Estimated Costs to Complete	% Pre-leased	Anticipated Project Yield	Anticipated Stabilized NOI	Potential value accretion
Vital Trust	6	Q4 2017 to Q4 2019	59,176	42,173	100%	7.9%	4,671	18,677
GHC	2	Q2 2018 to Q3 2019	89,331	88,561	100%	6.0%	5,318	11,962
Brazil	2	Q1 2018 to Q1 2019	55,398	55,398	100%	10.5%	5,817	15,538
Canada	1	Q3 2019	17,500	15,000	25%	7.5%	1,313	3,500
	11		$ 221,405	$ 201,132	94%	7.8%	$ 17,119	$ 49,677

The reader is cautioned that the above information is forward-looking and actual results may vary materially. See **FORWARD-LOOKING INFORMATION ADVISORY.**

Vital Trust has 6 expansion projects with completion dates ranging from October 2017 to October 2019. The projects include a mix of modernisation and expansion at acute surgical and mental health facilities to meet the growing demand for healthcare services. Expansion projects are primarily with Vital Trust's largest tenant, Healthecare. The Australian development is expected to be funded through Vital Trust's existing resources.

Expansion projects are fully leased at premium yields (7.9% average yield on cost) and expected to generate significant NAV growth on completion. During the quarter Vital achieved practical completion of Maitland Private (Stage 1) and Sportsmed Consulting with a combined development cost of approximately $22,600 (A$23,100).

In addition to those projects included in Table 4C above, Vital has an active pipeline of potential expansions and developments that are expected to offset development completions over time.

GHC's development activity pertains to two projects with completion dates ranging from the fourth quarter of 2017 to the second half of 2019. Collectively the projects will add 6,300 sqm of new specialist suites, multiple specialist consulting tenancies, a GP clinic, 12 hospital beds, 3 operating theatres plus a 330 bay underground parking facility. The projects are 100% pre-leased to Epworth Foundation and Healthe Care. Remaining development costs will be funded through GHC's existing resources.

During the quarter, the REIT reached substantial completion of St John of God Private Hospital (Casey Stage II) . Casey Stage II was an approximately $107,000 (A$110,000) ($39,000 (A$40,000) at the REIT's interest), 17,000 SqM private hospital that will be fully occupied and operated by SJOG, with rent commencing in the fourth quarter of 2017.

The Brazilian development activity relates to expansion planned for both the REIT's Hospital e Maternidade Brasil ("**HMB**") asset and Coração hospitals and is expected to be funded through a combination of existing resources and property financing.

The Canadian development relates to an approximately 43,000 sq. ft. MOB currently in pre-leasing. The project is located in St. Albert, Alberta and is well located adjacent to Sturgeon Community Hospital.

Anticipated stabilized NOI is Management's estimate of the amount of annual NOI the development activity will generate upon substantial completion and the commencement of rent payments. Estimated total cost includes acquisition cost, estimated total construction and financing costs. The material assumption made in formulating the estimated total cost is that construction and financing costs remain stable for the remainder of the development period in each of the REIT's regions. Estimated project yield on cost is the estimated annual NOI as a percentage of the estimated total cost. Estimated cost to complete is the difference between the estimated total cost and the costs incurred to date.

LEASING COSTS AND CAPITAL EXPENDITURES

TABLE 5 - LEASING COSTS AND CAPITAL EXPENDITURES

Expressed in thousands of Canadian dollars	Three months ended September 30, 2017					
Unaudited	Canada[4]	Brazil	Germany	Vital Trust	GHC	Total
Additions to investment properties						
Leasing costs [1]	$ 3,766	$ —	$ 154	$ —	$ 20	$ 3,940
Tenant improvements [2]	3,712	—	—	—	1,135	4,847
Maintenance capital expenditures	1,212	—	365	—	274	1,851
Other capital expenditures	1,546	31	19	40	19	1,655
	10,236	31	538	40	1,448	12,293
Internal leasing costs expensed [1]	359	—	130	—	—	489
	10,595	31	668	40	1,448	12,782
Less:						
Recoverable maintenance capital expenditures	(1,212)	—	—	—	—	(1,212)
Other value enhancing and non-recurring capital expenditures	(5,189)	—	—	—	(940)	(6,129)
Leasing costs and non-recoverable maintenance capital expenditures	**$ 4,194**	**$ 31**	**$ 668**	**$ 40**	**$ 508**	**$ 5,441**
AFFO adjustment for leasing costs and and non-recoverable maintenance capital expenditures [3]	**$ 2,031**	**$ 31**	**$ 291**	**$ 40**	**$ 508**	**$ 2,901**
Leasing costs and non-recoverable maintenance capital expenditures in excess of AFFO adjustment	**$ 2,163**	**$ —**	**$ 377**	**$ —**	**$ —**	**$ 2,540**

	Nine months ended September 30, 2017					
	Canada[4]	Brazil	Germany	Vital Trust	GHC	Total
Additions to investment properties						
Leasing costs [1]	$ 4,845	$ —	$ 1,331	$ —	$ 20	$ 6,196
Tenant improvements [2]	8,074	—	—	—	1,135	9,209
Maintenance capital expenditures	2,670	—	1,189	—	274	4,133
Other capital expenditures	4,166	82	232	1,607	19	6,106
	19,755	82	2,752	1,607	1,448	25,644
Internal leasing costs expensed [1]	1,058	—	385	—	—	1,443
	20,813	82	3,137	1,607	1,448	27,087
Less:						
Recoverable maintenance capital expenditures	(2,670)	—	—	—	—	(2,670)
Other value enhancing and non-recurring capital expenditures	(7,634)	—	—	—	(940)	(8,574)
Leasing costs and non-recoverable maintenance capital expenditures	**$ 10,509**	**$ 82**	**$ 3,137**	**$ 1,607**	**$ 508**	**$ 15,843**
AFFO adjustment for leasing costs and and non-recoverable maintenance capital expenditures [3]	**$ 6,170**	**$ 82**	**$ 817**	**$ 1,607**	**$ 508**	**$ 9,184**
Leasing costs and non-recoverable maintenance capital expenditures in excess of AFFO adjustment	**$ 4,339**	**$ —**	**$ 2,320**	**$ —**	**$ —**	**$ 6,659**

Notes

(1) The leasing costs exclude base salary and benefits of the internal leasing department which have been expensed.

(2) Tenant improvements include tenant allowances and landlord's work.

(3) In Canada and Germany, due to the nature of the portfolios, on a quarterly basis and during portfolio repositioning, leasing costs, tenant improvements and maintenance capital expenditures can fluctuate and as such, should not be regarded as stabilized. As a result the REIT uses a reserve of 6% of revenue from investment properties in Canada and Germany when determining AFFO. In Brazil and Australasia due to the long term, triple net nature of the leases the REIT uses actual leasing costs and non-recoverable maintenance capital expenditures when determining AFFO.

(4) Leasing costs for the three months and year ended September 30, 2017 include $Nil and $629 of additions related to assets held for sale, respectively.

The REIT's current leasing cost and capital expenditure reserves (the "**LC and CAPEX reserve**") are based on its views of stabilized, constant-occupancy leasing costs and maintenance capital expenditures. These views are underpinned by both the REIT's 10 plus years of experience as an owner and operator of healthcare real estate (including Canadian and German medical office buildings) as well as 5-year forecast expenditures, which incorporate a series of asset and space specific assumptions made by management supported by third party appraisers via valuation reports and engineers via building condition reports. The REIT's 6% LC and CAPEX reserves for Canadian and German medical office buildings are based on a 5 year forecast of leasing costs based on historic results, known leasing activity at constant occupancy levels and maintenance requirements as well as forecast market trends. Leases relating to the REIT's investments in Brazil and Australasia are typically structured on a long term (20+ year), triple net basis and as such leasing costs and maintenance capital expenditures are reported on an actual basis.

Canada

On a quarterly basis and during asset repositioning, leasing costs, tenant improvements and capital expenditures can fluctuate and as such, should not be regarded as stabilized. Further, in accordance with the REIT's strategy of extending average lease term whenever possible, especially for primary medical tenancies, often non-recurring leasing costs are involved.

During the three months ended September 30, 2017 additions for the Canadian investment properties totaled $10,236 (nine months ended September 30, 2017 - $19,755). During the quarter leasing costs included costs to secure a major non-medical tenant renewal in the West region. In addition, costs were mainly attributable to nine other transactions (including two initiated prior to the quarter), of which four are lease renewals or expansions, with an aggregate WALE of 12.4 years.

Included in other value enhancing and non-recurring capital expenditures were primarily costs incurred for the above mentioned West region renewal, two building expansion and conversion of a single-tenant building into a multi-tenant property, as well as non-recurring leasing costs to lease up a property developed in 2016.

Brazil

All of the REIT's hospitals in Brazil are leased to single tenant, hospital operators under long-term, inflation indexed, triple net lease structures in which the REIT does not absorb any property operating cost risk. As a result the REIT does not incur any leasing or capital expenditures at the REIT's Brazil hospitals and therefore the REIT uses actual expenditures (if ever applicable) in determining AFFO.

Germany

On a quarterly basis leasing costs, tenant improvements and capital expenditures can fluctuate and as such, should not be regarded as stabilized. Additions to the German investment properties for the three months ended September 30, 2017 were $538 (nine months ended September 30, 2017 - $2,752). 90% of the year to date leasing costs were incurred in connection with new leasing, and 75% of the year to date leasing costs are attributable to a new tenancy in two buildings within in the REIT's Leipzig portfolio for one of the area's primary hospital operators on a longer term 12-year lease to accommodate community-based healthcare services.

Vital Trust and GHC

The majority of Vital Trust and GHC's assets represent hospitals leased to single tenant, hospital operators under long-term, inflation indexed, triple net lease structures. As a result, Vital Trust and GHC do not incur significant leasing or maintenance capital expenditures. For Vital Trust and GHC's MOB portfolio and certain hospital assets, leasing costs, tenant improvements and maintenance capital expenditures can be incurred. The REIT has elected to recognize actual leasing and maintenance capital expenditures incurred by Vital Trust and GHC in determining AFFO due to the significant proportion of Vital Trust's and GHC's portfolio comprised of triple net leased hospitals.

During the three and nine months ended September 30, 2017, GHC incurred $1,135 of tenant improvements of which $940 was non-recurring related to leasing costs incurred to lease up its Frankston property which was recently completed in the first quarter of 2017.

PART III – RESULTS FROM OPERATIONS

NET INCOME

The following is a summary of selected financial information from the condensed consolidated interim statements of income and comprehensive income for the three and nine months ended September 30, 2017 and 2016:

TABLE 6 - RESULTS FROM OPERATIONS

Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net Operating Income [1]						
Revenue from investment properties	$ 83,932	$ 66,488	$ 17,444	$ 229,530	$ 195,563	$ 33,967
Property operating costs	(22,127)	(18,211)	(3,916)	(60,700)	(56,523)	(4,177)
	61,805	**48,277**	**13,528**	**168,830**	**139,040**	**29,790**
Other income						
Share of profit (loss) from associates	—	819	(819)	43,681	819	42,862
Management fees	124	960	(836)	7,608	960	6,648
Interest income	1,542	1,070	472	2,460	2,250	210
	1,666	**2,849**	**(1,183)**	**53,749**	**4,029**	**49,720**
	63,471	**51,126**	**12,345**	**222,579**	**143,069**	**79,510**
Other expenses						
Mortgage and loan interest expense	(28,422)	(18,902)	(9,520)	(71,043)	(55,129)	(15,914)
General and administrative expenses	(6,049)	(2,734)	(3,315)	(18,399)	(14,538)	(3,861)
Transaction costs	(557)	(230)	(327)	(12,433)	(3,811)	(8,622)
Other Finance costs	(20,363)	(23,332)	2,969	(49,659)	(60,603)	10,944
Foreign exchange gain (loss)	3,075	(4,293)	7,368	69	(2,283)	2,352
Income (Loss) before the under noted items	**11,155**	**1,635**	**9,520**	**71,114**	**6,705**	**64,409**
Fair value adjustment of DUP Liability	(878)	457	(1,335)	(1,696)	(1,165)	(531)
Fair value adjustment of investment properties	13,744	14,978	(1,234)	206,460	62,893	143,567
Net loss on disposal of investment properties	—	(1,127)	1,127	—	(2,807)	2,807
Gain (loss) on business combination	(89,578)	—	(89,578)	(89,578)	53	(89,631)
Gain (Loss) on derivative financial instruments	747	(7,101)	7,848	4,365	(10,985)	15,350
Income (Loss) before taxes	**(64,810)**	**8,842**	**(73,652)**	**190,665**	**54,694**	**135,971**
Income tax expense	(6,403)	(5,209)	(1,194)	(25,545)	(26,409)	864
Net income (loss)	**$ (71,213)**	**$ 3,633**	**$ (74,846)**	**$ 165,120**	**$ 28,285**	**$ 136,835**
Net income (loss) attributable to:						
Unitholders	$ (80,713)	$ (5,285)	$ (75,428)	$ 33,003	$ (20,494)	$ 53,497
Non-controlling interest	9,500	8,918	582	132,117	48,779	83,338
	$ (71,213)	**$ 3,633**	**$ (74,846)**	**$ 165,120**	**$ 28,285**	**$ 136,835**

Notes

(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A and analyzed in greater detail in section "Net Operating Income"

See **PART XII – SUPPLEMENTAL DISCLOSURE** for additional information on the components of net income.

Revenue from investment properties.

Revenue from investment properties for the three months ended September 30, 2017 was $83,932 which is $17,444

higher than the three months ended September 30, 2016. The increase is primarily due the consolidation of GHC starting in the third quarter of 2017 which increased revenue by $10,520; Brazil revenue improvements of $3,345 driven by source currency rent indexation and the acquisition of Hospital Ifor and Hospital Santa Helena, partially offset by a weakening of the Brazilian Real against the Canadian dollar; German revenue improvements of $1,014 driven by source currency rent from the Medical Care Centre Hamburg-Bergedorf, Alstadt-Caree Fulda Medical Centre, and Mehrower Allee acquisitions, and a strengthening of the Euro relative to the Canadian dollar; Vital Trust revenue also increased by $3,034 driven by acquisition activity, partially offset by a weakening of the New Zealand dollar against the Canadian dollar from the comparable prior year period. These improvements were partially offset by a decrease in revenue in the Canadian region of $489 driven by asset sales and lower portfolio occupancy.

Revenue from investment properties for the nine months ended September 30, 2017 was $229,530 as compared to $195,563 for the nine months ended September 30, 2016. The increase of $33,967 is primarily due to the consolidation of GHC starting in the third quarter of 2017 which increased revenue by $10,520; Brazil revenue improvements of $14,344 driven by source currency rent indexation and the acquisition of Hospital Ifor and Hospital Santa Helena, as well as the strengthening of the Brazilian Real against the Canadian dollar; German revenue improvements of $2,475 driven by source currency rent from the Medical Care Centre Hamburg-Bergedorf, Alstadt-Caree Fulda Medical Centre, and Mehrower Allee acquisitions partially offset by a weakening of the Euro relative to the Canadian dollar; Vital Trust revenue also increased by $8,604 driven by acquisition activity, as well as, a strengthening of the New Zealand dollar against the Canadian dollar from the comparable prior year period. These improvements were partially offset by a decrease in revenue in the Canadian region of $1,953 driven by asset sales and lower portfolio occupancy.

See also **NET OPERATING INCOME**.

Property operating costs

In Canada, Germany and Australasia, property operating costs are comprised of amounts recoverable from tenants (including property taxes, maintenance, utilities and insurance) and non-recoverable expenses including certain property management costs. The nature of the leases in Brazil is such that the tenant is responsible for all operating costs of the property.

Property operating costs for the three months ended September 30, 2017 were $22,127 as compared to $18,211 for the three months ended September 30, 2016. Of the $3,916 increase, $1,624 is related to the consolidation of GHC starting in the third quarter of 2017, $1,305 is related to Vital Trust and $502 is related to Germany which saw an increase in operating costs driven by acquisition.

Property operating costs for the nine months ended September 30, 2017 were $60,700 as compared to $56,523 for the nine months ended September 30, 2016. Of the increase of $4,177, $1,624 is related to the consolidation of GHC starting in the third quarter of 2017, and operating cost increases at Vital Trust and Germany of $2,079 and $1,011 respectively, driven by acquisitions. The property operating cost increases at GHC, Vital Trust and in Germany were partially offset by a decrease in property operating costs in Canada of $526 driven by asset sales.

See also **NET OPERATING INCOME**.

Share of profit (loss) of associate

The REIT's share of profit (loss) of associate represents the REIT's share of profit (loss) of GHC up until acquisition. In July 2017, the REIT completed the compulsory acquisition of all outstanding units of GHC and as a result accounts for GHC as a subsidiary.

Management Fees

Management fees represent the management fees earned by GHM (less the intercompany elimination for the portion of GHC owned by the REIT) for the three and nine months ended September 30, 2017. During the three months ended September 30, 2017 the REIT owned 100% of GHC and GHM and therefore all intercompany fees were eliminated. Prior to consolidation by the REIT, during the six months ended June 30, 2017, the REIT owned on average 32.5% of GHC, and therefore the management fees were only eliminated during this period to the extent of the REIT's ownership.

For the three and nine months ended September 30, 2016 the management fees represent the management fees earned by GHM (less the intercompany elimination for the portion of GHC owned by the REIT) from the date of acquisition in June 2016. For the three months ended September 30, 2016 the REIT's weighted average ownership of GHC was 12.7%.

Interest income

Interest income represents amounts earned on invested cash balances as well as interest earned on loans receivable at GHC. For the three months ended September 30, 2017 and 2016, the REIT recorded interest income of $1,542 and $1,070, respectively. The increase from the comparable prior year quarter is primarily driven by the consolidation of GHC beginning in July 2017, which accounts for $1,115 of the interest income for the period, which is partially offset by lower interest income in Brazil due to lower cash balances invested and decreased interest rates.

For the nine months ended September 30, 2017 and 2016, the REIT recorded interest income of $2,460 and $2,250, respectively. The increase from the comparable prior year period is primarily driven by the consolidation of GHC beginning in July 2017, which accounts for $1,115 of the interest income for the period, which is partially offset by lower interest income in Brazil due to lower cash balances invested and decreased interest rates.

Mortgage and loan interest expense

The mortgage and loan interest expense for the three months ended September 30, 2017 was $28,422, an increase of $9,520 over the prior year period. The mortgage and loan interest expense for the nine months ended September 30, 2017 was $71,043, an increase of $15,914 over the prior year period.

The composition of mortgage and loan interest expense for the three and nine months ended September 30, 2017 and 2016 is as follows:

TABLE 6B - MORTGAGE AND LOAN INTEREST EXPENSE

Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Canada						
Mortgages[1]	$ 6,143	$ 6,738	$ 595	$ 18,837	$ 23,581	$ 4,744
Brazil						
Brazil debt	2,689	3,119	430	8,551	6,375	(2,176)
Germany						
Mortgages	592	462	(130)	1,820	1,376	(444)
Australasia						
Term loans	7,133	3,018	(4,115)	14,639	9,992	(4,647)
Corporate						
Vital Margin Facilities	—	126	126	—	1,439	1,439
Australasian Secured Financing	4,353	1,353	(3,000)	8,465	1,353	(7,112)
Acquisition Facility	662	293	(369)	1,345	1,062	(283)
Revolving Credit Facility[2]	2,667	425	(2,242)	4,174	1,590	(2,584)
Other	2	—	(2)	8	47	39
Convertible Debentures						
NWH.DB	533	531	(2)	1,581	1,582	1
NWH.DB.A	371	370	(1)	1,099	1,100	1
NWH.DB.B	331	330	(1)	982	983	1
NWH.DB.C	708	706	(2)	2,101	2,103	2
NWH.DB.D	734	732	(2)	2,180	2,182	2
NWH.DB.E	989	729	(260)	2,935	729	(2,206)
NWH.DB.F	1,065	—	(1,065)	3,161	—	(3,161)
	12,415	5,595	(6,820)	28,031	14,170	(13,861)
less: capitalized interest	(550)	(30)	520	(835)	(365)	470
Total mortgage and loan interest expense	**$ 28,422**	**$ 18,902**	**$ (9,520)**	**$ 71,043**	**$ 55,129**	**$ (15,914)**

Notes

(1) Includes interest from the Non-Revolving Secured Credit Facility.

(2) Includes interest from the Non-Revolving Credit Facility Expansion.

For additional information on the REIT's debt see **CAPITAL STRUCTURE – Debt**.

Canada

Mortgage interest expense for the three months ended September 30, 2017 has decreased $595 over the three months ended September 30, 2016 (nine months ended September 30, 2016 - $4,744). The decrease in mortgage interest expense over the comparable prior year quarter primarily reflects the 2016 property dispositions and repayment of mortgages associated with those properties. Included in the mortgage interest expense in Canada for the three months ended September 30, 2016 are debt prepayment penalties associated with early mortgage repayments of $174 (nine months ended September 30, 2016 - $3,134). In addition, during 2016, the REIT has refinanced 2017 and 2016 mortgage expires at lower interest rates. The weighted average interest rate of the Canadian mortgage portfolio as at September 30, 2017 was 3.74%, a decrease from 3.94% as at September 30, 2016.

Brazil

The decrease in interest expense for the three months ended September 30, 2017 over the prior year quarter, primarily reflects the decrease in the weighted average interest rate of the Brazilian debt from September 30, 2016 (9.22%) to September 30, 2017 (7.84%) as well as the weakening of the Brazilian Real against the Canadian dollar.

The increase in interest expense for the nine months ended September 30, 2017 over the prior year quarter, primarily reflects increased borrowings in Brazil, namely, the HMB securitization financing which funded in the second and third quarter of 2016 and the Caxias long-term financing which funded October 24, 2016 as well as the strengthening of the Brazilian Real against the Canadian dollar by approximately 10% as compared to the prior year to date period. The increase was partially offset by the decrease in the weighted average interest rate of the Brazilian debt from September 30, 2016 (9.22%) to September 30, 2017 (7.84%).

Germany

Mortgage interest expense increased for the three and nine months ended September 30, 2017 due to interest on the mortgage associated with the Medical Care Centre Hamburg-Bergedorf, Alstadt-Caree Fulda Medical Centre, and Mehrower Allee acquisitions partially offset by a weakening of the Euro against the Canadian dollar over the year to date period.

The weighted average interest rate of the German mortgages was 1.89% as at September 30, 2017, a decrease from 1.92% as at September 30, 2016.

Australasia

The increase in the interest expense over the comparable prior quarter and year to date is primarily a result of the consolidation of GHC which increased interest expense by $2,323 for both the three and nine months ended September 30, 2017. The remaining increase for the quarter to date and year to date period reflects increased borrowings related to development and acquisition activity, offset by lower interest rates. The weighted average interest rate of the Vital Trust term loans was 4.22% as at September 30, 2017, a decrease from 4.38% as at September 30, 2016.

Corporate

The increase in the interest expense for the three and nine months ended September 30, 2017 reflects an increase in corporate borrowings related to the REIT's investment in GHC as well as the two Convertible Debenture issuances in the second half of 2016.

For additional information on the REIT's Convertible Debentures and associated interest rates see **CAPITAL STRUCTURE - Debt.**

General and administrative expenses ("G&A")

G&A expenses for the three months ended September 30, 2017 were $6,049 as compared to $2,734 in the prior year quarter. G&A for the three months ended September 30, 2017 includes DUP Compensation Expense (as defined under **ADJUSTED FUNDS FROM OPERATIONS ("AFFO") - DUP Compensation Expense**) of $735 (three months ended September 30, 2016 - $(1,572)). G&A, excluding amounts associated with DUP Compensation Expenses, increased $1,008 over the prior year quarter primarily as a result of the growth of the portfolio and related platform costs.

G&A expenses for the nine months ended September 30, 2017 were $18,399 as compared to $14,538 for the nine months ended September 30, 2016. G&A for the nine months ended September 30, 2017 includes DUP Compensation Expense (as defined under **ADJUSTED FUNDS FROM OPERATIONS ("AFFO") - DUP Compensation Expense**) of $3,728 (nine months ended September 30, 2016 - $2,176). G&A, excluding amounts associated with DUP Compensation Expenses, increased $2,309 over the prior year quarter primarily as a result of G&A associated with the GHM acquisition at the end of June 2016 and the growth of the portfolio and related platform costs.

DUP expense for the three and nine months ended September 30, 2017 has increased over the prior year period; which is primarily a result of a change in the composition of the REIT's management team and modifications to DUP incentive plans in the third quarter of 2016.

Transaction costs

For the three and nine months ended September 30, 2017 the REIT incurred transaction costs of $557 and $12,433 respectively, which are primarily related to the GHC acquisition. For the three and nine months ended September 30, 2016 transaction costs were $230 and $3,811 respectively, which were related to the acquisition of GHM in late June 2016.

Other Finance costs

Other finance costs for the three and nine months ended September 30, 2017 and 2016 consisted of the following:

TABLE 6C - OTHER FINANCE COSTS

	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Distributions on Exchangeable Units	$ 3,799	$ 3,799	$ —	$ 11,399	$ 11,399	$ —
Loss on revaluation of financial liabilities	1,134	2,160	1,026	3,109	7,587	4,478
Amortization of deferred financing costs	2,470	1,391	(1,079)	5,554	3,374	(2,180)
Amortization of marked to market adjustment	(731)	(997)	(266)	(2,276)	(5,187)	(2,911)
Fair value adjustment of Convertible Debentures	1,342	5,693	4,351	10,405	11,246	841
Convertible Debenture issuance costs	—	3,117	3,117	—	3,117	3,117
Fair value adjustment of Exchangeable Units	12,349	8,169	(4,180)	21,468	29,067	7,599
Total Finance Costs	**$ 20,363**	**$ 23,332**	**$ 2,969**	**$ 49,659**	**$ 60,603**	**$ 10,944**

Distributions on Exchangeable Units

Under IFRS, Exchangeable Units distributions are treated as a finance cost. The Exchangeable Units receive distributions on an equivalent per unit basis to the distributions declared on the Trust Units. There has been no change in the number of Exchangeable Units outstanding and therefore the distributions paid for the three and nine months ended September 30, 2017 are consistent with the three and nine months ended September 30, 2016.

Loss on revaluation of financial liabilities

The outstanding balances of the Brazil Securitization Financings (as defined under **CAPITAL STRUCTURE - Debt**) are adjusted by the inflation rate (the consumer price inflation measure used by the Central Bank of Brazil for guiding monetary policy ("**IPCA**"). During 2016, the principal balance of both of the Brazil term loans and the Hospital Caxias D'Or holdback payable (previously included in deferred consideration), were adjusted by IPCA or the Certificate of Interbank Deposit rate (the average one-day interbank deposit rate ("**CDI**")) from the date of inception of these liabilities to their respective maturities.

For the three and nine months ended September 30, 2017, accretion expense of $1,134 and $3,109 respectively (for the three and nine months ended September 30, 2016 - $2,160 and $7,587) was recorded to account for the related IPCA adjustments on the Brazil debt and deferred consideration. The annual inflation rate for September 30, 2017 was 2.54% as compared to 8.48% for September 30, 2016.

Amortization of deferred financing costs

Included in finance costs is amortization of deferred financing costs incurred to arrange mortgage or debt financing. The increase in deferred financing costs is primarily due to consolidation of GHC starting in the third quarter of 2017 as well as increase in corporate debt related to the GHC acquisition.

Amortization of marked to market adjustments

Included in finance costs is amortization of marked to market adjustments which relate primarily to the Canadian mortgage portfolio which was marked to market on completion of the Combination Transaction.

Fair value adjustment of Convertible Debentures

Under IFRS, the REIT has elected to measure Convertible Debentures at fair value. The fair value of the Convertible Debentures is based on the closing trading price of the REIT's Convertible Debentures as at the reporting date. Table 6D summarizes the closing prices of the REIT's Convertible Debentures at each quarter end for the last six quarters:

TABLE 6D - CLOSING PRICE OF CONVERTIBLE DEBENTURES

	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
Month-end closing price (Canadian $)						
NWH.DB	1,040.00	1,025.00	1,020.00	1,017.50	1,045.00	1,000.00
NWH.DB.A	1,010.00	1,003.00	1,030.00	1,020.00	1,021.00	1,017.60
NWH.DB.B	1,030.00	1,022.50	1,032.70	1,020.00	1,050.00	1,037.50
NWH.DB.C	1,050.00	1,050.60	1,050.00	1,025.00	1,045.00	1,030.00
NWH.DB.D	1,064.60	1,042.50	1,050.00	1,020.00	1,043.00	1,025.10
NWH.DB.E	1,050.00	1,060.00	1,025.50	1,010.00	1,027.50	N/A
NWH.DB.F	1,042.60	1,042.00	1,031.10	1,002.50	N/A	N/A

An increase in the price of a convertible debenture results in a fair value loss to the REIT and a decrease in the price of a convertible debenture results in a fair value gain to the REIT.

Exchangeable Units – Fair value adjustment

The Exchangeable Units, under IFRS, are measured at fair value. The fair value of the Exchangeable Units mirrors the trading price of the REIT Trust Units. An increase in the trading price of a REIT Trust Unit will result in a corresponding increase in the fair value of the Exchangeable Units liability and a fair value loss to the REIT. A decrease in the trading price of a REIT Trust Unit will result in a corresponding decrease in the fair value of the Exchangeable Units liability and a fair value gain to the REIT.

Table 6E summarizes the closing prices of the REIT Trust Units at each quarter end for the last six quarters:

TABLE 6E - CLOSING PRICE OF REIT TRUST UNITS

	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
Month-end closing price (Canadian $)	11.33	10.68	10.55	10.20	10.46	10.03

Foreign exchange gain (loss)

The REIT's financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing balance sheet rate. The REIT's unrealized foreign exchange gain (loss) for the periods relate primarily to the revaluation of the New Zealand denominated debt which is held by a Canadian subsidiary of the REIT, and which is predominantly an unrealized exchange movement.

For the three months ended September 30, 2017, the REIT recorded a foreign exchange gain of $3,075, which is entirely made up of an unrealized exchange gain of $3,075. During the three months ended September 30, 2017, the New Zealand dollar weakened by approximately 5.3% relative to the Canadian dollar, thus decreasing the New Zealand dollar denominated debt at the REIT.

For the nine months ended September 30, 2017, the REIT recorded a foreign exchange gain of $69, which is made up of an unrealized exchange gain of $36 and a realized exchange gain of $33.

For the three months ended September 30, 2016, the REIT recorded a foreign exchange loss of $4,293, which is made up of a realized exchange loss of $6 and an unrealized exchange loss of $4,287. The unrealized foreign exchange loss for the three months ended September 30, 2016 is primarily a result of the revaluation of the Vital Margin Facilities. During the three months ended September 30, 2016, the New Zealand dollar and Australian dollar both increased by approximately 4% relative to the Canadian dollar, thus increasing the value of the New Zealand and Australian dollar denominated debt. During the quarter Vital Trust also recognized a $515 unrealized foreign exchange loss, on Australian dollar term loan borrowings, as the New Zealand dollar strengthened relative to the Australian dollar.

For the nine months ended September 30, 2016, the REIT recorded a foreign exchange loss of $2,283, which is made up of a realized exchange gain of $62 and an unrealized exchange loss of $2,345. The unrealized foreign exchange loss for the nine months ended September 30, 2016 is primarily a result of the revaluation of the Vital Margin Facilities prior to their settlement and the revaluation of the new Australasian Secured Financing. During the nine months ended September 30, 2016, the New Zealand dollar strengthened by approximately 1% relative to the Canadian dollar, thus increasing the value of the New Zealand debt. The Australian dollar also increased by approximately 4% relative to the Canadian dollar in the period following the Australasian Secured Financing.

See also **FOREIGN EXCHANGE AND CURRENCY MANAGEMENT.**

Fair value adjustment of DUP Liability

Under IFRS, the REIT's unit-based deferred unit compensation liability ("**DUP Liability**") is measured at fair value each reporting period. The fair value of the DUP Liability mirrors the trading price of the REIT Trust Units for deferred units exchangeable into REIT Trust Units, and the trading price of Vital Trust units for deferred units exchangeable into Vital Trust units.

The fair value adjustment on revaluation of the DUP Liability for the three and nine months ended September 30, 2017 was a loss of $878 and $1,696 respectively as compared to a gain of $457 and loss of $1,165 for the three and nine months ended September 30, 2016, respectively. The reduction in the fair value adjustment related to the DUP liability over the comparable prior year period reflects changes in the trading price of the REIT's Trust Units and Vital Trust's units during the period.

Fair value adjustment of investment properties

For the three months ended September 30, 2017, the REIT recorded a fair value gain on investment properties of $13,744 consisting of a $2,164 fair value gain related to the Canadian portfolio, a $2,992 revaluation increase of the Brazil portfolio, a $538 revaluation loss of the German portfolio, a $8,387 increase in the Vital Trust investment properties and a $738 revaluation increase in the GHC portfolio. The revaluation of the Canadian portfolio during the three months ended September 30, 2017 primarily reflects the impact of external and appraisals. The revaluation of the Brazil portfolio during the three months ended September 30, 2017 is related to the actual and estimated increases in rents for inflation, increasing the portfolio's net operating income. The revaluation loss on the German portfolio during the three months ended September 30, 2017 reflects movements in capital to be spent. The increase in the Vital Trust assets reflects capitalization rate compression in both the New Zealand and Australian markets during the quarter. The revaluation gain in GHC is primarily related to the revaluation of its asset held for sale to reflect the expected selling price.

For the nine months ended September 30, 2017, the REIT recorded a fair value gain on investment properties of $206,460 consisting of a $14,213 fair value gain related to the Canadian properties, a $39,197 revaluation increase of the Brazil portfolio, a $4,353 revaluation loss of the German portfolio and a $154,054 increase in the Vital Trust investment properties. The revaluation of the Canadian portfolio during the nine months ended September 30, 2017 primarily reflects increased density value at the REIT's Dundas-Edward Centre property in Toronto. The revaluation of the Brazil portfolio during the nine months ended September 30, 2017 is related to the actual and estimated

increases in rents for inflation, increasing the portfolio's net operating income and capitalization rate decrease at the REIT's Hospital Ifor and Santa Helena properties. The revaluation loss on the German portfolio during the nine months ended September 30, 2017 reflects movements in capital to be spent and the write off of transaction costs related to acquisition activity in the first quarter. The increase in the Vital Trust assets reflects capitalization rate compression in both the New Zealand and Australian markets during the year to date period. The revaluation gain in GHC is primarily related to the revaluation of its asset held for sale to reflect the expected selling price.

For the three months ended September 30, 2016, the REIT recorded a fair value gain on investment properties of $14,978 related to a $4,542 revaluation increase of the Brazil portfolio, $3,413 revaluation increase of the German portfolio and a $5,705 increase in the Vital Trust investment properties and a $1,318 fair value gain related to the Canadian property portfolio (net of a $169 fair value loss associated with assets held for sale). The revaluation of the Brazil portfolio during the three months ended September 30, 2016 is related to the actual and estimated increases in rents for inflation, increasing the portfolio's net operating income. The revaluation of the German portfolio during the three months ended September 30, 2016 reflects capitalization rate compression in certain German markets. The increase in the Vital Trust assets reflects capitalization rate compression in both the New Zealand and Australian markets during the quarter. The revaluation of the Canadian portfolio during the three months ended September 30, 2016 primarily reflects the stabilization of the newly developed West Toronto Health Centre.

For the nine months ended September 30, 2016, the REIT recorded a fair value gain of $62,893 related to a $21,015 revaluation increase of the Brazil portfolio, $9,807 revaluation increase of the German portfolio and a $57,265 increase in the Vital Trust investment properties; partially offset by a net $25,194 fair value loss related to the Canadian property portfolio (inclusive of a $7,002 fair value loss associated with assets held for sale). The revaluation of the Brazil portfolio during the year to date period is related to the actual and estimated increases in rents for inflation, increasing the portfolio's net operating income. The revaluation of the German portfolio during the year to date period reflects capitalization rate compression in certain German markets. The increase in the Vital Trust assets reflects capitalization rate compression in both the New Zealand and Australian markets during the quarter. The revaluation of the Canadian portfolio during the year to date period primarily reflects the decline in market rents in the Alberta office space market, as well as, fair value write-]downs of certain assets held for sale.

See also **INVESTMENT PROPERTIES**.

Net loss on disposal of investment properties

During the three and nine months ended September 30, 2016, the REIT recognized a loss on sale of $1,127 and $2,807, respectively, due to transaction costs associated with the sale of four Canadian investment properties and thirteen Canadian investment properties, respectively.

Gain/Loss on derivative financial instruments

Gain/Loss on derivative financial instruments for the three and nine months ended September 30, 2017 and 2016 consisted of the following:

TABLE 6F - GAIN (LOSS) ON DERIVATIVE FINANCIAL INSTRUMENTS

Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Canada						
Interest rate swaps	$ 410	$ 826	$ (416)	$ 789	$ 61	$ 728
Brazil						
Brazil Loans interest rate swaps	—	(3)	3	—	742	(742)
Germany						
Interest rate swaps	(45)	58	(103)	336	(476)	812
Australasia						
Interest rate swaps	1,924	(1,310)	3,234	2,828	(6,118)	8,946
Foreign exchange derivatives	—	—	—	—	—	—
Foreign exchange contracts	(1,542)	357	(1,899)	(1,179)	676	(1,855)
Performance fee receivable	—	(716)	716	1,473	(716)	2,189
Corporate						
Vital Margin Facility interest rate swaps	—	(4)	4	—	8	(8)
GHC put/call option and units	—	—	—	(548)	—	(548)
GHC future contract	—	(6,309)	6,309	666	(5,162)	5,828
Total gain (loss) on derivative financial instruments	**$ 747**	**$ (7,101)**	**$ 7,848**	**$ 4,365**	**$ (10,985)**	**$ 15,350**

Income tax expense

The combined current tax and deferred tax expense of the REIT for the three months ended September 30, 2017 was $6,403.

For the three months ended September 30, 2017, the REIT recognized current income tax credit of $1,251 (nine months ended September 30, 2017 - current income tax expense of $3,787). The current taxes relate primarily to the income taxes payable by Vital Manager, GHM and Vital Trust. The income tax credit generated for the three months ended September 30, 2017 is driven by GHM, whereby a one-time credit was booked as a result of consolidation of GHC with the REIT and the resulting elimination of the previously charged management fees. Current tax expense for Vital Trust can fluctuate period over period depending on the settlement of foreign currency derivatives utilized in Vital Trust's hedging program.

The deferred tax expense of the REIT for the three months ended September 30, 2017 was $7,655 (nine months ended September 30, 2017 - $21,758). The REIT records deferred tax liabilities in Germany and Brazil arising primarily due to the difference between the carrying value and tax cost of its investment properties. The deferred tax expense of the REIT for the three months ended September 30, 2017 related to Germany and Brazil was $261 and $6,148, respectively (nine months ended September 30, 2017 - $269 and $15,147 respectively). Vital Trust recorded a deferred expense for the three months ended September 30, 2017 of $1,154 (nine months ended September 30, 2017 - $5,774), which relates primarily to the significant fair value increase of Vital Trust's investment properties. Vital Manager recorded a deferred tax liability for the three months ended September 30, 2017 of $420 (nine months ended September 30, 2017 - $509). GHM recorded a deferred tax asset for the three months ended September 30, 2017 of $328 (nine months ended September 30, 2017 - a deferred tax liability of $60) primarily related to deferred compensation liabilities.

The combined current tax and deferred tax expense of the REIT for the three months ended September 30, 2016 was $5,209 (nine months ended September 30, 2016 - $26,409).

For the three months ended September 30, 2016, the REIT recognized a current income tax charge of $2,438 (nine months ended September 30, 2016 - $4,972). The current taxes relate primarily to the income taxes payable by Vital Manager, GHM and Vital Trust. Current tax expense for Vital Trust can fluctuate period over period depending on the settlement of foreign currency derivatives utilized in Vital Trust's hedging program.

The deferred tax expense of the REIT for the three months ended September 30, 2016 was $2,771 (nine months ended September 30, 2016 - $21,437). The REIT records deferred tax liabilities in Germany and Brazil arising primarily due to the difference between the carrying value and tax cost of its investment properties. The deferred tax expense of the REIT for the three months ended September 30, 2016 related to the German and Brazil investment properties was $3,217 (nine months ended September 30, 2016 - $11,457). Vital Trust recorded a deferred expense for the three months ended September 30, 2016 of $767, which relates primarily the fair value movement of investment properties partially offset by the deferred tax asset related to derivative valuations (nine months ended September 30, 2016 - $10,942). Vital Manager recorded a deferred tax asset for the three months ended September 30, 2016 of $965 (nine months ended September 30, 2016 - $714 liability). GHM recorded a deferred tax asset for the three months ended September 30, 2016 of $248 primarily related to the revaluation of the Performance Fee receivable (nine months ended September 30, 2016 - $248 asset).

NET OPERATING INCOME

NOI is an additional IFRS measure of the REIT's operating performance. NOI is defined as income from properties after operating expenses have been deducted, computed in accordance with IFRS, but before deducting interest expense, finance costs, depreciation and amortization expense, general and administrative expenses, income taxes, leasehold improvement and leasing costs, and unrecoverable capital costs. The REIT uses NOI to assess its property operating performance on an unleveraged basis. Same property NOI for the three months ended September 30, 2017 represents income from currently owned investment properties, excluding properties held for redevelopment, acquired prior to July 1, 2016. The same property NOI analysis below has included GHC in acquisitions as the portfolio was only consolidated from July 2017.

The REIT's Same Property NOI for the three and nine months ended September 30, 2017 and 2016 is summarized below consolidated in Canadian dollars (Table 7) and then separately by region in source currency (Table 7A - Canada, Table 7B - Brazil, Table 7C - Germany and Table 7D - Australasia):

TABLE 7 - SAME PROPERTY NOI

In thousands of CAD	Three months ended September 30,				Nine months ended September 30,			
	2017	**2016**	**Var $**	**Var %**	**2017**	**2016**	**Var $**	**Var %**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Same property NOI [1]								
Same property revenue from investment properties	$65,077	$64,675	$402	0.6%	$195,664	$191,097	$4,567	2.4%
Same property operating costs	(18,932)	(17,272)	(1,660)	(9.6)%	(55,293)	(53,420)	(1,873)	(3.5)%
	46,145	**47,403**	**(1,258)**	(2.7)%	**140,371**	**137,677**	**2,694**	2.0%
Properties held for redevelopment	566	96	470		1,553	87	1,466	
Acquisitions [2]	15,536	873	14,663		28,256	1,176	27,080	
Dispositions	—	364	(364)		—	1,440	(1,440)	
Inter-company/elimination	(442)	(459)	17		(1,350)	(1,340)	(10)	
NOI [1]	**$61,805**	**$48,277**	**$13,528**	28.0%	**$168,830**	**$139,040**	**$29,790**	21.4%

Notes

(1) NOI is an additional IFRS measure presented on the condensed consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

(2) Includes $8.9M NOI related to GHC acquisition effective July 1 2017

TABLE 7A - SAME PROPERTY NOI - CANADA

In thousands of CAD	Three months ended September 30,				Nine months ended September 30,			
	2017	**2016**	**Var $**	**Var %**	**2017**	**2016**	**Var $**	**Var %**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Same property NOI [1]								
Same property revenue from investment properties	$32,811	$33,096	$(285)	(0.9)%	$99,904	$100,374	$(470)	(0.5)%
Same property operating costs	(15,170)	(14,379)	(791)	(5.5)%	(45,288)	(44,306)	(982)	(2.2)%
	17,641	**18,717**	**(1,076)**	(5.7)%	**54,616**	**56,068**	**(1,452)**	(2.6)%
Properties held for redevelopment	566	97	469		1,552	88	1,464	
Acquisitions	—	—	—		—	—	—	
Dispositions	—	364	(364)		—	1,440	(1,440)	
NOI [1]	**$18,207**	**$19,178**	**$(971)**	(5.1)%	**$56,168**	**$57,596**	**$(1,428)**	(2.5)%

Notes

(1) NOI is an additional IFRS measure presented on the condensed consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

TABLE 7B - SAME PROPERTY NOI - BRAZIL

In thousands of BRL and CAD	Three months ended September 30,				Nine months ended September 30,			
	2017	**2016**	**Var $**	**Var %**	**2017**	**2016**	**Var $**	**Var %**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Same property NOI [1]								
Same property revenue from investment properties	R$23,194	R$21,968	R$1,226	5.6%	R$69,585	R$66,290	R$3,295	5.0%
Same property operating costs	—	—	—	—%	—	—	—	—%
	23,194	**21,968**	**1,226**	5.6%	**69,585**	**66,290**	**3,295**	5.0%
Acquisitions	8,948	1,409	7,539		26,738	1,409	25,329	
Dispositions	—	—	—		—	—	—	
NOI [1] **- in thousands of BRL**	**R$32,142**	**R$23,377**	**R$8,765**	37.5%	**R$96,323**	**R$67,699**	**R$28,624**	42.3%
FX rate	0.3961	0.4015	(0.0054)	(1.3)%	0.4121	0.3746	0.0375	10.0%
NOI [1] **- in thousands of CAD**	**$12,731**	**$9,386**	**$3,345**	35.6%	**$39,700**	**$25,357**	**$14,343**	56.6%

Notes

(1) NOI is an additional IFRS measure presented on the condensed consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

TABLE 7C - SAME PROPERTY NOI - GERMANY								
In thousands of Euro and CAD	Three months ended September 30,				Nine months ended September 30,			
	2017	2016	Var $	Var %	2017	2016	Var $	Var %
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Same property NOI [(1)]								
Same property revenue from investment properties	€2,437	€2,291	€146	6.4%	€7,286	€6,881	€405	5.9%
Same property operating costs	(684)	(564)	(120)	(21.3)%	(1,936)	(1,778)	(158)	(8.9)%
	1,753	**1,727**	**26**	1.5%	**5,350**	**5,103**	**247**	4.8%
Acquisitions	507	211	296		1,276	438	838	
Dispositions	—	—	—		—	—	—	
NOI [(1)]- in thousands of Euro	**€2,260**	**€1,938**	**€322**	16.6%	**€6,626**	**€5,541**	**€1,085**	19.6%
FX rate	1.4729	1.4545	0.0184	1.3%	1.4542	1.4743	(0.0201)	(1.4)%
NOI [(1)] - in thousands of CAD	**$3,330**	**$2,819**	**$511**	**18.1%**	**$9,634**	**$8,169**	**$1,465**	**17.9%**

Notes

(1) NOI is an additional IFRS measure presented on the condensed consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

TABLE 7D - SAME PROPERTY NOI - VITAL								
In thousands of NZD and CAD	Three months ended September 30,				Nine months ended September 30,			
	2017	2016	Var $	Var %	2017	2016	Var $	Var %
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Same property NOI [(1)]								
Same property revenue from investment properties	$21,285	$20,623	$662	3.2%	$60,438	$60,919	$(481)	(0.8)%
Same property operating costs	(3,008)	(2,200)	(808)	(36.7)%	(7,693)	(7,095)	(598)	(8.4)%
	18,277	**18,423**	**(146)**	(0.8)%	**$52,745**	**53,824**	**(1,079)**	(2.0)%
Acquisitions	2,564	—	2,564		6,939	—	6,939	
Dispositions	—	—	—		—	—	—	
NOI [(1)] - in thousands of NZD	**$20,841**	**$18,423**	**$2,418**	13.1%	**$59,684**	**$53,824**	**$5,860**	10.9%
FX rate	0.9156	0.9420	(0.0264)	(2.8)%	0.9346	0.9151	0.0195	2.1%
NOI [(1)] - in thousands of CAD	**$19,083**	**$17,354**	**$1,729**	10.0%	**$55,781**	**$49,254**	**$6,527**	13.3%

Notes

(1) NOI is an additional IFRS measure presented on the condensed consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

Canada

Same Property NOI

Same property NOI for the three months ended September 30, 2017 decreased by 5.7% over the comparable prior year period, mainly driven by a non-medical tenant contraction of 65,000 sf upon renewal. Same property NOI for the three months ended September 30, 2017 on a cash-recurring[1] basis, decreased by 3.5% over the comparable prior year period and increased by 0.5% excluding the impact of the non-medical tenant contraction noted above.

1 Excluding straight-line rental revenue recognition, amortization of operating leases, lease termination fees and one time transactions that are not expected to recur

Revenue from investment properties

Same property revenue from investment properties for the three months ended September 30, 2017 is $285 lower than actual results for the three months ended September 30, 2016 primarily due to lower base rent of $428 as a result of a non-medical tenant contraction of 65,000 sf upon renewal in the west region, free rent and straight-line rent of $270; offset by increase in operating cost recoveries of $388 driven by an increase in recoverable operating costs.

Same property revenue from investment properties for the nine months ended September 30, 2017 is $470 lower than actual results for the nine months ended September 30, 2016 primarily due to lower base rent of $691, essentially a result of a non-medical tenant contraction of 65,000sf upon renewal in the west region, free rent and straight-line rent of $352, a decrease in operating cost recoveries of $225 driven by a decrease in recoverable operating costs; offset by lease termination fee of $331, a non-recurring tenant improvement reimbursement repayment of $220 and higher parking revenue $193 reflecting efficiencies of internalization of parking management.

Property operating costs

Same property operating expenses for the three months ended September 30, 2017 increased by $791 over the comparable prior year period driven by an increase in operating costs relating to heating and ventilation, security, property taxes, and amortization of an operating lease of a parking facility.

Same property operating expenses for the nine months ended September 30, 2017 increased by $982 over the comparable prior year period driven by an increase in non-recoverable costs relating to IT software license fees as a result of an upgrade, fees associated with implementation of an improved tenant service program, salaries and benefits, and amortization of an operating lease of a parking facility; offset by a decrease in recoverable costs mainly attributable to utilities and salaries and benefits.

Brazil

Same Property NOI

Same property NOI for the three months ended September 30, 2017 in BRL, increased by 5.6% (4.2% higher in C$) over the comparable prior year period mainly driven by inflationary adjustments to rents. Same property NOI for the three months ended September 30, 2017 on a cash-recurring[1] basis in BRL, increased by 6.3% (4.9% in C$), over the comparable prior year period.

Revenue from investment properties

Same property revenues for the three months ended September 30, 2017 increased by R$1,226 (R$3,295 for the nine months ended September 30, 2017) over the comparable prior year period as a result of inflationary adjustments which are implemented across the portfolio, in accordance with the REIT's leasing contracts. The rental increase imposed in 2017 reflects the 12 month IPCA rate as at each property rental adjustment date. On January 1, 2017, the leases relating to Rede D'Or Hospital Portfolio properties were adjusted by 6.6% on average. This increase was partially offset by a weakening of the Brazil foreign exchange by 1.3% over third quarter 2016.

Property operating costs

The nature of the leases in Brazil is such that the tenant is responsible for all operating costs of the property, excluding social taxes which represent a tax against revenues as a result of the REIT's corporate structure of the entities holding certain of the Brazilian assets.

1 Excluding straight-line rental revenue recognition, amortization of operating leases, lease termination fees and one time transactions that are not expected to recur

Germany

Same Property NOI

Same property NOI for the three months ended September 30, 2017 in Euros increased by 1.5% (2.8% in C$) over the comparable prior year period, mainly driven by inflationary rental increases and prior year tenant adjustments. Same property NOI for the three months ended September 30, 2017 on a cash-recurring[1] basis, in Euros, increased by 4.9% (6.2% in C$) over the comparable prior year period.

Revenue from investment properties

Same property revenue for the three months ended September 30, 2017 from Germany's investment properties increased by €146 (nine months ended September 30, 2017 - €405) against prior year quarter reflecting favorable impact of prior year costs adjustment with tenants, inflationary rental increases to existing tenants, leasing out vacant units in Sachsen, Bayern and Berlin properties and higher operating cost recoveries driven by favourable renegotiation of leases on renewal, better covenanted new deals and higher recoverable operating costs.

Property operating costs

Same property operating costs for the three months ended September 30, 2017 increased by €120 (nine months ended September 30, 2017 - €158), against the prior year comparable periods mainly due to higher consumption based costs (electricity and heating) in the period.

Vital Trust

Same Property NOI

Same property NOI for the three months ended September 30, 2017 in NZ$ decreased by 0.8% (3.6% in C$) over the comparable prior year period, mainly driven by a lower rent replacement tenant at South Private Hospital (Ramsey) off-set by rentalized expansions at several properties.

Same property NOI for the three months ended September 30, 2017 in NZ$ on a cash-recurring[1] basis increased by 1.6% (reduced by 1.3% in C$) over the comparable prior year period and increased in NZ$ by 7.9% (4.9% in C$) excluding the impact of the Ramsey deal noted above.

Revenue from investment properties

Vital Trust's same property revenue for the three months ended September 30, 2017, increased by NZ$662 over the comparable prior year period due to same property rent increases and rentalization of the expansions at Epworth Eastern Hospital, Hurstville Private Hospital, Belmont Private Hospital, Maitland Private Hospital and South Eastern Private Hospital. The increase was partially offset by the departure of a large tenant at The Southport Hospital and Gold Coast Surgery Centre net of a replacement tenant at lower rental rates.

For the nine months ended September 30, 2017 same property revenue decreases by NZ$481 as a result of the departure of a large tenant at The Southport Hospital and Gold Coast Surgery Centre net of a replacement tenant at lower rental rates. This was partially offset by property rent increases and rentalization of the expansions as noted above.

1 Excluding straight-line rental revenue recognition, amortization of operating leases, lease termination fees and one time transactions that are not expected to recur

Property operating costs

For the three months ended September 30, 2017, Vital Trust's same property operating costs increased by NZ$808 (nine months ended September 30, 2017 - NZ$598) over the comparable prior year quarter primarily due to costs associated with development which became revenue producing.

FUNDS FROM OPERATIONS ("FFO")

FFO is a supplemental non-IFRS industry wide financial measure of a REIT's operating performance. The REIT calculates FFO based on certain adjustments to net income (computed in accordance with IFRS) as detailed below. Other adjustments may be made to FFO as determined by management at their discretion. REALpac has established a standardized definition of FFO in a White Paper dated February 2017 ("**REALpac Guidance**"). The REIT's FFO definition differs from the REALpac Guidance in that the REIT excludes the revaluation of financial liabilities in its calculation of FFO.

TABLE 8 - FUNDS FROM OPERATIONS

Expressed in thousands of Canadian dollars, except per unit amounts	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income (loss) attributable to unitholders	**$ (80,713)**	**$ (5,285)**	**$ (75,428)**	**$ 33,003**	**$ (20,494)**	**$ 53,497**
Add / (Deduct):						
(i) Fair market value losses (gains)	78	5,528	(5,450)	(177,256)	(10,430)	(166,826)
Less: Non-controlling interests' share of fair market value losses (gains)	6,332	3,579	2,753	118,839	39,326	79,513
(ii) Finance cost - Exchangeable Unit distributions	3,799	3,799	—	11,399	11,399	—
(iii) Revaluation of financial liabilities	1,134	2,160	(1,026)	3,109	7,587	(4,478)
(iv) Unrealized foreign exchange loss (gain)	(3,075)	4,287	(7,362)	(36)	2,345	(2,381)
Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	(944)	(388)	(556)	990	111	879
(v) Deferred taxes	7,654	2,771	4,883	21,758	21,437	321
Less: Non-controlling interests' share of deferred taxes	(867)	(574)	(293)	(4,341)	(8,267)	3,926
(vi) Non-recurring transaction costs	557	230	327	12,433	3,811	8,622
(vii) Convertible Debenture issuance costs	—	3,117	(3,117)	—	3,117	(3,117)
(viii) Net adjustments for equity accounted entities	—	123	(123)	(38,943)	123	(39,066)
(ix) Internal leasing costs	489	469	20	1,443	1,387	56
(x) Net loss on disposal of investment properties	—	1,127	(1,127)	—	2,807	(2,807)
(xi) Gain on business combination	89,578	—	89,578	89,578	(53)	89,631
(xii) Amortization of finance leases	(77)	—	(77)	(77)	—	(77)
(xiii) Other FFO adjustments	178	489	(311)	2,660	1,039	1,621
Funds From Operations ("FFO") [1]	**$ 24,123**	**$ 21,432**	**$ 2,691**	**$ 74,559**	**$ 55,245**	**$ 19,314**
FFO per Unit - Basic	$ 0.23	$ 0.25	$ (0.02)	$ 0.73	$ 0.70	$ 0.03
FFO per Unit - fully diluted [3]	$ 0.22	$ 0.24	$ (0.02)	$ 0.69	$ 0.67	$ 0.02
Adjusted weighted average units outstanding [2]						
Basic	106,585,010	86,344,032	20,240,978	102,316,561	79,147,842	23,168,719
Diluted [3]	126,946,696	105,023,797	21,922,899	128,874,931	91,787,290	37,087,641

Notes

(1) FFO is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. FFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO as reported by other such issuers. FFO is defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(2) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP Units in basic and diluted units outstanding/weighted average units outstanding. There were 18,998,065 Class B LP Units outstanding as at September 30, 2017 and December 31, 2016.

(3) Diluted units includes vested but unissued deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual conversion price. Convertible Debentures are dilutive if the interest (net of tax and other changes in income or expense) per unit obtainable on conversion is less than the basic per unit measure.

FFO DILUTION						
	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Funds From Operations ("FFO") - Undiluted	**$ 24,123**	**$ 21,432**	**$ 2,691**	**$ 74,559**	**$ 55,245**	**$ 19,314**
Potentially Dilutive Convertible Debentures						
NWH.DB	528	528	—	1,585	1,585	—
NWH.DB.A	—	367	(367)	1,102	1,102	—
NWH.DB.B	—	328	(328)	984	984	—
NWH.DB.C	—	702	(702)	2,107	—	2,107
NWH.DB.D	729	729	—	2,186	2,186	—
NWH.DB.E	981	725	256	2,943	730	2,213
NWH.DB.F	1,057	—	1,057	3,170	—	3,170
	3,295	3,379	(84)	14,077	6,587	7,490
Funds From Operations ("FFO") - Diluted	**$ 27,418**	**$ 24,811**	**$ 2,607**	**$ 88,636**	**$ 61,832**	**$ 26,804**
Adjusted weighted average units outstanding:						
Basic	106,585,010	86,344,032	20,240,978	102,316,561	79,147,842	23,168,719
Vested but unissued deferred units	664,260	534,715	129,545	594,845	472,743	122,102
Potentially Dilutive Convertible Debentures						
NWH.DB	2,834,507	2,834,507	—	2,834,507	2,834,507	—
NWH.DB.A	—	1,649,635	(1,649,635)	1,649,635	1,649,635	—
NWH.DB.B	—	1,516,464	(1,516,464)	1,516,464	1,516,464	—
NWH.DB.C	—	3,100,000	(3,100,000)	3,100,000	—	3,100,000
NWH.DB.D	4,711,111	4,711,111	—	4,711,111	4,711,111	—
NWH.DB.E	5,862,745	4,333,333	1,529,412	5,862,745	1,454,988	4,407,757
NWH.DB.F	6,289,063	—	6,289,063	6,289,063	—	6,289,063
	19,697,426	18,145,050	1,552,376	25,963,525	12,166,705	13,796,820
Diluted	126,946,696	105,023,797	21,922,899	128,874,931	91,787,290	37,087,641

See **PART XII – SUPPLEMENTAL DISCLOSURE** for additional information on the components of FFO.

Additional details on the adjustments to the REIT's net income to arrive at FFO are below:

(i) **Fair market value losses (gains)**

TABLE 8A - FAIR MARKET VALUE LOSSES (GAINS)						
Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Fair market value losses (gains)						
Fair value adjustment of Convertible Debentures	$ 1,342	$ 5,693	$ (4,351)	$ 10,405	$ 11,246	$ (841)
Fair value adjustment of Exchangeable Units	12,349	8,169	4,180	21,468	29,067	(7,599)
Fair value adjustment of investment properties	(13,744)	(14,978)	1,234	(206,460)	(62,893)	(143,567)
Loss (Gain) on derivative financial instruments	(747)	7,101	(7,848)	(4,365)	10,985	(15,350)
Fair value adjustment of DUP Liability	878	(457)	1,335	1,696	1,165	531
Total	**$ 78**	**$ 5,528**	**$ (5,450)**	**$ (177,256)**	**$ (10,430)**	**$ (166,826)**

Additional details are below:

(a) Convertible Debentures

Under IFRS the REIT's Convertible Debentures are classified as financial liabilities measured at fair value through profit and loss and any related unrealized fair value changes in re-measuring the financial liability impact net income. Consistent with the REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to the Convertible Debentures have been added back to the REIT's net income.

(b) Exchangeable Units and DUP Liability

Under IFRS the REIT's Exchangeable Units and DUP Liability are classified as financial liabilities and any related unrealized fair value changes in re-measuring the financial liability impact net income. Consistent with REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to Exchangeable Units and DUP Liability have been added back to the REIT's net income.

(c) Investment properties

Under IFRS the REIT has elected to use the fair value model to account for its investment properties. Under the fair value model, investment properties are carried on the consolidated balance sheet at fair value. The properties are not depreciated and changes in the fair value of the investment properties are recognized in income in the period in which they occur. Consistent with REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to investment properties have been added back to the REIT's net income.

(d) Derivative financial instruments

Under IFRS derivative financial instruments are measured at fair value and any related unrealized fair value changes in re-measuring the derivative financial instrument impact net income. Consistent with the REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, unrealized fair value changes related to derivative financial instruments have been added back to the

REIT's net income.

(ii) **Finance cost - Exchangeable Unit distributions**

Under IFRS the REIT's Exchangeable Units are classified as financial liabilities and any related distributions on the Exchangeable Units are regarded as finance costs. Consistent with REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, distributions related to the Exchangeable Units have been added back to the REIT's net income.

(iii) **Revaluation of financial liabilities**

On maturity, the principal balance of the Brazil term loans are adjusted by the inflation rate (IPCA or CDI) from the date of inception of these liabilities to their respective maturities. The accretion expense is treated as a fair value adjustment to the Brazil term loans and therefore adjusted for when calculating FFO. Although this adjustment is not consistent with REALpac Guidance, the REIT believes the adjustment is consistent with industry practice.

(iv) **Unrealized foreign exchange loss (gain)**

Under IFRS, financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing balance sheet rate. The REIT's unrealized foreign exchange movements for the periods relate primarily to the revaluation of the Australasian debt which are denominated in Australian and/or New Zealand dollars and held by a Canadian subsidiary of the REIT. Consistent with REALpac Guidance, the foreign exchange movements on the indebtedness associated with the REIT's investment in Vital Trust has been added back to the REIT's net income, as it relates to borrowings that arise due to the REIT's interest in a foreign operation (Vital Trust).

(v) **Deferred taxes**

Under IFRS, the REIT has recorded deferred tax liabilities in Germany, Brazil and Vital Trust, arising primarily due to the difference between the book value and tax cost of its investment properties. Consistent with REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, deferred taxes have been added back to its net income.

(vi) **Non-recurring transaction costs**

Under IFRS the REIT expensed non-recurring transaction costs related primarily to the GHC Bid and the GHM acquisition which has been determined to be business combinations. In accordance with the REALpac Guidance, to allow for consistent treatment of transaction costs incurred whether a transaction is recorded as an asset acquisition or business combination, and to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, costs related to the REIT's strategic transactions have been added back to net income.

(vii) **Convertible Debenture issuance costs**

In accordance with IFRS, because the REIT measures its Convertible Debentures at fair value, the REIT expenses the costs related to the issuance of the Convertible Debentures. In accordance with the REALpac Guidance, these non-recurring finance costs related to the issuance of the Convertible Debentures, have been added back to the REIT's net income.

(viii) **Net adjustments for equity accounted entities**

In July 2017, the REIT completed the 100% acquisition of GHC, therefore beginning in the third quarter of 2017, the REIT consolidates GHC into its results. Up until June 30, 2017, under IFRS the REIT's investment in associate was accounted for using the equity method of accounting. As such, the REIT's share of its associate's post acquisition net

income (loss) was recognized in its net income (loss), and its share of post-acquisition movements in other comprehensive income (loss) was recognized in other comprehensive income (loss). Consistent with REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, the REIT's share of its associate's post acquisition net income (loss) is added/(deducted) to/(from) net income and FFO is presented after including the REIT's proportionate share of the associate's FFO.

Additional details on these adjustments are provided in the table below:

TABLE 8C - GHC FUNDS FROM OPERATIONS

Expressed in thousands of Canadian dollars, except per unit amounts	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Share of profit (loss) of GHC	**$ —**	**$ 819**	**$ (819)**	**$ 43,681**	**$ 819**	**$ 42,862**
Add / (Deduct):						
Fair market value losses (gains)	—	—	—	(40,396)	—	(40,396)
Non-recurring costs	—	—	—	1,502	—	1,502
Gain on business combination	—	—	—	(49)	—	(49)
Proportionate share of Generation Healthcare REIT GHC FFO[1]	**$ —**	**$ 819**	**$ (819)**	**$ 4,738**	**$ 819**	**$ 3,919**
Less: Share of profit (loss) of GHC	—	—	—	43,681	—	43,681
Net FFO adjustment for GHC	**$ —**	**$ 819**	**$ (819)**	**$ (38,943)**	**$ 819**	**$ (39,762)**
Average % of GHC owned during the period	100.0%	12.7%		55.0%	12.7%	

Notes

(1) FFO is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. FFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO as reported by other such issuers. FFO is defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(ix) Internal leasing costs

In accordance with IFRS, internal leasing costs that aren't incremental are expensed. These amounts include the base salary and benefits of the internal leasing department. Consistent with REALpac Guidance these costs that can be reasonably and directly attributed to signed leases, and that would otherwise be capitalized if incurred from external sources, are added back to net income in determining FFO.

(x) Net loss on disposal of investment properties

Consistent with REALpac Guidance the REIT has adjusted FFO for the net loss on disposal of investment properties.

(xi) Gain on business combination

Consistent with REALpac Guidance the REIT has adjusted FFO for the gain recognized on the GHC and GHM acquisitions accounted for as a business combination.

(xii) Amortization of finance leases

GHC has one long term lease receivable and one long term ground lease payable which have been recorded, in accordance with IFRS, as a finance lease payable and receivable respectively. An adjustment has been made to FFO to adjust for the net cash impact of the finance leases.

(xiii) **Other FFO adjustments**

Other FFO adjustments include the amortization of the free rent asset associated with the sale and lease back of the mid-town Toronto parking garage as well as the amortization intangibles recognized on the acquisition of GHM that impact profit and loss but are non-cash in nature. Consistent with REALpac Guidance the REIT has adjusted FFO for these amounts. Also included in other FFO adjustments are amounts that represent the impact of certain Vital Manager fees that are capitalized by Vital Trust. The adjustments reflect the cash flow benefit to the REIT of the capitalized fees funded by the non-controlling interest of Vital Trust.

ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

AFFO is a supplemental non-IFRS industry wide financial measure of a REIT's operating performance. The REIT calculates AFFO as FFO, plus/minus certain adjustments as detailed below. Other adjustments may be made to AFFO as determined by management at their discretion.

In February 2017, REALpac issued a White Paper with recommendations for the calculation of AFFO. The REIT's AFFO definition differs from the recently-issued REALpac Guidance in that the REIT excludes the revaluation of financial liabilities, amortization of deferred financing charges, debt mark-to-market adjustments, DUP compensation expense, and debt repayment costs in its AFFO calculations.

TABLE 9 - ADJUSTED FUNDS FROM OPERATIONS

Expressed in thousands of Canadian dollars, except per unit amounts	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Funds From Operations ("FFO") [1]	**$ 24,123**	**$ 21,432**	**$ 2,691**	**$ 74,559**	**$ 55,245**	**$ 19,314**
Add / (Deduct):						
(i) Amortization of marked to market adjustment	(731)	(997)	266	(2,276)	(5,187)	2,911
(ii) Amortization of deferred financing charges	2,470	1,391	1,079	5,554	3,374	2,180
Less: Non-controlling interests' share of amortization of deferred financing charges	(5)	(69)	64	(141)	(203)	62
(iii) Straight-line revenue	82	(142)	224	652	(430)	1,082
Less: non-controlling interests' share of straight-line revenue	(129)	(20)	(109)	(785)	(212)	(573)
(iv) Leasing costs and non-recoverable maintenance capital expenditures	(2,902)	(2,507)	(395)	(9,185)	(7,318)	(1,867)
Less: non-controlling interests' share of actual capex and leasing costs	437	163	274	1,616	273	1,343
(v) DUP Compensation Expense	735	(1,572)	2,307	3,728	2,176	1,552
(vi) Debt repayment costs	—	174	(174)	175	3,134	(2,959)
(vii) Net adjustments for equity accounted entities	—	(145)	145	(750)	(145)	(605)
Adjusted Funds From Operations ("AFFO") [1]	**$ 24,080**	**$ 17,708**	**$ 6,372**	**$ 73,147**	**$ 50,707**	**$ 22,440**
AFFO per Unit - Basic	$ 0.23	$ 0.21	$ 0.02	$ 0.71	$ 0.64	$ 0.07
AFFO per Unit - fully diluted [3]	$ 0.22	$ 0.20	$ 0.02	$ 0.68	$ 0.62	$ 0.06
Distributions per Unit - Basic	$ 0.20	$ 0.20	$ —	$ 0.40	$ 0.60	$ (0.20)
Adjusted weighted average units outstanding: [2]						
Basic	106,585,010	86,344,032	20,240,978	102,316,561	79,147,842	23,168,719
Diluted [3]	126,946,696	98,757,698	28,188,998	125,774,931	88,621,191	37,153,740

Notes

(1) FFO and AFFO are not measures recognized under IFRS and does not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. FFO and AFFO are defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(2) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP Units in basic and diluted units outstanding/weighted average units outstanding. There were 18,998,065 Class B LP Units outstanding as at September 30, 2017 and December 31, 2016.

(3) Diluted units includes vested but unissued deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual conversion price. Convertible Debentures are dilutive if the interest (net of tax and other changes in income or expense) per unit obtainable on conversion is less than the basic per unit measure.

AFFO DILUTION	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Adjusted Funds From Operations ("AFFO") - Undiluted	**$ 24,080**	**$ 17,708**	**$ 6,372**	**$ 73,147**	**$ 50,707**	**$ 22,440**
Potentially Dilutive Convertible Debentures						
NWH.DB	528	528	—	1,585	1,585	—
NWH.DB.A	—	—	—	1,102	—	1,102
NWH.DB.B	—	—	—	984	—	984
NWH.DB.C	—	—	—	—	—	—
NWH.DB.D	729	729	—	2,186	2,186	—
NWH.DB.E	981	725	256	2,943	730	2,213
NWH.DB.F	1,057	—	1,057	3,170	—	3,170
	3,295	1,982	1,313	11,970	4,501	7,469
Adjusted Funds From Operations ("AFFO") - Diluted	**$ 27,375**	**$ 19,690**	**$ 7,685**	**$ 85,117**	**$ 55,208**	**$ 29,909**
Adjusted weighted average units outstanding:						
Basic	106,585,010	86,344,032	20,240,978	102,316,561	79,147,842	23,168,719
Vested but unissued deferred units	664,260	534,715	129,545	594,845	472,743	122,102
Potentially Dilutive Convertible Debentures						
NWH.DB	2,834,507	2,834,507	—	2,834,507	2,834,507	—
NWH.DB.A	—	—	—	1,649,635	—	1,649,635
NWH.DB.B	—	—	—	1,516,464	—	1,516,464
NWH.DB.C	—	—	—	—	—	—
NWH.DB.D	4,711,111	4,711,111	—	4,711,111	4,711,111	—
NWH.DB.E	5,862,745	4,333,333	1,529,412	5,862,745	1,454,988	4,407,757
NWH.DB.F	6,289,063	—	6,289,063	6,289,063	—	6,289,063
	19,697,426	11,878,951	7,818,475	22,863,525	9,000,606	13,862,919
Diluted	126,946,696	98,757,698	28,188,998	125,774,931	88,621,191	37,153,740

Additional details on the adjustments to the REIT's net income to arrive at AFFO are below:

(i) **Amortization marked to market adjustment**

Under IFRS, the REIT has amortized the debt premium on mortgages assumed at fair value on acquisition. As the amortization is a non-cash item, the REIT has included an adjustment in AFFO.

(ii) **Amortization of deferred financing charges**

Under IFRS, the REIT has recorded amortization of deferred financing charges. As the amortization is a non-cash item, the REIT has included an adjustment in AFFO.

(iii) **Straight-line revenue**

Under IFRS rental revenue from operating leases is recognized over the lease term on a straight-line basis. The difference between rental revenue recognized and cash flows is recorded as straight-line rent receivable or payable. To account for the non-cash nature of these differences the REIT has included an adjustment in AFFO.

Also included in the straight-line revenue adjustments are amounts related to the Sabará Securitization Facility. At the time of securitization, deferred revenue was recognized at an amount equal to the present value of the proceeds received upon the securitization. Under IFRS, the REIT has recorded deferred revenue in respect of the Sabará Securitization Facility, which is amortized into income over the remaining term of the lease. The unamortized balance of the deferred revenue, $8,299 (R$21,167) as at September 30, 2017 is net against the value of investment properties. The fair value of the balance outstanding on the Sabará Securitization Facility is $18,579 (R$47,384) as at September 30, 2017.

To account for the actual revenue received and to eliminate any principal repayment components on the securitization, the REIT includes an adjustment in AFFO.

For the three months ended September 30, 2017 the REIT recorded revenue of $525 related to the Sabará Securitization Facility (nine months ended September 30, 2017 - $1,642), while the actual rent received, less interest on the Sabará Securitization Facility, totaled $584 (nine months ended September 30, 2017 - $1,824). As such, the REIT has increased net income reported under IFRS in AFFO by $59 for the three months ended September 30, 2017 (nine months ended September 30, 2017 - $182).

For the three months ended September 30, 2016 the REIT recorded revenue of $87 related to the Sabará Securitization Facility (nine months ended September 30, 2016 - $123), while the actual rent received, less interest on the Sabará Securitization Facility, totaled $609 (nine months ended September 30, 2016 - $1,588). As such, the REIT has increased net income reported under IFRS in AFFO by $522 for the three months ended September 30, 2016 (nine months ended September 30, 2016 - $1,465).

(iv) **Leasing costs and non-recoverable maintenance capital expenditures**

In Canada and Germany, due to the nature of the portfolios, on a quarterly basis and during portfolio repositioning, leasing costs, tenant improvements and maintenance capital expenditures can fluctuate and as such, should not be regarded as stabilized. As a result the REIT uses a reserve of 6% of revenue from investment properties in Canada and Germany when determining AFFO. In Brazil and Australasia due to the long term, triple net nature of the leases in those regions the REIT uses actual leasing costs and non-recoverable maintenance capital expenditures when determining AFFO.

For additional information see **Leasing Costs and Capital Expenditures.**

(v) **DUP Compensation Expense**

The REIT's unit-based deferred unit compensation expense is measured at the service commencement date, based on the fair market value of a REIT Trust Unit or Vital Trust unit, as applicable, and this value is amortized to income over the vesting period ("DUP Compensation Expense"). Unit-based compensation does not qualify as an equity award and is classified as a liability. As a result the DUP Liability is measured at fair-value every reporting period, based on the fair market value of a REIT Trust Unit or Vital Trust unit at the reporting date, and the change in fair value is also recognized in income.

The period over period change in value of the DUP Liability is added back to income when determining FFO in accordance with REALpac Guidance. However, as the DUP Compensation Expense may be equity settled, at the REIT's option, the REIT has added back DUP Compensation Expense to income when determining AFFO.

(vi) **Debt repayment costs**

During the three months ended September 30, 2017, the REIT has incurred debt repayment costs of $nil (nine months ended September 30, 2017 - $175) related to the German mortgage refinancing on September 30, 2017. During the three months ended September 30, 2016 the REIT incurred $174 (nine months ended September 30, 2016 - $3,134) of costs associated with the early repayment of mortgages. As the costs are non-recurring in nature the REIT has added them back to income when determining AFFO.

(vii) **Net adjustments for equity accounted entities**

In July 2017, the REIT completed the 100% acquisition of GHC, therefore beginning in the third quarter of 2017, the REIT consolidates GHC into its results. Up until June 30, 2017, under IFRS the REIT's investment in associate is accounted for using the equity method of accounting. As such, the REIT's share of its associate's post acquisition net income (loss) was recognized in its net income (loss), and its share of post-acquisition movements in other comprehensive income (loss) was recognized in other comprehensive income (loss). In order to enhance the usefulness and comparability of AFFO as a supplemental measure of the operating performance of the REIT, the REIT's share of its associate's post acquisition net income (loss) is added/ (deducted) to/(from) net income and AFFO is presented after including the REIT's proportionate share of the associate's AFFO.

Additional details on these adjustments are provided in the table below:

TABLE 9A - GHC ADJUSTED FUNDS FROM OPERATIONS

Expressed in thousands of Canadian dollars, except per unit amounts	Three months ended September 30,			Nine months ended September 30,		
	2017	**2016**	**Variance**	**2017**	**2016**	**Variance**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Proportionate share of Generation Healthcare REIT ("GHC") FFO[1]	**$ —**	**$ 942**	**$ (942)**	**$ 4,738**	**$ 942**	**$ 3,796**
Add / (Deduct):						
Amortization of marked to market adjustments	—	(45)	45	(251)	(45)	(206)
Amortization of deferred financing charges	—	4	(4)	30	4	26
Straight-line revenue	—	(32)	32	(114)	(32)	(82)
Leasing costs and non-recoverable maintenance capital expenditures	—	(72)	72	(415)	(72)	(343)
Proportionate share of GHC AFFO[1]	**$ —**	**$ 797**	**$ (797)**	**$ 3,988**	**$ 797**	**$ 3,191**
Less: Proportionate share of GHC FFO	—	(942)	942	(4,738)	(942)	(3,796)
Net AFFO adjustment for GHC	**$ —**	**$ (145)**	**$ 145**	**$ (750)**	**$ (145)**	**$ (605)**
Average % of GHC owned during the period	100.0%	12.7%		55.0%	12.7%	

Notes

(1) FFO and AFFO are not measures recognized under IFRS and does not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. FFO and AFFO are defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

DISTRIBUTIONS

For the three and nine months ended September 30, 2017, the REIT declared a total of $21,322 and $62,032, respectively, in distributions, including distributions on Exchangeable Units. These distributions reflect an annualized distribution rate of $0.80 per unit per annum.

For the three and nine months ended September 30, 2016, the REIT declared a total of $17,652 and $48,247, respectively, in distributions, including distributions on Exchangeable Units. These distributions reflect an annualized distribution rate of $0.80 per unit per annum.

Distributions paid per unit over the past twelve months are summarized below:

TABLE 10 - MONTHLY DISTRIBUTIONS												
	Sep-17	Aug-17	Jul-17	Jun-17	May-17	Apr-17	Mar-17	Feb-17	Jan-17	Dec-16	Nov-16	Oct-16
Monthly distribution ($)	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667
Month-end closing price ($)	11.33	11	10.62	10.68	10.75	10.77	10.55	10.2	10	10.2	9.63	10.36
Date of Record	9/29/2017	8/31/2017	7/31/2017	6/30/2017	5/31/2017	4/28/2017	3/31/2017	2/28/2017	1/31/2017	12/30/2016	11/30/2016	10/31/2016
Date Paid	8/13/2017	9/15/2017	8/15/2017	7/14/2017	6/15/2017	5/15/2017	4/14/2017	3/15/2017	2/15/2017	1/16/2017	12/15/2016	11/15/2016

Distribution Reinvestment Plan

Participants in the REIT's distribution reinvestment plan (the "**DRIP**") have their distribution entitlement used to purchase Trust Units and also receive a "bonus distribution" of Trust Units equal in value to 3% of each distribution.

During the three and nine months ended September 30, 2017, a total of 307,766 and 450,057 trust units respectively were issued under the DRIP (three and nine months ended September 30, 2016, a total of 104,142 and 379,888 trust units, respectively).

As required by National Policy 41-201 "Income Trusts and Other Indirect Offerings", the following table outlines the differences between cash flow from operating activities and cash distributions, as well as the differences between net income and cash distributions, in accordance with the guidelines:

TABLE 11 - DIFFERENCES BETWEEN CASH FLOW FROM OPERATIONS/NET INCOME AND CASH DISTRIBUTIONS				
Expressed in thousands of Canadian dollars	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income (loss) attributable to unitholders	$ (80,713)	$ (5,285)	$ 33,003	$ (20,494)
Add: Finance cost - Exchangeable Unit distributions	3,799	3,799	11,399	11,399
Adjusted net income (loss)	$ (76,914)	$ (1,486)	$ 44,402	$ (9,095)
Cash flow from operating activities attributable to unitholders	$ 18,691	$ 26,728	$ 57,318	$ 49,073
Distributions paid and payable				
Trust Units	$ 17,523	$ 13,853	$ 50,633	$ 36,848
Exchangeable Units	3,799	3,799	11,399	11,399
	$ 21,322	$ 17,652	$ 62,032	$ 48,247
Surplus (shortfall) of adjusted net income (loss) attributable to unitholders over distributions paid and payable	$ (98,236)	$ (19,138)	$ (17,630)	$ (57,342)
Surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	$ (2,631)	$ 9,076	$ (4,714)	$ 826
Value of Trust Units issued pursant to the DRIP	$ 1,672	$ 1,031	$ 4,590	$ 3,488

TABLE 11A - ADJUSTMENT FOR DISTRIBUTION INCOME FROM ASSOCIATES				
	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	$ (2,631)	$ 9,076	$ (4,714)	$ 826
Add: Distribution income from equity accounted associates	—	—	1,898	—
Adjusted surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	$ (2,631)	$ 9,076	$ (2,816)	$ 826

Cash flow from operating activities attributable to unitholders excludes the distribution income from the REIT's investment in GHC. The distributions earned from its investment in associate are considered by management to be an integral part of the REIT's cash flow from operations due to the strategic nature of the equity investment. During three and nine months ended September 30, 2017, the REIT's cash flow from operating activities were insufficient to pay distributions. For the three and nine months ended September 30, 2017, after considering the distribution income earned from the REIT's investments in associates, Table 11A therefore identifies $2,631 and $2,816 respectively, of distributions that were financed from other sources being primarily draws on the REIT's Revolving Credit Facility and the DRIP.

Participants in the REIT's DRIP have their distribution entitlement used to purchase Trust Units and also receive a "bonus distribution" of Trust Units equal in value to 3% of each distribution. During the three and nine months ended September 30, 2017, there was $1,672 and $4,590 in value of Trust Units issued respectively, under the DRIP (three and nine months ended September 30, 2016, there was $1,031 and $3,488 in value of Trust Units, respectively). While reducing the cash required to settle the REIT's distributions, the Trust Units issued, pursuant to the DRIP, may in future result in additional cash distributions, should the holders of these Trust Units opt out of the DRIP.

See section **PART IV - CAPITALIZATION AND LIQUIDITY**.

In assessing its distribution policy, the REIT considers not only cash flows from operating activities (attributable to unitholders) but also AFFO. Due to the timing of cash receipts relating to certain adjustments affecting AFFO and the fact that certain AFFO adjustments are non-cash, a portion of the 2016 distributions were funded by financing activities. The REIT believes that it is able to sustain distributions in the near term as the REIT measures distributions in relation to AFFO and the REIT believes it will be able to obtain new financing to meet its cash flow requirements due to the timing of cash receipts relating to certain adjustments affecting AFFO.

Net income attributable to unitholders for the period also reflects material non-cash items such as fair value adjustments to investment properties and financial instruments and deferred taxes, which do not impact cash flow and are not considered in the REIT's distribution policy. In establishing distribution payments, the REIT does not take fluctuations in working capital into consideration.

REIT's distributions during 2016 were deemed a 100% return of capital for tax purposes. Since IPO, annually, approximately 94% to 100% of the REIT's distributions have been deemed a return of capital for tax purposes. As the REIT has a relatively short operating history since IPO, the real estate assets of the REIT have a relatively higher tax base. As such, the REIT will optimize tax deductions available to it in relation to the depreciation of its properties. Over time, all else remaining equal, as the REIT grows, its taxable income is expected to grow, and a greater proportion of the REIT's distributions will be allocated to a return on capital (and less a return of capital) for tax purposes. The REIT has chosen to make distributions partly representing an economic return on capital for tax purposes as its distribution policy is based on AFFO earned rather than the expected tax attributes of the distributions.

The REIT believes that distributions can continue to be funded from a combination of cash flows from operations,

the cash distributions received from Vital Trust, future financing activities or asset sales. However, the REIT has at times paid cash distributions which exceed cash flow from operating activities and distribution income earned from its strategic investments in Vital Trust. Distributions paid at times to unitholders have therefore been an economic return of capital. At times the REIT may be required to use additional debt capacity to finance its distributions, which would represent a further economic return of capital, or alternatively reduce distributions. The REIT's distribution policy is based on the REIT's AFFO. AFFO has exceeded actual cash flows from operations available to the REIT from time to time because of the recognition of certain items in AFFO that provide an economic benefit to the REIT but the timing of the realization of the cash flow associated with such economic benefit differs, such as the recognition of the REIT's proportionate share of Vital Trust's AFFO which is less than cash distributions received, and the exclusion of certain cash items in AFFO that affects cash flows from operations but to which management does not consider part of AFFO, such as debt repayment costs and the amortization of financing fees, as well as other items such as tenant allowances, leasing costs and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of AFFO. The REIT may be required to use part of its debt capacity, issue new equity or to reduce distributions in order to accommodate such items in the future. The REIT anticipates temporarily funding such items, if necessary, through new financing or asset sales.

The REIT's Board of Trustees has targeted payment of distributions at: (i) 80-95% of the REIT's AFFO; and (ii) an amount at least equal to the net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. The amount of future distributions and the declaration and payment thereof is at the discretion of the Board of Trustees and will be based upon the REIT's financial position, results of operations, cash flow, capital requirements and restrictions under the REIT's debt obligations, as well as broader market and economic conditions, among other factors, and shall be in compliance with applicable Law.

Pursuant to National Policy 41-201 "Income Trusts and Other Indirect Offerings", the following table, Table 12, reconciles the REIT's cash flow from operations to AFFO:

TABLE 12 - RECONCILIATION OF CASH FLOW FROM OPERATIONS TO AFFO

Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flow from operating activities	**$ 23,774**	**$ 36,532**	**$ (12,758)**	**$ 70,330**	**$ 70,611**	**$ (281)**
Add (deduct):						
Non-cash interest expense	(2,858)	(975)	(1,883)	(6,588)	796	(7,384)
Non-cash current taxes	1,395	(285)	1,680	134	50	84
Changes in non-cash working capital balances	5,242	(11,515)	16,757	9,004	(7,347)	16,351
AFFO of equity accounted entities	—	(22)	22	(39,693)	(22)	(39,671)
Other FFO adjustments	178	489	(311)	2,660	1,039	1,621
Internal leasing costs	489	469	20	1,443	1,387	56
Non-recurring transaction costs	557	230	327	12,433	3,811	8,622
Leasing costs and non-recoverable maintenance capital expenditures	(2,902)	(2,507)	(395)	(9,185)	(7,318)	(1,867)
Interest income	1,542	1,070	472	2,460	2,250	210
Amortization of deferred revenue	226	298	(72)	874	863	11
Straight-line revenue	82	(142)	224	652	(430)	1,082
Redemption of units issued under the DUP	1,355	—	1,355	1,811	54	1,757
Amortization of furniture and office equipment	(324)	(156)	(168)	(1,105)	(311)	(794)
Foreign exchange	—	(411)	411	—	(795)	795
Debt repayment costs	—	174	(174)	175	3,134	(2,959)
Share of profit (loss) from associates	—	686	(686)	43,681	686	42,995
AFFO attributable to non-controlling interest	(4,676)	(6,227)	1,551	(15,939)	(17,751)	1,812
	$ 306	$ (18,824)	$ 19,130	$ 2,817	$ (19,904)	$ 22,721
AFFO	**$ 24,080**	**$ 17,708**	**$ 6,372**	**$ 73,147**	**$ 50,707**	**$ 22,440**

QUARTERLY PERFORMANCE

The following is a summary of results for each of the last eight quarterly periods.

TABLE 13 - QUARTERLY PERFORMANCE

Expressed in thousands of Canadian dollars except per unit amounts	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15
Summary of Financial information								
Gross Book Value ("GBV") [1]	$ 4,454,086	$ 4,161,721	$ 3,645,527	$ 3,328,533	$ 3,166,994	$ 2,914,693	$ 2,711,496	$ 2,700,009
Debt - Declaration of Trust [2]	$ 2,079,307	$ 1,810,466	$ 1,480,961	$ 1,382,784	$ 1,364,757	$ 1,402,740	$ 1,334,625	$ 1,329,514
Debt to GBV - Declaration of Trust	46.7%	43.5%	40.6%	41.5%	43.1%	48.1%	49.2%	49.2%
Debt - Including Convertible Debentures [2]	$ 2,421,546	$ 2,151,363	$ 1,819,363	$ 1,714,618	$ 1,620,846	$ 1,578,387	$ 1,507,039	$ 1,499,608
Debt to GBV - Incl. Convertible Debentures	54.4%	51.7%	49.9%	51.5%	51.2%	54.2%	55.6%	55.5%
Operating results								
Net income (loss)	$ (71,213)	$ 161,799	$ 74,534	$ 100,846	$ 3,633	$ 25,838	$ (1,186)	$ 43,984
NOI [3]	$ 61,805	$ 54,131	$ 52,894	$ 63,557	$ 48,277	$ 46,056	$ 44,707	$ 44,250
FFO [3]	$ 24,123	$ 25,912	$ 24,524	$ 21,354	$ 21,432	$ 17,710	$ 16,103	$ 13,199
AFFO [3]	$ 24,080	$ 25,983	$ 23,083	$ 19,184	$ 17,708	$ 17,325	$ 15,674	$ 14,016
Distributions [4]	$ 21,322	$ 21,291	$ 19,419	$ 17,674	$ 17,652	$ 16,173	$ 14,422	$ 14,345
Per Unit amounts [5]								
FFO per unit - Basic	$ 0.23	$ 0.24	$ 0.26	$ 0.24	$ 0.25	$ 0.22	$ 0.22	$ 0.18
AFFO per unit - Basic	$ 0.23	$ 0.25	$ 0.25	$ 0.22	$ 0.21	$ 0.22	$ 0.22	$ 0.20
Distributions	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20
Adjusted Weighted Average units outstanding [5]								
Basic	106,585,010	106,015,975	94,212,738	88,366,983	86,344,032	78,982,759	72,037,654	71,715,369

Notes

(1) Gross Book Value is defined as total assets.

(2) As defined in Non-IFRS measures used in this MD&A.

(3) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. These terms are defined in this MD&A and reconciled to IFRS-based amounts reported in the consolidated financial statements of the REIT. NOI is an additional IFRS measure and NOI as calculated by the REIT may not be comparable to similar titled measures reported by other issuers.

(4) Represents distributions to Unitholders and Class B LP Units on an accrual basis. Distributions are payable as at the end of the period in which they are declared by the Board of Trustees, and are paid on or around the 15th day of the following month.

(5) Under IFRS the REIT's Class B LP Units and Class D GP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP Units and Class D GP Units in basic and diluted units outstanding/weighted average units outstanding.

PART IV – CAPITALIZATION AND LIQUIDITY

CAPITAL STRUCTURE

The REIT, as is common in the real estate industry, considers its capitalization to consist of debt and equity capital. The REIT actively manages both its debt and equity capital with the objective of ensuring that the REIT can continue to grow and operate its business.

The REIT monitors its debt regularly for compliance with debt covenants contained in its loan agreements. At the date of this MD&A, the REIT is in compliance with its loan covenants.

The following table shows the REIT's total capital as at September 30, 2017 and December 31, 2016:

TABLE 14 - CAPITAL STRUCTURE

Expressed in thousands of Canadian dollars	As at September 30, 2017	As at December 31, 2016
	(Unaudited)	(Unaudited)
Mortgages and loans payable	$ 2,070,098	$ 1,369,665
Deferred consideration	37	13,119
Mortgages related to assets held for sale	9,172	—
Debt - Declaration of Trust [(1)]	**2,079,307**	**1,382,784**
Convertible Debentures at Fair Value	342,239	331,834
Debt - Including Convertible Debentures [(1)]	**2,421,546**	**1,714,618**
Mortgages and loans payable - marked to market	8,865	11,296
Mortgages related to assets held for sale - marked to market	—	—
Mortgages and loans payable - unamortized financing costs	(17,463)	(15,285)
Total Debt	2,412,948	1,710,629
DUP Liability	17,887	14,935
Class B LP Exchangeable Units	215,248	193,780
Unitholders' equity	813,561	704,285
Total Capitalization	**$ 3,459,644**	**$ 2,623,629**

Notes

(1) As defined in Non-IFRS measures used in this MD&A.

Unitholders' Equity

The following table reconciles the movements in the units outstanding for the three and nine months ended September 30, 2017:

TABLE 14 -UNITS OUTSTANDING	
	(Unaudited)
Trust Units outstanding, December 31, 2016	**69,437,168**
Issuance of Trust Units pursuant to equity offering	8,544,500
Issuance of Trust Units under the DRIP	142,291
Issuance of Trust Units under the DRIP	21,868
Trust Units outstanding, March 31, 2017	**78,145,827**
Issuance of Trust Units pursuant to equity offering	9,179,300
Issuance of Trust Units under the DRIP	147,520
Issuance of Trust Units under the DUP	31,385
Trust Units outstanding, June 30, 2017	**87,504,032**
Issuance of Trust Units under the DRIP	160,246
Trust Units outstanding, September 30, 2017	**87,664,278**

Class B LP Units

Under IFRS the REIT's Exchangeable Units are treated as a financial liability rather than equity. As the Exchangeable Units are convertible into Trust Units at the option of the holder, the REIT considers the Exchangeable Units equity for capital management purposes.

There were 18,998,065 Exchangeable Units outstanding as at September 30, 2017, unchanged from December 31, 2016.

Debt

The following table reconciles the movements in the units outstanding for the three and nine months ended September 30, 2017:

TABLE 15- DEBT

Expressed in thousands of Canadian dollars

(Unaudited)

	As at September 30, 2017					
	Weighted Average Interest Rate [1]	Outstanding Balance	Marked to Market	Unamortized Financing Costs	Balance	Maturity
Canada						
Mortgages	3.74%	$ 642,060	$ 8,865	$ (1,450)	$ 649,475	July 2018 - January 2029
Brazil						
Brazil debt[2]	7.84%	144,398	—	(8,777)	135,621	May 2026 - December 2026
Germany						
Mortgages	1.89%	121,402	—	(1,427)	119,975	August 2020 - August 2025
Australasia						
Term loans	4.38%	636,190	—	(1,099)	635,091	July 2018 - November 2021
Corporate						
Australasian Secured Financing	6.58%	266,548	—	(4,288)	262,260	July 2018 - April 2019
Acquisition Facility	8.20%	32,000	—	(350)	31,650	December 2018
Revolving Credit Facility	4.70%	227,500	—	(72)	227,428	November 2017 - November 2019
	5.87%	$ 526,048	$ —	$ (4,710)	$ 521,338	
	4.65%	**2,070,098**	**8,865**	**(17,463)**	**2,061,500**	
Finance Lease	7.00%	9,694	—	—	9,694	February 2088
Total Mortgages and Loans Payable	**4.67%**	**2,079,792**	**8,865**	**(17,463)**	**2,071,194**	
Deferred Consideration	n/a	37	—	—	37	n/a
Total Debt excluding Convertible Debentures		**2,079,829**	**8,865**	**(17,463)**	**2,071,231**	
Convertible Debentures (Corporate)	5.73%	327,350	14,889	—	342,239	March 2018 - December 2021
Total Debt	**4.81%**	**2,407,179**	**23,754**	**(17,463)**	**2,413,470**	

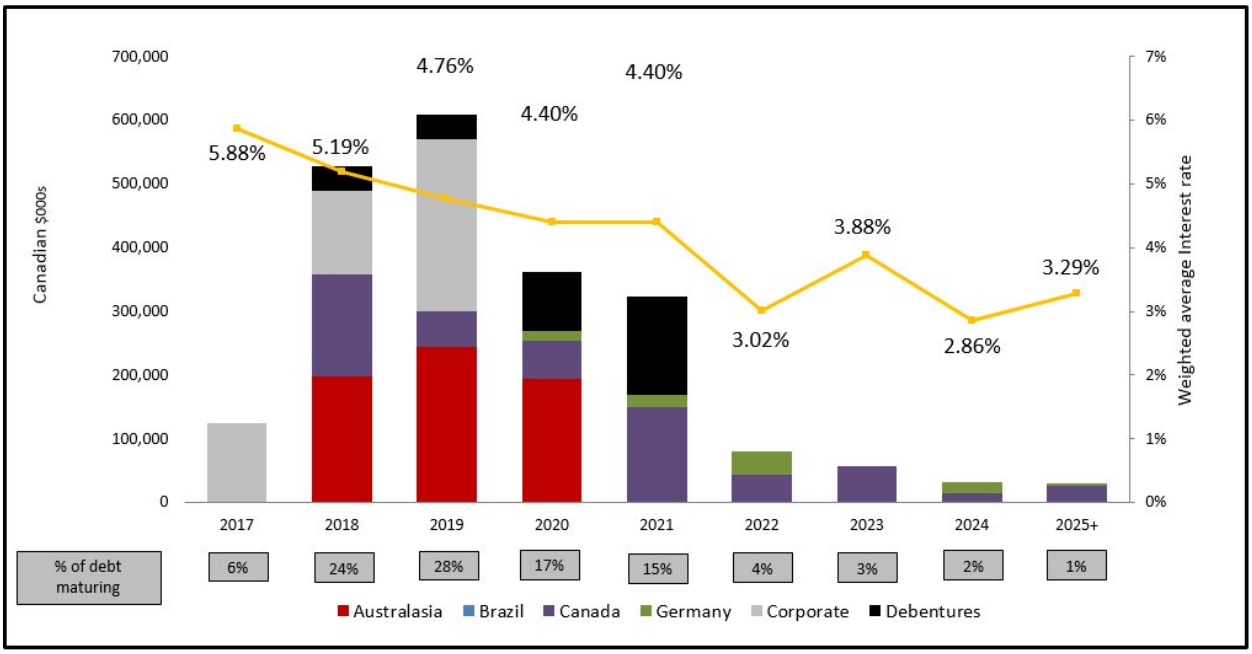
	As at December 31, 2016					
	Weighted Average Interest Rate [1]	Outstanding Balance	Marked to Market	Unamortized Financing Costs	Balance	Maturity
Canada						
Mortgages	3.93%	$ 670,734	$ 11,296	$ (1,397)	$ 680,633	April 2017 - January 2029
Brazil						
Brazil Term Loans	7.84%	157,035	—	(9,947)	147,088	May 2026 - December 2026
Germany						
Mortgages	1.92%	92,837	—	(1,601)	91,236	June 2019 - August 2025
Australasia						
Term loans	4.66%	243,340	—	(889)	242,451	March 2019 to October 2020
Corporate						
Australasian Facilities	5.86%	118,719	—	(720)	117,999	July 2018
Acquisition Facility	8.20%	18,000	—	(544)	17,456	December 2018
Revolving Credit Facility	3.01%	69,000	—	(187)	68,813	November 2017
	5.11%	205,719	—	(1,451)	204,268	
Total Mortgages and Loans Payable	**4.55%**	**$ 1,369,665**	**$ 11,296**	**$ (15,285)**	**$ 1,365,676**	
Deferred Consideration	n/a	13,119	—	—	13,119	n/a
Total Debt excluding Convertible Debentures		**$ 1,382,784**	**$ 11,296**	**$ (15,285)**	**$ 1,378,795**	
Convertible Debentures (Corporate)	5.73%	327,350	4,484	—	331,834	March 2018 - December 2021
Total Debt	**4.78%**	**$ 1,710,134**	**$ 15,780**	**$ (15,285)**	**$ 1,710,629**	

Notes

(1) Weighted average interest rate of Total Debt has been calculated excluding Deferred Consideration

(2) The Brazil debt fully amortizes over a ten year period.

The following chart summarizes, as at September 30, 2017, the REIT's debt maturities:



The 2017 maturities above relate to Tranche D of the Revolving Credit Facility of $125,000 which matures November 2017. This facility has two six month renewal options, exercisable at the option of the REIT. Subsequent to the quarter, with proceeds from the equity offering, the REIT fully repaid Tranche D. See **Subsequent Events**.

Additional details on the REIT's mortgages and loans payables are set out below:

Canada – Mortgages

The following table summarizes, as at September 30, 2017, scheduled principal payments, debt maturity amounts and weighted average interest rates of the REIT's mortgages secured by its Canadian investment properties:

TABLE 15A - CANADIAN MORTGAGES

Expressed in thousands of Canadian dollars	Scheduled principal payments	Debt maturing during the year	Total mortgages payable	Weighted average interest rates [1]
As at September 30, 2017	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
2017	$ 4,346	$ —	$ 4,346	—%
2018	17,350	159,649	176,999	3.53%
2019	14,999	56,192	71,191	3.58%
2020	13,918	59,504	73,422	4.01%
2021	8,962	149,672	158,634	3.76%
2022	6,522	44,510	51,032	4.05%
2023	3,653	57,931	61,584	3.88%
2024	2,227	14,225	16,452	4.30%
2025	975	25,652	26,627	3.50%
2026 and thereafter	1,773	—	1,773	—%
	$ 74,725	**$ 567,335**	**$ 642,060**	**3.74%**
Marked to market premium			8,865	-0.91%
			650,925	**2.83%**
Unamortized financings costs			(1,450)	
Total			**$ 649,475**	

Notes

(1) One Canadian mortgage with a 5.73% interest rate fully amortizes over the period to January 2029.

Brazil – Debt

TABLE 15B - BRAZIL DEBT				
Expressed in thousands of Canadian dollars	Scheduled principal payments	Debt maturing during the year	Total mortgages payable	Weighted average interest rates [1]
As at September 30, 2017	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
2017	$ 2,861	$ —	$ 2,861	—
2018	11,999	—	11,999	—
2019	12,941	—	12,941	—
2020	13,958	—	13,958	—
2021	15,055	—	15,055	—
2022	16,239	—	16,239	—
2023	17,518	—	17,518	—
2024	18,897	—	18,897	—
2025	20,387	—	20,387	—
2026 and thereafter	14,544	—	14,544	—
	$ 144,399	**$ —**	**$ 144,399**	**7.84%**
Unamortized financings costs			(8,777)	
Total			**$ 135,622**	

Notes

(1) The Brazil Term Loans fully amortize over a ten year period.

As at September 30, 2017, the outstanding balance of the three long-term financings relating to the Hospital Caxias D'Or and HMB assets was $144,399 (R$368,269) (December 31, 2016 - $157,035 (R$379,772), with terms maturing between May 7, 2026 and December 6, 2026 and bearing a weighted average interest rate of 7.84% (December 31, 2016 - 7.84%).

In addition to the foregoing, the REIT has securitized a portion of the rents receivable under the Sabará Lease. The Sabará securitization in effect serves as an amortizing loan, with the 78.75% of total annual rent not being retained by the REIT serving as a mixed payment of "principal and interest" on the amount of the original advance. The Sabará securitization bears an interest rate of IPCA + 9.25%.

On October 10, 2017, the REIT completed long term financing in respect of Hospital Santa Helena located in Brasilia Brazil, raising gross proceeds of approximately $84,654 (R$215,900). The financing is secured by 100% of future rents during a ten year term and bears an interest rate of 6.35%. See **Subsequent Events.**

Germany – Mortgages

The following table summarizes, as at September 30, 2017, scheduled principal payments, debt maturity amounts and weighted average interest rates of the REIT's mortgages secured by its German investment properties:

TABLE 15C - GERMAN MORTGAGES				
Expressed in thousands of Canadian dollars	Scheduled principal payments	Debt maturing during the year	Total mortgages payable	Weighted average interest rates
As at September 30, 2017	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
2017	$ 1,143	$ —	$ 1,143	—%
2018	3,125	—	3,125	—%
2019	3,167	—	3,167	—%
2020	3,043	15,829	18,872	1.42%
2021	2,534	19,205	21,739	2.55%
2022	1,773	36,014	37,787	1.74%
2023	1,391	—	1,391	—%
2024	846	18,806	19,652	1.77%
2025	612	4,609	5,221	2.11%
2026 and thereafter	853	8,452	9,305	1.94%
	$ 18,487	**$ 102,915**	**$ 121,402**	**1.89%**
Unamortized financings costs			(1,427)	
Total			**$ 119,975**	

Australasia – Term Loans

The following table summarizes, as at September 30, 2017, scheduled principal payments, debt maturity amounts and weighted average interest rates of Vital Trust and GHC's term loan facilities:

TABLE 15D - AUSTRALASIA TERM LOANS				
Expressed in thousands of Canadian dollars	Scheduled principal payments	Debt maturing during the year	Total mortgages payable	Weighted average interest rates
As at September 30, 2017	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
2018	$ —	$ 198,154	198,154	4.85%
2019	$ —	$ 244,151	244,151	4.13%
2020	—	193,884	193,884	4.22%
	$ —	**$ 636,189**	**$ 636,189**	**4.38%**
Unamortized financings costs			(1,099)	
Total			**$ 635,090**	

Vital Trust has a syndicated revolving multi-currency facility with ANZ Bank New Zealand Limited, Australia and New Zealand Banking Group Limited and Bank of New Zealand. The facility consists of the following tranches: Tranche A: approximately $122,000 (A$125,000) which expires March 31, 2019; Tranche B: approximately $98,000 (A$100,000) which expires March 31, 2019; Tranche C: approximately $98,000 (A$100,000) which expires October 30, 2020; Tranche D: approximately $98,000 (A$100,000) which expires October 30, 2020; Tranche E: approximately $171,000 (A$175,000) which expires November 20, 2021; plus the New Zealand Dollar Facility, approximately $19,000 (NZ $20,000) which expires October 30, 2020.

Borrowings are secured by a security trust deed dated April 1, 2003 and as amended and restated on June 26, 2014. Pursuant to the deed, a security interest has been granted of first ranking mortgages over the respective investment

properties by a general security deed over the assets and undertakings of Vital Trust.

Vital Trust's policy is to convert a portion of its floating rate debt to fixed rates using interest rate swaps to maintain 70% to 100% of its borrowings in fixed rate instruments. Vital Trust has entered into interest rate swaps that mature over the next 10 years and have fixed interest rates ranging from 2.41% to 4.99% that fix interest on $297,875 (NZ $331,414) of the syndicated facility. The weighted average effective interest rate on the Vital Trust Term Loans was 4.22% as at September 30, 2017.

GHC has five bank facilities:

i. A revolving cash advance facility with a total limit of $115,594 (A$118,400) drawn to $108,903 (A$111,546) at September 30, 2017, and is repayable in July 2018;
ii. A revolving cash advance facility with a term facility limit of $9,874 (A$10,114) fully drawn at September 30, 2017, and a construction facility limit of the lesser of $15,294 (A$15,665) or 55% of the Fund's share on the Frankston expansion costs drawn to $14,925 (A$15,287) at September 30, 2017 and repayable in July 2018;
iii. A revolving cash advance facility with a limit of $40,224 (A$41,200) fully drawn at September 30, 2017, repayable in July 2018;
iv. A joint and several facility with St. John of God HealthCare for the construction costs of the St. John of God Berwick Hospital Casey Private Hospital with a total limit of the lesser of $26,308 (A$26,947) or 65% of project costs with $24,229 (A$24,817) being the Fund's share drawn at September 30, 2017 and expiring on the earlier of 42 months post first drawing under the facility (on November 26, 2016); and
v. A term facility with a limit of $24,408 (A$25,000) fully drawn at September 30, 2017, repayable in October 2019.

With the exception of Epworth Freemasons Clarendon Street, the Waratah Private Hospital ground floor suites and the secured debt positions associated with the Waratah Private Hospital and the Epping Medical and Specialist Centre, all of GHC's assets (excluding the non-controlling interest of the Frankston properties) are pledged as security for these loans in the five different security pools. The facilities are also secured by a negative pledge that imposes certain covenants with respect to the particular security pool for each facility.

GHC has entered into interest rate swaps that mature over the next two years and have fixed interest rates ranging from 1.83% to 6.36% that fix interest on $130,420 (A$133,586) of their total facilities. The weighted average effective interest rate on the GHC Term Loans was 4.67% as at September 30, 2017.

Corporate

TABLE 15D - CORPORATE DEBT

Expressed in thousands of Canadian dollars

	Scheduled principal payments	Debt maturing during the year	Total loans payable	Weighted average interest rates
As at September 30, 2017	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
2017	$—	$125,000	$125,000	5.88%
2018	—	130,624	130,624	7.20%
2019	—	270,424	270,424	5.23%
	$—	**$526,048**	**$526,048**	**5.87%**
Unamortized financings costs			(4,710)	
Total			**$521,338**	

The REIT's corporate borrowings include the Revolving Credit Facility, the Australasian Secured Financing, and the Acquisition Facility (defined hereafter).

The Revolving Credit Facility has total borrowing capacity of $230,000, of which $227,500 was borrowed as at

September 30, 2017. The various tranches have a maturity dates between November 2017 and November 2019. The weighted average interest rate on the Revolving Credit Facility as at September 30, 2017 was 4.70%. Subsequent to the quarter, with proceeds from the equity offering, the REIT fully repaid Tranche D ($125,000 outstanding as at September 30, 2017, maturing in November 2017, with an interest rate of 5.88%) of the Revolving Credit Facility. See **Subsequent Events**.

The Australasian Secured Financing is made up of two separate facilities: the Australasian Secured Financing, a New Zealand dollar denominated facility which has a borrowing capacity of $98,624 (NZ$109,729) and matures in July 2018, and the Australasian Secured Acquisition Facility, an Australian dollar denominated facility which has a borrowing capacity of $167,924 (A$172,000) and matures in April 2019. As at September 30, 2017, both facilities were fully drawn. The weighted average interest rate as at September 30, 2017 on the Australasian Secured Financing and the Australasian Secured Acquisition Facility was 6.91% and 6.39% respectively.

The Acquisition Facility has a borrowing capacity of $32,000 (of which $8,000 is non-revolving) and matures on December 31, 2018 (the "**Acquisition Facility**"). As at September 30, 2017, the Acquisition Facility was fully drawn and had a weighted average interest rate of 8.2%.

Finance Lease Payable

The lease of land on which one of the GHC's investment properties is built is accounted for as a finance lease. The remaining term of the lease at September 30, 2017 was 71 years. There is no purchase option.

Convertible Debentures

The following table summarizes, as at September 30, 2017, the REIT's Convertible Debentures:

TABLE 15E - CONVERTIBLE DEBENTURES

Expressed in thousands of Canadian dollars	Fair Value [1]	Face Value	Interest Rate	Conversion Price per Unit	Maturity Date	Interest Payment Dates
As at September 30, 2017						
Series NWH.DB	41,860	40,250	5.25%	$ 14.20	**September 30, 2020**	**March 31, September 30**
Series NWH.DB.A	22,826	22,600	6.50%	$ 13.70	**March 31, 2018**	**March 31, September 30**
Series NWH.DB.B	18,025	17,500	7.50%	$ 11.54	**September 30, 2018**	**March 31, September 30**
Series NWH.DB.C	40,688	38,750	7.25%	$ 12.50	**October 31, 2019**	**April 30, October 31**
Series NWH.DB.D	56,424	53,000	5.50%	$ 11.25	**October 31, 2020**	**April 30, October 31**
Series NWH.DB.E	78,488	74,750	5.25%	$ 12.75	**July 31, 2021**	**January 31, July 31**
Series NWH.DB.F	83,928	80,500	5.25%	$ 12.80	**December 31, 2021**	**June 30, December 31**
	$ 342,239	**$ 327,350**	**5.73%**			

Notes

(1) The fair value of the Convertible Debentures is based on the closing trading price of the REIT's Convertible Debentures as at the reporting date.

Deferred Consideration

Deferred consideration relates to holdback payable and transaction costs not yet paid related to previously completed acquisitions. As at September 30, 2017 deferred consideration is related to the German acquisition of Mehrower Allee.

DUP Liability

Under IFRS, the REIT's DUP Liability is measured at fair value each reporting period. The fair value of the DUP Liability mirrors the trading price of the REIT Trust Units. As at September 30, 2017 the DUP Liability is $17,887 (December 31, 2016 - $14,935).

RATIOS AND COVENANTS

Pursuant to the Declaration of Trust the REIT shall not incur or assume any indebtedness, as defined, if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of the REIT would be more than 65% of GBV.

The REIT's overall borrowing policy is to obtain secured mortgage financing on a primarily fixed rate basis, with a term to maturity that is appropriate having regard to the lease maturity profile for each property and which allows the REIT to (i) achieve and maintain staggered debt maturities to lessen exposure to interest rate fluctuations and re-financing risk in any particular period and (ii) fix the rates and extend loan terms as long as possible when borrowing conditions are favourable. The following summarizes the status of these key ratios as at and for the three and nine months ended September 30, 2017 and 2016:

TABLE 15F- RATIOS [1]

Expressed in thousands of Canadian dollars	As at September 30, 2017 (Unaudited)	As at December 31, 2016 (Unaudited)
Gross book value [2]	$ 4,454,086	$ 3,328,533
Debt - declaration of trust [3]	$ 2,079,307	$ 1,382,784
Debt to Gross Book Value - Declaration of Trust	**46.7%**	**41.5%**
Debt - including convertible debentures [3]	$ 2,421,546	$ 1,714,618
Debt to Gross Book Value - Including Convertible Debentures	**54.4%**	**51.5%**

	Three months ended September 30, 2017			Nine months ended September 30, 2017		
	2017 (Unaudited)	2016 (Unaudited)	Variance (Unaudited)	2017 (Unaudited)	2016 (Unaudited)	Variance (Unaudited)
Income (Loss) before taxes	$ (64,810)	$ 8,842	$ (73,652)	$ 190,665	$ 54,694	$ 135,971
Add (deduct):						
Mortgage and loan interest expense	28,422	18,902	9,520	71,043	55,129	15,914
Distributions on exchangeable units	3,799	3,799	—	11,399	11,399	—
Amortization of deferred financing costs	2,470	1,391	1,079	5,554	3,374	2,180
Amortization of marked to market adjustment	(731)	(997)	266	(2,276)	(5,187)	2,911
EBITDA	$ (30,850)	$ 31,937	$ (62,787)	$ 276,385	$ 119,409	$ 156,976
Loss on revaluation of financial liabilities	1,134	2,160	(1,026)	3,109	7,587	(4,478)
Fair market value losses (gains)	78	5,528	(5,450)	(177,256)	(10,430)	(166,826)
DUP compensation expense	735	(1,572)	2,307	3,728	2,176	1,552
Foreign exchange loss (gain)	(3,075)	4,293	(7,368)	(69)	2,283	(2,352)
Net loss on disposal of investment properties	—	1,127	(1,127)	—	2,807	(2,807)
Convertible debenture issuance costs	—	3,117	(3,117)	—	3,117	(3,117)
Gain on business combination	89,578	—	89,578	89,578	(53)	89,631
Transaction costs	557	230	327	12,433	3,811	8,622
Less: share of (profit) loss of associates	—	(819)	819	(43,681)	(819)	(42,862)
Add: distribution income from equity accounted associates	—	—	—	1,898	—	1,898
Adjusted EBITDA	$ 58,157	$ 46,001	$ 12,156	$ 166,125	$ 129,888	$ 36,237
Mortgage and loan interest expense	$ 28,422	$ 18,902	$ (9,520)	$ 71,043	$ 55,129	$ (15,914)
Less: debt repayment costs	—	(174)	(174)	(175)	(3,134)	(2,959)
Adjusted mortgage and loan interest expense	$ 28,422	$ 18,728	$ (9,694)	$ 70,868	$ 51,995	$ (18,873)
Interest coverage	**2.05**	**2.46**	**(0.41)**	**2.34**	**2.5**	**(0.16)**

Notes

(1) As defined in Non-IFRS measures used in this MD&A.

LIQUIDITY AND CASH RESOURCES

Cash Resources and Liquidity

TABLE 16 - CASH AND LIQUIDITY		
Expressed in thousands of Canadian dollars		
	As at September 30, 2017	**As at December 31, 2016**
	(Unaudited)	**(Unaudited)**
Cash	$ 34,467	$ 19,955
Restricted Cash	314	296
Total	**$ 34,781**	**$ 20,251**

Restricted cash represents cash held in the REIT's designated bank accounts pledged as collateral for the Brazil long-term financings.

The REIT also has a Revolving Credit Facility that provides for additional liquidity. As at September 30, 2017, the drawn balance on the Revolving Credit Facility was $227,500 of the $230,000 available to be drawn. The liquidity of the Australasian Secured Financing fluctuates based on the market price (as defined in the agreement) of the pledged units securing the facilities and is currently fully drawn. Subsequent to the quarter, with proceeds from the equity offering, the REIT repaid the non-revolving Tranche D ($125,000) of the credit facility. See **Subsequent Events**.

On the assumption that occupancy levels remain strong, and that the REIT will be able to obtain financing on reasonable terms, the REIT anticipates meeting all current and future obligations as they come due. Management expects to refinance maturing debt and finance future acquisitions from: (i) existing cash balances, and (ii) a mix of mortgage debt secured by investment properties, acquisition facilities, operating facilities, issuance of equity and convertible/unsecured debentures, and select asset sales. Cash flow generated from operating activities and distribution income received from the REIT's investment in Vital Trust are sources of liquidity to service debt (except maturing debt), sustain maintenance capital expenditures, leasing costs and unit distributions.

Contractual cash flows

Liquidity risk arises from the REIT's financial obligations and in the management of its assets, liabilities and capital structure. This risk is managed by regularly evaluating the liquid financial resources available to fund current and long-term obligations and to meet the REIT's capital commitments in a cost-effective manner. The REIT expects to be able to meet all of its obligations as they become due and have sufficient liquidity from the following sources: (i) cash flow from operating activities; (ii) distribution income received from its investment in Vital Trust; (iii) financing available through both conventional mortgage debt secured by income producing properties, as well as unsecured debt; (iv) the issuance of new equity and debt securities; and (v) to the extent necessary, the sale of assets.

The following table sets out the REIT's contractual cash flows as at September 30, 2017:

TABLE 17 - CONTRACTUAL CASH FLOWS

Expressed in thousands of Canadian dollars	Carrying amount	Contractual cash flow	2017	2018	2019	2020	2021	Thereafter
Accounts payable and accrued liabilities	$ 63,764	$ 63,764	$ 63,764	$ —	$ —	$ —	$ —	$ —
Distributions payable	5,845	5,845	5,845	—	—	—	—	—
Income tax payable	16,079	16,079	16,079	—	—	—	—	—
Liabilities associated with assets held for sale	9,172	9,172	9,172	—	—	—	—	—
Deferred consideration	37	37	37	—	—	—	—	—
Convertible debentures	342,239	387,678	4,975	58,135	54,738	106,429	163,401	—
Mortgages and loans payable	2,071,194	2,211,429	142,188	554,248	629,837	324,805	212,515	347,836
Total	**$ 2,508,330**	**$ 2,694,004**	**$ 242,060**	**$ 612,383**	**$ 684,575**	**$ 431,234**	**$ 375,916**	**$ 347,836**

The REIT currently intends to distribute a high percentage of its AFFO to Unitholders. As such, the REIT will not retain a material amount, or possibly none of operating cash flows or any cash distributions received from its investments in Vital Trust and GHC, to finance other capital requirements, such as acquisitions, maturing debt principal and significant capital expenditures. Instead, the REIT intends to finance such initiatives through the issuance of additional equity or debt securities. From time to time, the REIT may also consider other financing initiatives, such as the refinancing of mortgages on existing properties and entering into additional credit facilities.

The REIT's current liabilities totaled $658,226, exceeding current assets of $66,726, resulting in a working capital deficiency of $591,500 as at September 30, 2017.

Current liabilities include:

- $9,172 of liabilities related to assets held for sale. The proceeds of the sale of these assets are expected to be sufficient to settle the associated liabilities.

- Tranche D of the Revolving Credit Facility of $125,000 which matures November 2017. Subsequent to the quarter, with proceeds from the equity offering, the REIT fully repaid Tranche D of the Revolving Credit Facility. See **Subsequent Events**.

- The NWH.DB.A and NWH.DB. Convertible Debentures with a fair value of $22,826 and $18,025 respectively (face value of $22,600 and $17,500 , respectively) which mature March 31, 2018 and September 30, 2018 respectively. The REIT is currently considering refinancing options which may include the repayment of the remaining balances.

- The Canadian Non-Revolving Secured Credit Facility with a balance of $51,203 which matures on May 2, 2018. The REIT is currently expects to renew the facility on or before its maturity.

- GHC term loans with a balance of $173,925, maturing in July 2018. During the third quarter, the REIT received from a major Australian bank a committed term sheet for a new five year approximately C$473,506 (A $485,000) syndicated term loan facility to refinance existing Generation portfolio lending facilities, higher cost corporate debt, and to provide working capital and funding for ongoing expansions committed in region. The financing, which remains subject to typical terms, conditions and final documentation, is expected to close later this year.

- $65,251 of Canadian mortgage maturities that the REIT expects to refinance in the normal course as they mature.

There are no assurances that the timing, amounts and/or terms of any refinancing, or other efforts will be on terms favourable or otherwise satisfactory to the REIT. If the terms of any such refinancing or other efforts are less favourable than the terms of the existing loans, then the financial condition of the REIT, as well as the REIT's ability to continue to meet required interest and principal payments, meet capital commitments, or to continue to make distributions at current levels, may be materially adversely affected.

Changes in Cash

The following table sets out the REIT's net change in cash:

TABLE 18 - NET CHANGE IN CASH [1]

Expressed in thousands of Canadian dollars	Three months ended September 30, 2017			Nine months ended September 30, 2017		
	2017	**2016**	**Variance**	**2017**	**2016**	**Variance**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Cash provided by / (used in):						
Operating activities	$ 23,774	$ 36,532	$ (12,758)	$ 70,330	$ 70,611	$ (281)
Investing activities	(85,587)	(158,995)	73,408	(620,093)	(287,240)	(332,853)
Financing activities	45,105	163,707	(118,602)	570,342	274,285	296,057
Net increase / (decrease) in cash during the period	**(16,708)**	**41,244**	**(57,952)**	**20,579**	**57,656**	**(37,077)**
Effect of foreign currency translation	(1,077)	(948)	(129)	(6,067)	1,163	(7,230)
Net increase / (decrease) in cash during the period	**$ (17,785)**	**$ 40,296**	**$ (58,081)**	**$ 14,512**	**$ 58,819**	**$ (44,307)**

Operating activities

Cash provided by operating activities totaled $23,774 for the three months ended September 30, 2017 as compared to cash flow provided by operating activities of $36,532 for the three months ended September 30, 2016, an decrease of $12,758. Of this decrease, $16,757 relates to working capital movements, $7,637 relates to an increase in mortgage and loan interest paid, $1,008 relates to an increase in general and administrative expenses, net of DUP expense, $1,355 relates to an increase in DUP redemptions, $836 to a decrease in management fee revenue; and an increase in transaction costs of $327, partially offset by NOI improvements of $13,528 and a decrease to taxes paid of $2,009.

Cash provided by operating activities totaled $70,330 for the nine months ended September 30, 2017 as compared to cash flow provided by operating activities of $70,611 for the nine months ended September 30, 2016, an decrease of $281. Of this decrease, $16,351 relates to working capital movements, $8,530 relates to an increase in mortgage and loan interest paid, $2,309 relates to an increase in general and administrative expenses, net of DUP expense, $1,865 relates to an increase in DUP redemptions, and an increase in transaction costs of $8,622, partially offset by NOI improvements of $29,790, a decrease to taxes paid of $1,101 and a increase in management fee revenue of $6,648.

Investing activities

Cash used by investing activities totaled $85,587 for the three months ended September 30, 2017, which is primarily due to $32,361 used to increase the REIT's investment in GHC from approximately 94% to 100%, $35,517 related to acquisitions of investment properties, and $24,250 of additions to investment properties.

Cash used by investing activities totaled $158,995 for the three months ended September 30, 2016, which is primarily due to $162 related to the acquisition of GHM, $94,076 related to the acquisition of investment properties and $15,073 of additions to investment properties; partially offset by proceeds from dispositions of investment properties of $34,774.

Cash used by investing activities totaled $620,093 for the nine months ended September 30, 2017, which is primarily due to $409,846 used to increase the REIT's investment in GHC from approximately 22% to 100%, $161,715 related to acquisitions of investment properties, and $62,485 of additions to investment properties; partially offset by distributions from associates of $7,354.

Cash used in investing activities totaled $287,240 for the nine months ended September 30, 2016, which is primarily due to $56,388 related to the acquisition of GHM, $169,696 related to the acquisition of investment properties and $62,404 of additions to investment properties; partially offset by proceeds from dispositions of investment properties of $79,193.

Financing activities

Cash generated in financing activities totaled $45,105 for the three months ended September 30, 2017 as compared to $163,707 during the three months ended September 30, 2016.

During the three months ended September 30, 2017 the REIT received net proceeds of $6,092 from the issuance of equity, received, net of repayments, from mortgages, loans payable and credit facilities of $71,428, paid financing fees of $346, paid distributions to REIT unitholders of $19,640, settled deferred consideration of $6,779, paid distributions to non-controlling unitholders of Vital Trust and GHC of $5,607 and made net advances to related parties of $43.

During the three months ended September 30, 2016, the REIT received net proceeds of $176,348 from an equity offering and $74,750 from the issuance of convertible debentures, made net of repayments to mortgages, loans payable and credit facilities of $59,689, paid financing fees of $5,084, paid distributions to REIT unitholders of $16,126, paid distributions to non-controlling unitholders of Vital Trust of $6,564, and received net advances from related parties of $72.

Cash generated in financing activities totaled $570,342 for the nine months ended September 30, 2017 as compared to $274,285 during the nine months ended September 30, 2016.

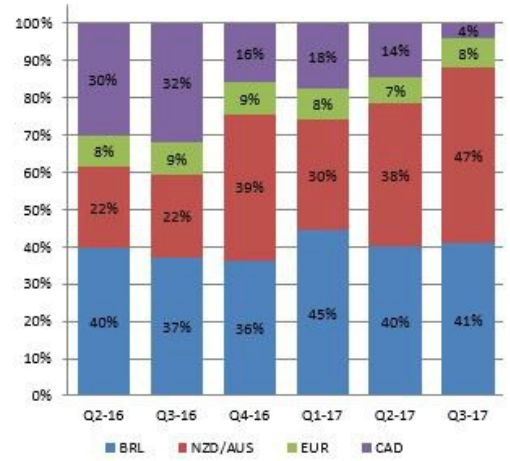
During the nine months ended September 30, 2017 the REIT received net proceeds, $181,358 from the issuance of equity, received, net of repayments, from mortgages, loans payable and credit facilities of $480,983, paid financing fees of $7,741, paid distributions to REIT unitholders of $56,178, paid distributions to non-controlling unitholders of Vital Trust and GHC of $15,552, settled deferred consideration of $12,836, and received net advances from related parties of $308.

During the nine months ended September 30, 2016, the REIT received net proceeds of $251,786 from an equity offering and $74,750 from the issuance of convertible debentures, received net of repayments from mortgages, loans payable and credit facilities of $50,435, paid financing fees of $11,413, paid distributions to REIT unitholders of $43,653, paid distributions to non-controlling unitholders of Vital Trust of $16,144, settled deferred consideration of $30,627, acquired Trust Units for cancellation, pursuant to the REIT's NCIB, at a total cost of $286 and made net advances to related parties of $563.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three months ended September 30, 2017, approximately 96% of the REIT's AFFO was conducted in currencies other than Canadian dollars, while its distributions to Unitholders, certain general and administrative expenses, interest expenses and interest income were denominated in Canadian dollars. A summary of the REIT's currency exposure by quarter for the last five quarters is presented below:

AFFO by Currency by Quarter [1]



Trading Range

(Against CAD)	BRL	EUR	NZD	AUD
Three months ended September 30, 2017:				
High	0.4128	1.5298	0.8816	1.0127
Low	0.3205	1.3902	0.8313	0.9659
Average	0.3961	1.4729	0.9157	0.9897
Balance Sheet:				
September 30, 2017	0.3921	1.4697	0.8988	0.9763
December 31, 2016	0.4135	1.4153	0.9329	0.9691
Profit & Loss:				
Q3 2017 Average Rate	0.3961	1.4729	0.9157	0.9897
Q2 2017 Average Rate	0.4193	1.4795	0.9481	1.0102
Q1 2017 Average Rate	0.4211	1.4099	0.9413	1.0028
Q4 2016 Average Rate	0.4049	1.4410	0.9498	1.0007
Q3 2016 Average Rate	0.4015	1.4545	0.9419	0.9885

Notes

(1) Canadian Dollar AFFO represents interest income less interest expense paid on Canadian-denominated debt and certain general and administrative expenses.

For the three months ended September 30, 2017, a portion of the AFFO generated in foreign currencies was retained in those foreign currencies to provide funds for operations, future investments in those foreign jurisdictions and to minimize currency conversion costs, while a portion has been repatriated back to Canada to fund distributions, interest payments and other corporate expenses.

For the three months ended September 30, 2017, Canadian dollar AFFO was $925 while Canadian dollar distributions paid in cash to unitholders totaled $21,322. Deficiencies were funded from cash repatriated to Canada from Brazil, Germany, Australia, and New Zealand and the draws on the Revolving Credit Facility.

As at September 30, 2017 the REIT held approximately $5,670 of cash and receivables denominated in Canadian Dollars.

The REIT monitors its foreign exchange exposure and its hedging strategy on an ongoing basis. The REIT has not executed any derivative foreign currency hedging arrangements in the past year; however, Vital Trust has in place a proactive currency management policy which aims to reduce volatility in the Australian dollar relative to the New Zealand dollar. Vital Trust's transaction hedging policy framework minimizes earnings volatility by means of coverage on forecasted Australian dollar profits. Vital Trust's translation hedging is managed both through natural hedges as Vital Trust has Australian based investment properties and Australian denominated borrowings and through rolling foreign exchange contracts.

The REIT intends to implement its formal hedging policy, when necessary, practicable and economically feasible to do so, to mitigate the impact of foreign currency fluctuations and to provide more certainty regarding the payment of distributions to unitholders if the Canadian dollar increases in value compared to foreign currencies. The REIT's current hedging arrangements include natural currency hedges through local-currency denominated debt, inflation-indexed leases that provide protection against currency devaluation, and exposure to a diversified basket of

currencies. Future hedging arrangements may include implementing specific foreign currency hedging derivatives. The REIT (with the exception of Vital Trust) does not currently have any specific foreign currency hedging derivatives in place.

Among The REIT's global currencies the BRL and NZD have has been the most volatile with the BRL/CAD and NZD/CAD spot exchange rates down 5.2% and 3.7% respectively since the beginning of the year. The decline in BRL and NZD has been partially offset by positive movements in the EUR/CAD exchange rate (+3.8%) and AUD/CAD (+0.7%).

PART V – RELATED PARTY TRANSACTIONS

a) As at September 30, 2017, NWVP indirectly owned approximately 25% of the outstanding Trust Units (approximately 20% on a fully-diluted basis assuming conversion of the REIT's Convertible Debentures and redemption of its deferred units) of the REIT through a combination of Trust Units of the REIT and Class B LP Units. Paul Dalla Lana, Chairman of the Board of Trustees and Chief Executive Officer ("**CEO**") of the REIT, is the sole shareholder, sole director and President of NWVP.

b) The following table summarizes the related party transactions with NWVP and its affiliates related to the Cost-Sharing and Sublease Agreements during the period:

TABLE 19A - RELATED PARTY TRANSACTIONS

Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Variance	2017	2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Out-of-pocket costs paid	$ —	$ 45	$ (45)	$ 794	$ 255	$ 539
Cost-sharing and sublease amounts paid	14	166	(152)	141	525	(384)

c) The following table summarizes the balance owing from NWVP and its subsidiaries:

TABLE 19B - RELATED PARTY BALANCE SHEET AMOUNTS

Expressed in thousands of Canadian dollars	As at September 30, 2017	As at December 31, 2016	Variance
	(Unaudited)	(Unaudited)	(Unaudited)
Amounts receivable (payable)			
Cost-sharing and sublease amounts	$ (2)	$ 315	$ (317)
Amounts payable			
Class B Exchangeable Unit distributions	$ 1,267	$ 1,267	$ —

Transactions with related parties disclosed above are recorded at the transaction amount, being the price agreed between the parties.

PART VI – CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of significant accounting policies is described in note 2 of the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2016.

The preparation of financial statements in conformity with IFRS requires the REIT to make judgments, estimates, and assumptions that affect the reported amounts recognized in the financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the financial statements. Actual results could differ from estimates. Please refer to note 1 in the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2016.

PART VII – RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Trust Units and the Convertible Debentures and in the activities of the REIT which current and prospective Unitholders and current or prospective investors in Convertible Debentures should carefully consider. The REIT's Annual Information Form, which can be found on SEDAR at www.sedar.com., contains a detailed summary, under "Risk Factors", of the risk factors pertaining to the REIT and its business.

PART VIII – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The REIT's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, the REIT's disclosure controls and procedures (as defined by National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings, adopted by the Canadian Securities Administrators ("NI 52-109")) to provide reasonable assurance that: (i) material information relating to the REIT, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the filings are being prepared; and (ii) material information required to be disclosed in the fillings or other reports filed or submitted by the REIT under securities legislation is recorded, processed, summarized and reported on a timely basis and within the time period specified by securities legislation.

Changes in Internal Controls Over Financial Reporting

There were no significant changes made in internal controls over financial reporting during the three months ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

For additional information on the REIT's disclosure controls and procedures and internal controls over financial reporting refer to "Controls and Procedures" in the REIT's MD&A for the three months and year ended December 31, 2016, which can be found on SEDAR at www.sedar.com.

PART IX – OUTLOOK

During the last quarter of 2017, the REIT will continue to focus on lowering its cost of capital through debt refinancings and repayments, and new financing; continue to pursue new acquisitions and accretive development opportunities in the REIT's existing markets; and continue to execute on a focused investor relations outreach program.

Looking forward, the REIT remains committed to its key initiatives as outlined below:

1. Continue to enhance its management platform and operational performance where possible;
2. Expand the portfolio and augment its quality through reinvestment in existing assets and acquiring new assets in each of our core markets;
3. Simplify its corporate structure, including fully integrating its acquisition of GHC;
4. Continue to achieve maximum returns and drive unitholder value through optimal capital allocation within the REIT's global markets;
5. Optimize its capital structure;
6. Increase investor liquidity by raising new capital and broadening its investor base; and
7. Increase its profile through measured investor relations and communication strategies.

PART X – INDEX TO DEFINED TERMS

PART XI – PROPERTY TABLE

As at September 30, 2017

	PROPERTY TABLE							
	Property	Location	Date Acquired	Year Built [1]	Approximate GLA (sf)	# of Tenants	Occupancy %	WALE [2]
	Canada							
1	Glenmore Professional Centre	Calgary, AB	Dec 31 2010	2007	137,821	1	52.8%	4.8
2	Sunridge Professional Centre	Calgary, AB	Mar 25 2010	1985	132,816	34	100.0%	4.0
3	Riley Park Health Centre (7)	Calgary, AB	Mar 25 2010	1956	72,808	9	100.0%	3.4
4	Rockyview Health Centre I	Calgary, AB	Mar 25 2010	1977	68,232	30	96.4%	4.5
5	Foothills Professional Building	Calgary, AB	Mar 25 2010	1980	58,607	22	100.0%	3.5
6	Sunpark Plaza	Calgary, AB	Dec 7 2011	2005	53,150	8	67.1%	1.9
7	Rockyview Health Centre II	Calgary, AB	Mar 25 2010	1992	53,126	4	74.3%	6.7
8	Willow Brook Medical Centre	Airdrie, AB	Apr 10 2012	2010	34,680	5	100.0%	6.0
9	Hys Centre	Edmonton, AB	Feb 1 2011	1978	181,580	34	82.6%	4.3
10	Tawa Centre	Edmonton, AB	May 31 2011	1986	87,651	24	99.4%	4.4
11	Mira Health Centre	Edmonton, AB	Mar 25 2010	1992	69,352	17	100.0%	4.1
12	Garneau Professional Building	Edmonton, AB	Mar 25 2010	1980	58,326	15	69.6%	3.5
13	Queen Street Place	Spruce Grove, AB	Jul 7 2010	2007	69,423	16	100.0%	1.6
14	WRHA Downtown West Community	Winnipeg, MB	May 16 2013	1974	43,685	3	100.0%	10.6
15	Hargrave Place	Winnipeg, MB	Jul 31 2013	1977	70,947	2	99.0%	11.9
16	Dundas-Edward Centre	Toronto, ON	Jan 25 2011	1973	416,638	81	90.5%	5.0
17	Davisville Medical Dental Centre	Toronto, ON	Mar 25 2010	1964	95,778	83	93.8%	2.9
18	Fairview Health Centre	Toronto, ON	Mar 25 2010	1971	87,191	56	98.1%	3.9
19	North York Medical Arts Building	Toronto, ON	Mar 25 2010	1978	75,865	59	100.0%	4.8
20	The Stewart Building	Toronto, ON	Mar 25 2010	1951	43,118	1	100.0%	1.6
21	Malvern Medical Arts	Toronto, ON	Apr 1 2011	1987	40,667	16	87.9%	3.6
22	Albany Medical Clinic	Toronto, ON	Sep 27 2012	2010	42,582	1	100.0%	12.6
23	One Medical Place	Toronto, ON	Mar 25 2010	1964	41,122	19	89.8%	5.6
24	Danforth Health Centre	Toronto, ON	Mar 25 2010	1991	29,496	9	96.5%	1.1
25	Bathurst Health Centre	Toronto, ON	Mar 25 2010	1984	29,089	15	100.0%	7.5
26	81 The East Mall (6)	Toronto, ON	Jan 16 2015	1994	35,402	4	79.1%	12.4
	85 The East Mall (6)	Toronto, ON	Jan 16 2015	2016	46,448	6	93.2%	14.6
27	Queensway Professional Centre	Mississauga, ON	Mar 25 2010	1977	170,023	67	79.4%	4.6
28	Trafalgar Professional Centre	Oakville, ON	Mar 25 2010	1985	66,009	29	91.5%	3.9
29	Dundas-Centre Medical	Whitby, ON	Oct 1 2012	1987	34,108	22	93.3%	4.4
30	Wentworth Limeridge Medical Centre	Hamilton, ON	Mar 25 2010	1989	40,716	18	96.8%	4.6
31	Queenston Medical-Dental Centre	Hamilton, ON	Oct 1 2012	1992	18,355	15	100.0%	1.6
32	Oxford Health Centre	London, ON	Mar 25 2010	1994	39,184	19	86.3%	3.9
33	Springbank Medical Centre	London, ON	Mar 30 2012	2011	53,110	31	92.5%	4.3
34	Canamera Medical Centre	Cambridge, ON	Sep 15 2011	2007	86,443	19	97.2%	3.8
35	Guelph Medical Place I	Guelph, ON	Oct 1 2012	1991	36,013	15	100.0%	4.2
36	Guelph Medical Place II	Guelph, ON	Oct 1 2012	2011	27,518	11	88.5%	4.4
37	Collingwood Health Centre	Collingwood, ON	Mar 25 2010	1995	26,354	14	86.4%	3.7
38	Owen Sound Medical Building	Owen Sound, ON	Feb 9 2015	2011	77,542	11	91.2%	5.9
39	Smyth Medical Centre	Ottawa, ON	Sep 10 2012	1983	20,598	14	95.0%	3.5
40	CSSS Haut-Richelieu	Richelieu, QC	Sep 1 2010	2009	54,659	1	100.0%	6.3
41	Clinique Bois-De-Boulogne	Montreal, QC	Mar 25 2010	1983	96,527	26	86.0%	3.1
42	Le Carrefour Medical	Laval, QC	Mar 25 2010	1990	118,078	31	86.6%	3.5
43	Clinique Bleue	Longueuil, QC	Mar 25 2010	1988	25,728	7	97.2%	5.7
44	2924 Taschereau Boulevard	Longueuil, QC	Mar 25 2010	1988	24,644	1	100.0%	3.0

PART XI – PROPERTY TABLE (CON'T.)

	PROPERTY TABLE							
	Property	Location	Date Acquired	Year Built [1]	Approximate GLA (sf)	# of Tenants	Occupancy %	WALE [2]
45	CLSC Saint-Hubert	Saint Hubert, QC	Mar 25 2010	1991	49,415	2	100.0%	9.7
46	950 Montee des Pionniers	Lachenaie, QC	Mar 25 2010	2004	64,516	16	98.0%	4.9
47	Agence Lanaudiere	Joliette, QC	Dec 20 2012	1994	53,771	1	100.0%	5.8
48	CSSS Grand Littoral	Levis, QC	Sep 1 2010	2008	64,563	2	100.0%	5.2
49	Polyclinique Val-Belair	Quebec City, QC	Jul 22 2011	2009	46,053	11	100.0%	4.3
50	Centre Medicale de L'Hetriere	Quebec City, QC	Jan 19 2012	2007	36,591	8	94.2%	3.1
51	Fredericton Medical Centre	Fredericton, NB	Mar 25 2010	1985	70,565	39	90.9%	4.0
52	Moncton Medical Clinic	Moncton, NB	Jan 23 2012	1984	40,677	17	97.4%	4.2
53	Cobequid Centre	Lower Sackville, NS	Mar 25 2010	2006	30,009	1	100.0%	4.9
54	Halifax Professional Centre	Halifax, NS	Mar 25 2010	1972	115,830	75	89.5%	4.2
55	Gladstone Professional Centre	Halifax, NS	Mar 25 2010	1985	41,860	12	100.0%	2.2
56	New Glasgow Medical Centre	New Glasgow, NS	Dec 21 2011	2009	33,800	1	100.0%	7.1
57	Barrie Primary Care Campus	Barrie, ON	Feb 9 2015	2016	79,229	4	61.4%	10.3
					3,918,088	**1,114**	**90.5%**	**5.0**
	Redevelopment Properties:							
58	490 Harwood Boulevard	Vaudreuil-Dorion, QC	Mar 25 2010	1985	24,457	n/a	—%	n/a
	Parkwood (7)	Calgary, AB	Mar 25 2010	1956	20,271	n/a	—%	n/a
					44,728	**n/a**	**n/a**	**n/a**
	Development Land:							
	St. Albert Land	St. Albert, AB	Feb 9 2015	n/a	n/a	n/a	n/a	n/a
	479 Hume	Collingwood, ON	Jan 26 2017	n/a	n/a	n/a	n/a	n/a

PART XI – PROPERTY TABLE (CON'T.)

	PROPERTY TABLE							
	Property	Location	Date Acquired	Year Built [1]	Approximate GLA (sf)	# of Tenants	Occupancy %	WALE [2]
	Brazil							
59	Sabará Children's Hospital		Nov 16 2012	2010	104,915	1	100.0%	7.0
	Rede D'Or Hospital Portfolio:							
60	Hospital e Maternidade Brasil ("HMB")	São Paulo	Dec 27 2012	1970 - 2007	342,000	1	100.0%	20.3
61	Hospital Santa Luzia	Brasilia's South Wing	Dec 23 2013	2003	185,139	1	100.0%	21.3
62	Hospital Do Coracao	Brasilia's South Wing	Dec 23 2013	2007	96,875	1	100.0%	21.3
63	Hospital Caxias	Rio de Janeiro	Dec 23 2013	2013	290,626	1	100.0%	21.3
64	Hospital IFOR	São Paulo	July 19 2016	2001	150,000	1	100.0%	23.8
65	Hospital Santa Helena	Brasilia - DF	Oct 24 2016	2006	323,774	1	100.0%	24.1
					1,493,329	**7**	**100.0%**	**20.9**
	Germany							
66	Adlershof 1	Berlin	Nov 16 2012	2004	55,291	53	95.1%	5.2
67	Adlershof 2	Berlin	Nov 16 2012	2010	47,507	39	100.0%	3.4
68	Berlin Neukölln	Berlin	Nov 16 2012	2000	33,991	16	99.8%	5.1
69	Königs Wusterhausen 1	Königs Wusterhausen	Nov 16 2012	2001	35,693	25	91.6%	3.6
70	Fulda - 3-5flem	Fulda	Mar 31 2013	2010	111,205	33	99.0%	3.0
71	Polimedica Centre**	Berlin	Jun 25 2014	2007	113,937	33	98.2%	8.7
72	Hollis Centre**	Ingolstadt	Jun 25 2014	1996	99,651	38	99.2%	3.7
73	Leipzig am Park**	Leipzig	Jun 25 2014	1977	19,048	10	100.0%	6.0
74	Leipzig Baestlein**	Leipzig	Jun 25 2014	1975	19,163	11	93.4%	5.3
75	Leipzig Gruenauer**	Leipzig	Jun 25 2014	1980	15,932	9	83.9%	5.6
76	Leipzig Karlsruher**	Leipzig	Jun 25 2014	1982	19,013	7	91.4%	7.5
77	Leipzig Lidicestrasse**	Leipzig	Jun 25 2014	1975	19,201	13	100.0%	5.9
78	Leipzig Pfaffensteinstrasse**	Leipzig	Jun 25 2014	1985	18,277	8	79.5%	3.7
79	Leipzig Plovdiver**	Leipzig	Jun 25 2014	1975	18,217	4	93.6%	4.1
80	Leipzig Schlehenweg**	Leipzig	Jun 25 2014	1989	18,537	11	100.0%	1.8
81	Leipzig Stuttgarter**	Leipzig	Jun 25 2014	1978	18,047	10	95.0%	3.5
82	Leipzig Tauchaer Strasse**	Leipzig	Jun 25 2014	1982	18,681	10	100.0%	5.2
83	Leipzig Yorckstrasse**	Leipzig	Jun 25 2014	1975	11,624	5	86.0%	4.9
84	Hohenschonhausen	Berlin	Aug 30 2014	1996	64,640	38	94.1%	2.7
85	Mehrower Alle	Berlin	Apr 14 2016	2013	82,242	59	97.3%	4.3
86	Alstadt-Caree Fulda Medical Centre	Fulda	Feb 1 2017	2017	30,638	11	95.4%	7.9
87	Medical Care Centre Hamburg-Bergedorf	Hamburg	Feb 1 2017	1989	60,453	31	92.8%	5.5
	**** - the "Core German MOB Portfolio"**				**930,988**	**474**	**96.3%**	**4.8**
	Development Land:							
	Vivantes Auguste-Viktoria Hospital land	Berlin	Apr 1 2015	n/a	n/a	n/a	n/a	n/a
	Mehrower Lands	Berlin	Feb 1 2017	n/a	n/a	n/a	n/a	n/a

PART XI – PROPERTY TABLE (CON'T.)

	PROPERTY TABLE							
	Property	Location	Date Acquired	Year Built [1]	Approximate GLA (sf)	# of Tenants	Occupancy %	WALE [2]
	Vital Trust							
	Australia							
88	The Southport Private Hospital	Southport, Queensland	Dec 22 2010	1979	318,776	1	100.0%	20.4
89	Belmont Private Hospital	Carina, Queensland	Dec 22 2010	1973/2015	94,024	1	100.0%	18.4
90	Clover-Lea Residential Aged Care	Sydney, New South Wales	Mar 1 2016	1919/1960/2003	16,146	1	100.0%	18.4
91	Dubbo Private Hospital	Dubbo, New South Wales	Dec 22 2010	1994	60,144	1	100.0%	14.3
92	Epworth Eastern Hospital	Melbourne, Victoria	Mar 30 1999	2005	136,610	6	100.0%	21.7
93	Epworth Eastern Medical Centre	Melbourne, Victoria	Mar 30 1999	1986	33,421	24	100.0%	9.8
94	Epworth Rehabilitation	Melbourne, Victoria	Feb 01 1999	1971	37,136	1	100.0%	1.4
95	Fairfield Residential Aged Care	Sydney, New South Wales	Mar 1 2016	1968/2009	31,000	1	100.0%	18.4
96	Gold Coast Surgery Centre	Southport, Queensland	Dec 22 2010	1999	29,496	6	67.5%	2.4
97	Hamersley Residential Aged Care	Perth, Western Australia	Mar 1 2016	1971	20,279	1	100.0%	18.4
98	Hurstville Private Hospital	Sydney, New South Wales	Apr 30 2012	1894/2015	135,239	1	100.0%	24.6
99	Lingard Private Hospital	Merewether, New South Wales	Dec 22 2010	1975/2015	99,567	1	100.0%	23.4
100	Maitland Private Hospital	Maitland, New South Wales	Dec 22 2010	2001/2015	127,435	2	100.0%	20.3
101	Marian Centre	Perth, Western Australia	Aug 12 2014	1965	38,212	1	100.0%	16.9
102	Mayo Private Hospital	Taree, New South Wales	Dec 16 2011	1997	62,700	1	100.0%	14.2
103	North West Private Hospital	Burnie, Tasmania	Dec 22 2010	1988	87,361	2	100.0%	14.3
104	Palm Beach Currumbin Clinic	Currumbin, Queensland	Dec 22 2010	1980	53,443	1	100.0%	14.4
105	Rockingham Residential Aged Care	Perth, Western Australia	Mar 1 2016	1968/1992	14,596	1	100.0%	18.4
106	South Eastern Private Hospital	Melbourne, Victoria	Dec 22 2010	1970	91,462	1	100.0%	23.4
107	Sportsmed Private Hospital	Adelaide, South Australia	Dec 3 2012	1990/2008	56,608	2	100.0%	17.6
108	Sportsmed Consulting (9)	Adelaide, South Australia	Jan 20 2016	1990	9,074	1	100.0%	18.3
109	Sportsmed Office (9)	Adelaide, South Australia	Jan 20 2016	1988	15,253	1	100.0%	18.3
110	Toronto Private Hospital	Toronto, New South Wales	Dec 22 2010	1988	55,682	2	100.0%	25.3
111	Mons Road	Westmead, New South Wales	Sept 30 2016	2010	31,179	6	100.0%	5.2
112	Ekera Medical Centre	Box Hill, Victoria	Nov 17 2016	2014	30,753	11	92.0%	3.2
113	Abbotsford Private Hospital	West Leederville, WA	Feb 24 2017	2012	16,695	1	100.0%	24.4
114	Grafton Aged Care Home	South Grafton, NSW	Mar 31 2017	1940	37,674	1	100.0%	19.5
115	Hirondelle Private Hospital	Chatswood, NSW	May 31 2017	2013	34,402	1	100.0%	24.7
116	The Hills Clinic	Kellyville, NSW	July 31 2017	2011	31,797	1	100.0%	29.8
					1,806,164	**81**	**99.3%**	**18.8**
	Development Land:							
117	25 Nelson Road(10)	Box Hill, Victoria	Nov 28 2014	n/a	n/a	n/a	n/a	n/a
118	142 Brighton Avenue(11)	Toronto, New South Wales	Jul 22 2015	n/a	n/a	n/a	n/a	n/a
119	27 Hopkins Street (12)	Merewether, New South Wales	Nov 25 2015	n/a	n/a	n/a	n/a	n/a
120	6 Lingard Street (12)	Merewether, New South Wales	Dec 4 2015	n/a	n/a	n/a	n/a	n/a
	New Zealand							
121	Apollo Health and Wellness Centre	Albany, Auckland	Sep 1 2008	2005	52,925	21	95.5%	3.5
122	Ascot Central	Greenlane East, Auckland	May 1 2008	2008	51,437	17	98.4%	2.6
123	Ascot Central Car Park	Greenlane East, Auckland	ground lease	1999	4,833	16	100.0%	14.9
124	Ascot Hospital	Greenlane East, Auckland	Mar 25 1999	1999	122,497	20	99.5%	18.3
125	Kensington Hospital	Whangarei, Northland	Mar 12 2001	2001	25,371	1	100.0%	28.8
126	Napier Health Centre	Napier, Hawke's Bay	Dec 23 1999	1999	46,231	1	100.0%	2.2
127	Boulcott Private Hospital	Lower Hutt	Jul 1 2016	1985	45,672	1	100.0%	20.8
128	Ormiston Hospital	Flatbush, South Auckland	Apr 04 2017	2008	53,805	8	100.0%	5.0
					402,771	**85**	**99.0%**	**11.6**
	Development Land:							
	678 High Street	Lower Hutt	Jul 1 2016	n/a	n/a	n/a	n/a	n/a
	Australasia - Vital Trust (3)				**2,208,935**	**166**	**99.3%**	**17.7**

PART XI – PROPERTY TABLE (CON'T.)

	PROPERTY TABLE							
	Property	Location	Date Acquired	Year Built [1]	Approximate GLA (sf)	# of Tenants	Occupancy %	WALE [2]
	GHC							
129	Epworth Freemasons Private Hospital	East Melbourne,Victoria	Jun 1 2006	1935/1950/1960 /1970/1990/ 2007/2014/2015	**150,587**	**1**	100.0%	16.7
130	Epworth Freemasons Private Hospital and Medical Centre	East Melbourne, Victoria	Jun 1 2006	1980	**92,397**	**32**	100.0%	6.1
131	Pacific Private Clinic	Southport ,Queensland	Jun 1 2007	2000	**85,621**	**21**	79.7%	3.5
132	Harvester Centre	Sunshine ,Victoria	Jan 12 2007	2007	**47,496**	**10**	100.0%	4.8
133	Frankston Private Hospital (13)	Frankston,Victoria	Jun 1 2007	2006	**48,147**	**8**	100.0%	12.8
134	ARCBS (Australian Red Cross Blood Service) Facility	Brisbane, Queensland	Jun 1 2008	2008	**217,958**	**11**	100.0%	15.8
135	Westmead Rehabilitation Hospital	Merrylands ,New South Wales	Apr 19 2013	2005	**30,699**	**1**	100.0%	20.7
136	Spring Hill	Brisbane ,Queensland	May 23 2014	1988	**90,320**	**12**	98.4%	5.3
137	Frankston Specialist Centre (13)	Frankston ,Victoria	Nov 3 2014	1989	**6,458**	**1**	100.0%	7.1
138	St John Of God Berwick Specialist Centre	Berwick,Victoria	Jun 1 2015	2015	**38,501**	**13**	100.0%	7.1
139	Bolton Clarke Tantula Rise Aged Care Facility	Alexandra Headland, Queensland	Jun 25 2015	2005/2007	**83,614**	**1**	100.0%	18.8
140	Bolton Clarke Baycrest Aged Care Facility	Pialba, Queensland	Jun 25 2015	1990/2006	**71,860**	**1**	100.0%	18.7
141	Bolton Clarke Darlington Aged Care Facility	Banora Point, New South Wales	Jun 25 2015	2005/2007	**67,694**	**1**	100.0%	19.1
142	Waratah Private Hospital Ground Floor Suites	Hurstville,New South Wales	Sept 11 2015	2010	**7,933**	**1**	100.0%	18.3
143	Frankston Private Hospital (Expansion) (13)	Frankston,Victoria	Apr 14 2017	2017	**79,524**	**1**	100.0%	19.5
	Development Property:							
144	St John of God Private Hospital (Casey Stage II)	Berwick,Victoria	n/a	n/a	**n/a**	**n/a**	n/a	n/a
					1,118,809	**115**	**98.2%**	**13.4**
	Portfolio Totals / Weighted Averages (5)				**9,714,877**	**1,876**	**95.4%**	**11.3**
	Portfolio Totals / Weighted Averages-at ownership interest (4)(5)				**8,058,178**		**94.6%**	**10.0**

Notes

(1) Blended between year built/renovated or expanded, as applicable.

(2) As at September 30 , 2017 weighted average lease expiry in years.

(3) Represents 100% of Vital Trust. The REIT has an exposure to an approximate 25% interest in Vital Trust. The property count for Vital includes four properties representing development land.

(4) Calculation is based on the REIT's ownership interest in Vital Trust

(5) Weighted Average Occupancy and WALE excluding Redevelopment Properties

(6) One of two buildings on a two building campus

(7) One of two buildings on a two building campus

(8) Adjacent to South Eastern Private Hospital

(9) Adjacent Sportsmed Private Hospital

(10) Adjacent to Epworth Easter Hospital

(11) Adjacent to Toronto Private Hospital

(12) Adjacent Lingard Private Hospital

(13) Frankston assets are shown on a 100% basis, noting that the REIT has an approximate 57% interest in the Frankston assets through its interest in Divine Logistics Trust, which it accounts for as a subsidiary.

PART XII – SUPPLEMENTAL DISCLOSURE

SUPPLEMENTAL DISCLOSURE										
Unaudited	**Three months ended September 30, 2017**									
Expressed in thousands of Canadian dollars	**Canada**	**Brazil**	**Germany**	**Australia/New Zealand**					**Corporate[3]**	**Consolidated**
				Vital Trust	**Vital Manager**	**Elimination**	**Generation**	**Total**		
Net Operating Income [1]										
Revenue from investment properties	$ 33,857	$ 12,731	$ 4,852	$ 22,460	$ —	$ (488)	$ 10,520	$ 32,492	$ —	$ 83,932
Property operating costs	(15,650)	—	(1,522)	(3,377)	—	46	(1,624)	(4,955)	—	(22,127)
	18,207	**12,731**	**3,330**	**19,083**	**—**	**(442)**	**8,896**	**27,537**	**—**	$ 61,805
Other income										
Share of profit (loss) from associates	—	—	—	—	(106)	106	—	—	—	—
Management fees	—	—	—	—	5,883	(5,883)	124	124	—	124
Interest income	1	352	—	22	44	—	1,115	1,181	8	1,542
	1	**352**	**—**	**22**	**5,821**	**(5,777)**	**1,239**	**1,305**	**8**	**1,666**
	18,208	**13,083**	**3,330**	**19,105**	**5,821**	**(6,219)**	**10,135**	**28,842**	**8**	**63,471**
Other expenses										
Mortgage and loan interest expense	(6,143)	(2,689)	(592)	(4,263)	—	—	(2,323)	(6,586)	(12,412)	(28,422)
General and administrative expenses	(511)	(522)	(730)	(6,263)	(1,202)	5,991	(844)	(2,318)	(1,968)	(6,049)
Transaction costs	—	—	(16)	—	—	—	(562)	(562)	21	(557)
Other Finance costs	616	(1,555)	(71)	(107)	—	—	(705)	(812)	(18,541)	(20,363)
Foreign exchange gain (loss)	(53)	117	—	(1,257)	(138)	—	(1)	(1,396)	4,407	3,075
Income / (Loss) before the under noted items	**12,117**	**8,434**	**1,921**	**7,215**	**4,481**	**(228)**	**5,700**	**17,168**	**(28,485)**	**11,155**
Fair value adjustment of DUP liability	—	—	—	—	74	—	—	74	(952)	(878)
Fair value adjustment of investment properties	2,164	2,992	(538)	8,342	—	46	738	9,126	—	13,744
Loss on business combination	—	—	—	—	—	—	(91,420)	(91,420)	1,842	(89,578)
Gain / (Loss) on derivative financial instruments	411	—	(45)	(430)	(37)	(1)	849	381	—	747
Income / (Loss) before taxes	**14,692**	**11,426**	1,338	**15,127**	**4,518**	**(183)**	**(84,133)**	**(64,671)**	**(27,595)**	**(64,810)**
Income tax expense	—	(6,211)	(203)	(2,472)	(862)	—	2,983	(351)	362	(6,403)
Net income (loss)	**$ 14,692**	**$ 5,215**	**$ 1,135**	**$ 12,655**	**$ 3,656**	**$ (183)**	**$ (81,150)**	**$ (65,022)**	**$ (27,233)**	**$ (71,213)**
Non-Controlling Interest	—	—	—	9,460	—	(333)	373	9,500	—	9,500
Income attributable to Unitholders	**$ 14,692**	**$ 5,215**	**$ 1,135**	**$ 3,195**	**$ 3,656**	**$ 150**	**$ (81,523)**	**$ (74,522)**	**$ (27,233)**	**$ (80,713)**
Add / (Deduct):										
Fair market value losses (gains)	(2,575)	(2,992)	583	(7,912)	(37)	(45)	(1,587)	(9,581)	14,643	78
Less: Non-controlling interests' share of fair market value losses (gains)	—	—		6,298	—	34	—	6,332	—	6,332
Finance cost - Exchangeable Unit distributions	—	—	—	—	—	—	—	—	3,799	3,799
Revaluation of financial liabilities	—	1,134	—	—	—	—	—	—	—	1,134
Unrealized foreign exchange loss (gain)	53	(116)	—	1,257	138	—	1	1,396	(4,408)	(3,075)
Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	—	—		(944)	—	—	—	(944)	—	(944)
Deferred taxes	—	6,148	261	1,154	420	—	(329)	1,245	—	7,654
Less: Non-controlling interests' share of deferred taxes	—			(867)	—	—	—	(867)	—	(867)
Non-recurring transaction costs	—	—	16	—	—	—	562	562	(21)	557
Internal Leasing Costs	359		130	—	—	—	—	—	—	489
Loss on business combination	—		—	—	—	—	91,420	91,420	(1,842)	89,578
Amortization of finance leases	—	—	—	—	—	—	(77)	(77)	—	(77)
Other FFO adjustments	144			—	—	34	—	34	—	178
Funds From Operations ("FFO") [2]	**$ 12,673**	**$ 9,389**	**$ 2,125**	**$ 2,181**	**$ 4,177**	**$ 173**	**$ 8,467**	**$ 14,998**	**$ (15,062)**	**$ 24,123**

PART XII – SUPPLEMENTAL DISCLOSURE (CON'T.)

SUPPLEMENTAL DISCLOSURE (CON'T)										
Unaudited	**Three months ended September 30, 2017**									
Expressed in thousands of Canadian dollars	**Canada**	**Brazil**	**Germany**	**Australia/New Zealand**					**Corporate[3]**	**Consolidated**
				Vital Trust	**Vital Manager**	**Elimination**	**Generation**	**Total**		
Funds From Operations ("FFO") [2]	**$ 12,673**	**$ 9,389**	**$ 2,125**	**$ 2,181**	**$ 4,177**	**$ 173**	**$ 8,467**	**$ 14,998**	**$ (15,062)**	**$ 24,123**
Add / (Deduct):										
Amortization of marked to market adjustment	(731)	—	—	—	—	—	—	—	—	(731)
Amortization of deferred financing charges	115	421	71	107	—	—	705	812	1,051	2,470
Less: Non-controlling interests' share of amortization of deferred financing charges	—		—	(80)	—	—	75	(5)	—	(5)
Straight line revenue	(60)	59	—	153	—	—	(70)	83	—	82
Less: non-controlling interests' share of straight-line revenue	—		—	(116)	—	—	(13)	(129)	—	(129)
Leasing costs and non-recoverable maintenance capital expenditures	(2,031)	(31)	(291)	(40)	—	—	(509)	(549)	—	(2,902)
Less: non-controlling interests' share of actual capex and leasing costs	—		—	30	—	—	407	437	—	437
DUP Compensation Expense	—	—	—	—	118	—	—	118	617	735
Adjusted Funds From Operations ("AFFO") [2]	**$ 9,966**	**$ 9,838**	**$ 1,905**	**$ 2,235**	**$ 4,295**	**$ 173**	**$ 9,062**	**$ 15,765**	**$ (13,394)**	**$ 24,080**

PART XII – SUPPLEMENTAL DISCLOSURE (CON'T.)

Unaudited										
Expressed in thousands of Canadian dollars	Canada	Brazil	Germany	Australia/New Zealand					Corporate[3]	Consolidated
				Vital Trust	Vital Manager	Elimination	Generation	Total		
Assets										
Investment properties	$ 1,237,932	$ 647,283	$ 229,005	$ 1,320,018	$ —	$ 1,889	$ 664,322	$ 1,986,229	$ —	$ 4,100,449
Intangible Asset	—	—	—	—	47,299	—	—	47,299	—	47,299
Goodwill	—	—	—	—	—	—	90,024	90,024	41,671	131,695
Financial instruments	—	—	—	2,389	—	—	115	2,504	—	2,504
Assets held for sale	10,443	—	—	—	—	—	21,674	21,674	—	32,117
Other assets	10,365	7,787	5,852	12,893	4,820	(760)	88,850	105,803	10,215	140,022
	$ 1,258,740	**$ 655,070**	**$ 234,857**	**$ 1,335,300**	**$ 52,119**	**$ 1,129**	**$ 864,985**	**$ 2,253,533**	**$ 51,886**	**$ 4,454,086**
Liabilities										
Mortgages and loans payable	649,475	135,621	119,975	413,004	—	—	231,781	644,785	521,338	2,071,194
Deferred Consideration	—	—	37	—	—	—	—	—	—	37
Convertible Debentures	—	—	—	—	—	—	—	—	342,239	342,239
Deferred tax liability	—	79,745	7,768	66,343	698	—	40,166	107,207	—	194,720
Financial instruments	1,250	—	975	11,846	—	—	7,469	19,315	—	21,540
Liabilities related to assets held for sale	9,172	—	—	—	—	—	—	—	—	9,172
Exchangeable Units	65,321	—	—	—	—	—	—	—	149,927	215,248
Other liabilities	26,662	231	2,673	25,206	6,887	(4,039)	16,149	44,203	29,806	103,575
	$ 751,880	**$ 215,597**	**$ 131,428**	**$ 516,399**	**$ 7,585**	**$ (4,039)**	**$ 295,565**	**$ 815,510**	**$ 1,043,310**	**$ 2,957,725**
Net assets	**506,860**	**439,473**	**103,429**	**818,901**	**44,534**	**5,168**	**569,420**	**1,438,023**	**(991,424)**	**1,496,361**
Less: Non-controlling interest	—	—	—	(622,958)	—	(3,340)	(56,502)	(682,800)	—	(682,800)
Unitholders' Equity	**$ 506,860**	**$ 439,473**	**$ 103,429**	**$ 195,943**	**$ 44,534**	**$ 1,828**	**$ 512,918**	**$ 755,223**	**$ (991,424)**	**$ 813,561**

Notes

(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A and analyzed in greater detail in section "Net Operating Income"

(2) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. FFO and AFFO are defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(3) Includes cost of corporate borrowings including the REIT's Secured Revolving Credit Facility, Convertible Debentures, Vital Margin Facilities, Australasian Secured Financing and distributions paid on Class B LP Units, treated as finance costs. Includes general and administrative costs of the REIT's head office.

PART XII – SUPPLEMENTAL DISCLOSURE (CON'T.)

SUPPLEMENTAL DISCLOSURE										
Unaudited	**Three months ended September 30, 2016**									
Expressed in thousands of Canadian dollars	**Canada**	**Brazil**	**Germany**	**Australia/ New Zealand**					**Corporate[3]**	**Consolidated**
				Vital Trust	**Vital Manager**	**Elimination**	**Generation**	**Total**		
Net Operating Income [1]										
Revenue from investment properties	$ 34,346	$ 9,386	$ 3,838	$ 19,426	$ —	$ (508)	$ —	$ 18,918	$ —	$ 66,488
Property operating costs	(15,168)	—	(1,020)	(2,072)	—	49	—	(2,023)	—	(18,211)
	19,178	**9,386**	**2,818**	**17,354**	**—**	**(459)**	**—**	**16,895**	**—**	**48,277**
Other income										
Share of profit (loss) from associates	—	—	—	—	308	511	—	819	—	819
Management fees	—	—	—	—	3,919	(4,052)	1,093	960	—	960
Interest income	1	969	—	55	—	—	1	56	44	1,070
	1	**969**	**—**	**55**	**4,227**	**(3,541)**	**1,094**	**1,835**	**44**	**2,849**
	19,179	**10,355**	**2,818**	**17,409**	**4,227**	**(4,000)**	**1,094**	**18,730**	**44**	**51,126**
Other expenses										
Mortgage and loan interest expense	(6,738)	(3,119)	(462)	(3,018)	—	—	—	(3,018)	(5,565)	(18,902)
General and administrative expenses	(283)	(612)	(588)	(3,800)	(1,258)	3,449	(630)	(2,239)	988	(2,734)
Transaction costs	—	—	—	—	—	—	—	—	(230)	(230)
Other Finance costs	877	(2,847)	(82)	(91)	—	—	—	(91)	(21,189)	(23,332)
Foreign exchange gain (loss)	(1)	126	—	(515)	(32)	—	—	(547)	(3,871)	(4,293)
Income / (Loss) before the undernoted items	**13,034**	**3,903**	**1,686**	**9,985**	**2,937**	**(551)**	**464**	**12,835**	**(29,823)**	**1,635**
Fair value adjustment of DUP liability	—	—	—	—	256	—	—	256	201	457
Fair value adjustment of investment properties	1,318	4,542	3,413	5,228	—	477	—	5,705	—	14,978
Net loss on disposal of investment properties	(1,127)	—	—	—	—	—	—	—	—	(1,127)
Gain / (Loss) on derivative financial instruments	826	(3)	58	(953)	—	—	(716)	(1,669)	(6,313)	(7,101)
Income / (Loss) before taxes	**14,051**	**8,442**	**5,157**	**14,260**	**3,193**	**(74)**	**(252)**	**17,127**	**(35,935)**	**8,842**
Income tax expense	—	(2,515)	(772)	(2,352)	377	—	53	(1,922)	—	(5,209)
Net income (loss)	**$ 14,051**	**$ 5,927**	**$ 4,385**	**$ 11,908**	**$ 3,570**	**$ (74)**	**$ (199)**	**$ 15,205**	**$ (35,935)**	**$ 3,633**
Non-Controlling Interest	—	—	—	8,942	—	(24)	—	8,918	—	8,918
Income attributable to Unitholders	**$ 14,051**	**$ 5,927**	**$ 4,385**	**$ 2,966**	**$ 3,570**	**$ (50)**	**$ (199)**	**$ 6,287**	**$ (35,935)**	**$ (5,285)**
Add / (Deduct):										
Fair market value losses (gains)	(2,144)	(4,539)	(3,471)	(4,275)	(256)	(477)	716	(4,292)	19,974	5,528
Less: Non-controlling interests' share of fair market value losses (gains)	—			3,219		360		3,579	—	3,579
Finance cost - Exchangeable Unit distributions	—	—	—	—	—	—	—	—	3,799	3,799
Revaluation of financial liabilities	—	2,160	—	—	—	—	—	—	—	2,160
Unrealized foreign exchange loss (gain)	1	(184)	—	515	32	—	—	547	3,923	4,287
Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	—	—	—	(388)	—	—	—	(388)	—	(388)
Deferred taxes	—	2,468	749	767	(965)	—	(248)	(446)	—	2,771
Less: Non-controlling interests' share of deferred taxes	—	—	—	(574)	—	—	—	(574)	—	(574)
Non-recurring transaction costs	—	—	—	—	—	—	—	—	230	230
Convertible Debenture issuance costs	—	—	—	—	—	—	—	—	3,117	3,117
Net adjustments for equity accounted entities	—	—	—	—		123		123	—	123
Internal Leasing Costs	421	—	48	—	—	—	—	—	—	469
Net loss on disposal of investment properties	1,127	—	—	—	—	—	—	—	—	1,127
Other FFO adjustments	—	—	—	—	—	360	129	489	—	489
Funds From Operations ("FFO") [2]	**$ 13,456**	**$ 5,832**	**$ 1,711**	**$ 2,230**	**$ 2,381**	**$ 316**	**$ 398**	**$ 5,325**	**$ (4,892)**	**$ 21,432**

PART XII – SUPPLEMENTAL DISCLOSURE (CON'T.)

SUPPLEMENTAL DISCLOSURE (CON'T)										
Unaudited	**Three months ended September 30, 2016**									
Expressed in thousands of Canadian dollars	**Canada**	**Brazil**	**Germany**	**Australia/ New Zealand**					**Corporate[3]**	**Consolidated**
				Vital Trust	**Vital Manager**	**Elimination**	**Generation**	**Total**		
Funds From Operations ("FFO") [2]	**$ 13,456**	**$ 5,832**	**$ 1,711**	**$ 2,230**	**$ 2,381**	**$ 316**	**$ 398**	**$ 5,325**	**$ (4,892)**	**$ 21,432**
Add / (Deduct):										
Amortization of marked to market adjustment	(997)	—	—	—	—	—	—	—	—	(997)
Amortization of deferred financing charges	120	687	82	91	—	—	—	91	411	1,391
Less: Non-controlling interests' share of amortization of deferred financing charges	—	—	—	(69)	—	—	—	(69)	—	(69)
Straight line revenue	(256)	87	—	27	—	—	—	27	—	(142)
Less: non-controlling interests' share of straight-line revenue	—	—	—	(20)	—	—	—	(20)	—	(20)
Leasing costs and non-recoverable maintenance capital expenditures	(2,061)	—	(230)	(216)	—	—	—	(216)	—	(2,507)
Less: non-controlling interests' share of actual capex and leasing costs	—	—	—	163	—	—	—	163	—	163
DUP Compensation Expense	—	—	—	—	244	—	—	244	(1,816)	(1,572)
Debt repayment costs	174	—	—	—	—	—	—	—	—	174
Net adjustments for equity accounted entities	—	—	—	—	—	(145)	—	(145)	—	(145)
Adjusted Funds From Operations ("AFFO") [2]	**$ 10,436**	**$ 6,606**	**$ 1,563**	**$ 2,206**	**$ 2,625**	**$ 171**	**$ 398**	**$ 5,400**	**$ (6,297)**	**$ 17,708**

Notes

(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A and analyzed in greater detail in section "Net Operating Income"

(2) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. FFO and AFFO are defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(3) Includes cost of corporate borrowings including the REIT's Secured Revolving Credit Facility, Convertible Debentures, Vital Margin Facilities, Australasian Secured Financing and distributions paid on Class B LP Units, treated as finance costs. Includes general and administrative costs of the REIT's head office.

PART XII – SUPPLEMENTAL DISCLOSURE (CON'T.)

SUPPLEMENTAL DISCLOSURE										
Unaudited	**Nine months ended September 30, 2017**									
Expressed in thousands of Canadian dollars	**Canada**	**Brazil**	**Germany**	**Australia/New Zealand**					**Corporate[3]**	**Consolidated**
				Vital Trust	**Vital Manager**	**Elimination**	**Generation**	**Total**		
Net Operating Income [1]										
Revenue from investment properties	$ 102,841	$ 39,700	$ 13,619	$ 64,351	$ —	$ (1,501)	$ 10,520	$ 73,370	$ —	$ 229,530
Property operating costs	(46,673)	—	(3,985)	(8,569)	—	151	(1,624)	(10,042)	—	(60,700)
	56,168	**39,700**	**9,634**	**55,782**	**—**	**(1,350)**	**8,896**	**63,328**	**—**	$ 168,830
Other income										
Share of profit (loss) from associates	—	—	—	—	774	(774)	43,681	43,681	—	43,681
Management fees	—	—	—	—	21,472	(21,472)	7,608	7,608	—	7,608
Interest income	52	1,041	2	46	48	—	1,165	1,259	106	2,460
	52	**1,041**	**2**	**46**	**22,294**	**(22,246)**	**52,454**	**52,548**	**106**	**53,749**
	56,220	**40,741**	**9,636**	**55,828**	**22,294**	**(23,596)**	**61,350**	**115,876**	**106**	**222,579**
Other expenses										
Mortgage and loan interest expense	(18,837)	(8,551)	(1,820)	(11,484)	(4)	—	(2,178)	(13,666)	(28,169)	(71,043)
General and administrative expenses	(1,502)	(1,471)	(1,967)	(19,913)	(5,450)	19,571	(2,293)	(8,085)	(5,374)	(18,399)
Transaction costs	—	—	(83)	—	—	—	(10,191)	(10,191)	(2,159)	(12,433)
Other Finance costs	1,854	(4,538)	(423)	(288)	—	—	(1,113)	(1,401)	(45,151)	(49,659)
Foreign exchange gain (loss)	(34)	111	(5)	1,316	(145)	—	(2)	1,169	(1,172)	69
Income / (Loss) before the undernoted items	**37,701**	**26,292**	**5,338**	**25,459**	**16,695**	**(4,025)**	**45,573**	**83,702**	**(81,919)**	**71,114**
Fair value adjustment of DUP liability	—	—	—	—	(60)	—	—	(60)	(1,636)	(1,696)
Fair value adjustment of investment properties	14,213	39,197	(4,353)	154,054	—	2,611	738	157,403	—	206,460
Loss on business combination	—	—	—	—	—	—	(91,420)	(91,420)	1,842	(89,578)
Gain / (Loss) on derivative financial instruments	790	—	335	838	(37)	—	16,125	16,926	(13,686)	4,365
Income / (Loss) before taxes	**52,704**	**65,489**	1,320	**180,351**	**16,598**	**(1,414)**	**(28,984)**	**166,551**	**(95,399)**	**190,665**
Income tax expense	—	(15,346)	(228)	(6,237)	(3,366)	—	(936)	(10,539)	568	(25,545)
Net income (loss)	**$ 52,704**	**$ 50,143**	**$ 1,092**	**$ 174,114**	**$ 13,232**	**$ (1,414)**	**$ (29,920)**	**$ 156,012**	**$ (94,831)**	**$ 165,120**
Non-Controlling Interest	—	—	—	130,909	—	835	373	132,117	—	132,117
Income attributable to Unitholders	**$ 52,704**	**$ 50,143**	**$ 1,092**	**$ 43,205**	**$ 13,232**	**$ (2,249)**	**$ (30,293)**	**$ 23,895**	**$ (94,831)**	**$ 33,003**
Add / (Deduct):										
Fair market value losses (gains)	(15,003)	(39,197)	4,018	(154,892)	97	(2,611)	(16,863)	(174,269)	47,195	(177,256)
Less: Non-controlling interests' share of fair market value losses (gains)	—	—	—	116,874	—	1,965	—	118,839	—	118,839
Finance cost - Exchangeable Unit distributions	—	—	—	—	—	—	—	—	11,399	11,399
Revaluation of financial liabilities	—	3,109	—	—	—	—	—	—	—	3,109
Unrealized foreign exchange loss (gain)	34	(110)	5	(1,316)	145	—	2	(1,169)	1,204	(36)
Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	—	—	—	990	—	—	—	990	—	990
Deferred taxes	—	15,147	269	5,774	509	—	59	6,342	—	21,758
Less: Non-controlling interests' share of deferred taxes	—	—	—	(4,341)	—	—	—	(4,341)	—	(4,341)
Non-recurring transaction costs	—	—	83	—	—	—	10,191	10,191	2,159	12,433
Convertible Debenture issuance costs	—	—	—	—	—	—	—	—	—	—
Net adjustments for equity accounted entities	—	—	—	—	—	(38,943)	—	(38,943)	—	(38,943)
Internal Leasing Costs	1,058	—	385	—	—	—	—	—	—	1,443
Loss on business combination	—	—	—	—	—	—	91,420	91,420	(1,842)	89,578
Amortization of finance leases	—	—	—	—	—	—	(77)	(77)	—	(77)
Other FFO adjustments	432	—	—	—	—	1,965	263	2,228	—	2,660
Funds From Operations ("FFO") [2]	**$ 39,225**	**$ 29,092**	**$ 5,852**	**$ 6,294**	**$ 13,983**	**$ (39,873)**	**$ 54,702**	**$ 35,106**	**$ (34,716)**	**$ 74,559**

SUPPLEMENTAL DISCLOSURE (CON'T)

Unaudited

Expressed in thousands of Canadian dollars	Canada	Brazil	Germany	Australia/New Zealand					Corporate[3]	Consolidated
				Vital Trust	Vital Manager	Elimination	Generation	Total		
Funds From Operations ("FFO") [2]	**$ 39,225**	**$ 29,092**	**$ 5,852**	**$ 6,294**	**$ 13,983**	**$ (39,873)**	**$ 54,702**	**$ 35,106**	**$ (34,716)**	**$ 74,559**
Add / (Deduct):										
Amortization of marked to market adjustment	(2,276)	—	—	—	—	—	—	—	—	(2,276)
Amortization of deferred financing charges	422	1,430	423	288	—	—	1,113	1,401	1,878	5,554
Less: Non-controlling interests' share of amortization of deferred financing charges	—		—	(216)	—	—	75	(141)	—	(141)
Straight line revenue	(430)	123	—	1,030	—	—	(71)	959	—	652
Less: non-controlling interests' share of straight-line revenue	—		—	(772)	—	—	(13)	(785)	—	(785)
Leasing costs and non-recoverable maintenance capital expenditures	(6,170)	(82)	(817)	(1,607)	—	—	(509)	(2,116)	—	(9,185)
Less: non-controlling interests' share of actual capex and leasing costs	—		—	1,209	—	—	407	1,616	—	1,616
DUP Compensation Expense	—	—	—	—	1,607	—	—	1,607	2,121	3,728
Debt repayment costs	—	—	175	—	—	—	—	—	—	175
Net adjustments for equity accounted entities	—	—	—	—	—	(750)	—	(750)	—	(750)
Adjusted Funds From Operations ("AFFO") [2]	**$ 30,771**	**$ 30,563**	**$ 5,633**	**$ 6,226**	**$ 15,590**	**$ (40,623)**	**$ 55,704**	**$ 36,897**	**$ (30,717)**	**$ 73,147**

SUPPLEMENTAL DISCLOSURE

Unaudited	Nine months ended September 30, 2016									
Expressed in thousands of Canadian dollars	Canada	Brazil	Germany	Australia/New Zealand					Corporate[3]	Consolidated
				Vital Trust	Vital Manager	Elimination	Generation	Total		
Net Operating Income [1]										
Revenue from investment properties	$ 104,795	$ 25,357	$ 11,145	$ 55,746	$ —	$ (1,480)	$ —	$ 54,266	$ —	$ 195,563
Property operating costs	(47,199)	—	(2,974)	(6,490)	—	140	—	(6,350)	—	(56,523)
	57,596	**25,357**	**8,171**	**49,256**	**—**	**(1,340)**	**—**	**47,916**	**—**	**139,040**
Other income										
Share of profit (loss) from associates	—	—	—	—	1,162	(343)	—	819	—	819
Management fees	—	—	—	—	10,978	(11,111)	1,093	960	—	960
Interest income	31	2,046	—	122	3	—	1	126	47	2,250
	31	**2,046**	**—**	**122**	**12,143**	**(11,454)**	**1,094**	**1,905**	**47**	**4,029**
	57,627	**27,403**	**8,171**	**49,378**	**12,143**	**(12,794)**	**1,094**	**49,821**	**47**	**143,069**
Other expenses										
Mortgage and loan interest expense	(23,581)	(6,375)	(1,376)	(9,992)	(18)	—	—	(10,010)	(13,787)	(55,129)
General and administrative expenses	(863)	(1,460)	(1,972)	(10,717)	(3,755)	9,664	(630)	(5,438)	(4,805)	(14,538)
Transaction costs	—	—	—	—	—	—	—	—	(3,811)	(3,811)
Other Finance costs	4,954	(9,332)	(245)	(268)	—	—	—	(268)	(55,712)	(60,603)
Foreign exchange gain (loss)	(1)	(17)	2	145	(60)	—	—	85	(2,352)	(2,283)
Income / (Loss) before the undernoted items	**38,136**	**10,219**	**4,580**	**28,546**	**8,310**	**(3,130)**	**464**	**34,190**	**(80,420)**	**6,705**
Fair value adjustment of DUP liability	—	—	—	—	104	—	—	104	(1,269)	(1,165)
Fair value adjustment of investment properties	(25,194)	21,015	9,807	55,847	—	1,418	—	57,265	—	62,893
Net loss on disposal of investment properties	(2,807)	—	—	—	—	—	—	—	—	(2,807)
Gain on business combination	—	—	—	—	—	—	—	—	53	53
Gain / (Loss) on derivative financial instruments	61	742	(476)	(5,442)	—	—	(716)	(6,158)	(5,154)	(10,985)
Income / (Loss) before taxes	**10,196**	**31,976**	**13,911**	**78,951**	**8,414**	**(1,712)**	**(252)**	**85,401**	**(86,790)**	**54,694**
Income tax expense	—	(9,472)	(2,227)	(14,280)	(483)	—	53	(14,710)	—	(26,409)
Net income (loss)	**$ 10,196**	**$ 22,504**	**$ 11,684**	**$ 64,671**	**$ 7,931**	**$ (1,712)**	**$ (199)**	**$ 70,691**	**$ (86,790)**	**$ 28,285**
Non-Controlling Interest	—	—	—	48,826	—	(47)	—	48,779	—	48,779
Income attributable to Unitholders	**$ 10,196**	**$ 22,504**	**$ 11,684**	**$ 15,845**	**$ 7,931**	**$ (1,665)**	**$ (199)**	**$ 21,912**	**$ (86,790)**	**$ (20,494)**
Add / (Deduct):										
Fair market value losses (gains)	25,133	(21,757)	(9,331)	(50,405)	(104)	(1,418)	716	(51,211)	46,736	(10,430)
Less: Non-controlling interests' share of fair market value losses (gains)	—	—	—	38,095	—	1,231	—	39,326	—	39,326
Finance cost - Exchangeable Unit distributions	—	—	—	—	—	—	—	—	11,399	11,399
Revaluation of financial liabilities	—	7,587	—	—	—	—	—	—	—	7,587
Unrealized foreign exchange loss (gain)	1	18	(2)	(144)	60	—	—	(84)	2,412	2,345
Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	—	—	—	111	—	—	—	111	—	111
Deferred taxes	—	9,278	2,179	10,942	(714)	—	(248)	9,980	—	21,437
Less: Non-controlling interests' share of deferred taxes	—	—	—	(8,267)	—	—	—	(8,267)	—	(8,267)
Non-recurring transaction costs	—	—	—	—	—	—	—	—	3,811	3,811
Convertible Debenture issuance costs	—	—	—	—	—	—	—	—	3,117	3,117
Net adjustments for equity accounted entities	—	—	—	—	—	123	—	123	—	123
Internal Leasing Costs	1,243	—	144	—	—	—	—	—	—	1,387
Net loss on disposal of investment properties	2,807	—	—	—	—	—	—	—	—	2,807
Gain on business combination	—	—	—	—	—	—	—	—	(53)	(53)
Other FFO adjustments	$ —	$ —	$ —	$ —	$ —	$ 910	$ 129	1,039	$ —	1,039
Funds From Operations ("FFO") [2]	**$ 39,380**	**$ 17,630**	**$ 4,674**	**$ 6,177**	**$ 7,173**	**$ (819)**	**$ 398**	**$ 12,929**	**$ (19,368)**	**$ 55,245**

PART XII – SUPPLEMENTAL DISCLOSURE (CON'T.)

SUPPLEMENTAL DISCLOSURE (CON'T)										
Unaudited										
Expressed in thousands of Canadian dollars	**Canada**	**Brazil**	**Germany**	**Australia/New Zealand**					**Corporate[3]**	**Consolidated**
				Vital Trust	**Vital Manager**	**Elimination**	**Generation**	**Total**		
Funds From Operations ("FFO") [2]	**$ 39,380**	**$ 17,630**	**$ 4,674**	**$ 6,177**	**$ 7,173**	**$ (819)**	**$ 398**	**$ 12,929**	**$ (19,368)**	**$ 55,245**
Add / (Deduct):										
Amortization of marked to market adjustment	(5,187)	—	—	—	—	—	—	—	—	(5,187)
Amortization of deferred financing charges	233	1,745	245	268	—	—	—	268	883	3,374
Less: Non-controlling interests' share of amortization of deferred financing charges	—	—	—	(203)	—	—	—	(203)	—	(203)
Straight line revenue	(834)	123	—	281	—	—	—	281	—	(430)
Less: non-controlling interests' share of straight-line revenue	—	—	—	(212)	—	—	—	(212)	—	(212)
Leasing costs and non-recoverable maintenance capital expenditures	(6,288)	—	(669)	(361)	—	—	—	(361)	—	(7,318)
Less: non-controlling interests' share of actual capex and leasing costs	—	—	—	273	—	—	—	273	—	273
DUP Compensation Expense	—	—	—	—	699	—	—	699	1,477	2,176
Debt repayment costs	3,134	—	—	—	—	—	—	—	—	3,134
Net adjustments for equity accounted entities	$ —	$ —	$ —	$ —	$ —	$ (145)	$ —	(145)	$ —	(145)
Adjusted Funds From Operations ("AFFO") [2]	**$ 30,438**	**$ 19,498**	**$ 4,250**	**$ 6,223**	**$ 7,872**	**$ (964)**	**$ 398**	**$ 13,529**	**$ (17,008)**	**$ 50,707**

Notes

(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A and analyzed in greater detail in section "Net Operating Income"

(2) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. FFO and AFFO are defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(3) Includes cost of corporate borrowings including the REIT's Secured Revolving Credit Facility, Convertible Debentures, Vital Margin Facilities, Australasian Secured Financing and distributions paid on Class B LP Units, treated as finance costs. Includes general and administrative costs of the REIT's head office.

PART XIII – NORMALIZED AFFO

In the schedule below we present the REIT's reported AFFO as well as the REIT's Normalized AFFO (both defined in **PART I - BASIS OF PRESENTATION - PERFORMANCE MEASUREMENT**). Normalized AFFO provides, in management's view, an annualized view of the REIT's AFFO, adjusted for the full year effect of transactions occurring in the current quarter, transactions that have occurred subsequent to the quarter, and adjusted for other items management believes are non-recurring or seasonal in nature and estimated based on management's expectations on a normalized level of activity.

The below Normalized AFFO information is not necessarily indicative of what the REIT's financial position or results of operations will be in future periods. Certain of the adjustments in the table above may be considered to be forward-looking in nature, including, without limitation, the estimated impact of increased revenues due to accrued indexation on Brazil leases, increased management fees expected to be earned by the Vital Manager, the estimated annual AFFO of Generation Healthcare Management and Generation Healthcare REIT investments, and items relating to expected amounts for normalized revenues and general and administrative expenses. As a result, the discussion in this section is qualified in its entirety by the forward-looking statements set out under **PART I - BASIS OF PRESENTATION - FORWARD-LOOKING INFORMATION ADVISORY**.

Expressed in thousands of Canadian dollars, except per unit amounts				
	Q3 2017	**Q3 2017 Per Unit**	**Q3 2017 Annualized**	**Annualized Per Unit**
AFFO as reported	**$ 24,080**	**$ 0.23**	**$ 96,320**	**$ 0.90**
Normalization adjustments [(1)]:				
(2) Accrued indexation related to Brazil leases			735	
(3) ANZ manager and activity fee			3,940	
(4) Normalization of G&A expenses			3,500	
(5) Saving on interest expenses on debt optimization post quarter			11,424	
(6) Saving on interest expenses on ANZ refinancing			4,225	
(7) Saving on interest expenses on capital recycling			4,430	
(8) Non-recurring tax reversal on Generation			(11,820)	
(9) On-going Generation Developments			1,651	
Normalized AFFO on an annualized basis			**$ 114,405**	**$ 0.96**
Weighted average units outstanding for the Q3 2017 period (000s)				106,585
Normalization adjustment				13,210
Normalized Units Outstanding (000s) - September 30, 2017				119,795

Notes

(1) Represents the full year effect of items recognized in the quarter that are seasonal; the full year effect of transactions that have closed during the quarter; and the full year effect of transactions that have closed in the subsequent quarter; all that will have an impact on future quarters

(2) Estimated impact of increased revenues due to accrued indexation of Brazil leases based on the actual YTD inflation rate

(3) Estimated increase in Vital Manager's management fees, assessed on total AUM, due to additions or fair value gains plus estimated management fees on GHC assets

(4) The estimated impact of recognizing certain annual general and administrative expense items, recognized in the quarter, over a normalized 12 month period

(5) Adjustment to reflect the impact of repayment of high cost debt with proceeds from completed financing activities post Q3: Equity financing and Santa Helena Securitization.

(6) Adjustment to reflect the interest saving on the committed ANZ Refinancing of the Generation acquisition bridge facility and existing debt at Generation

(7) Adjustment to reflect the interest saving on the on-going capital recycling initiative

(8) Adjustment for the one time current tax reversal at Generation in Q3-17

(9) To reflect the accretion from the on-going developments at Generation upon completion

PART XIV –NET ASSET VALUE

Expressed in thousands of Canadian dollars, except per unit amounts		Q3 2017
Total Assets		**$ 4,454,086**
less Total Liabilities		(2,957,725)
less Non-controlling interest		(682,800)
Unitholders' equity		**813,561**
Add/(deduct):		
Deferred unit plan liability		17,887
Deferred tax liability	194,720	
less NCI	(49,797)	144,923
Financial instruments - net	19,036	
less NCI	(7,098)	11,938
Exchangeable Units		215,248
Vital Manager valuation adjustment		74,500
Other		1,357
Net Asset Value ("NAV")		**$ 1,279,414**
Adjusted Units Outstanding (000s)- period end [1]		106,662
NAV per Unit		**$ 12.00**

Notes

(1) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic per unit measure that includes the Class B LP Units in basic units outstanding/weighted average units outstanding.

CORPORATE INFORMATION

Head Office
NorthWest Healthcare Properties Real Estate Investment Trust
180 Dundas Street West, Suite 1100
Toronto, Ontario
M5G 1Z8
Phone: 416-366-2000
Fax: 416-366-2433

Transfer Agent
Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

Auditors
KPMG LLP
333 Bay Street, Suite 4600
Bay Adelaide Centre
Toronto, Ontario
M5H 2S5

Corporate Counsel
Goodmans LLP
333 Bay St, Suite 3400
Toronto ON M5H 2S7

Investor Relations
Shailen Chande, Chief Financial Officer
Phone: 416-366-2000 X1002
E-mail: shailen.chande@nwhreit.com
Website: www.nwhreit.com

Stock Exchange Listing
Toronto Stock Exchange (TSX)
Listing symbols:
- REIT Trust Units - NWH.UN
- 5.25% convertible debentures - NWH.DB
- 6.50% convertible debentures - NWH.DB.A
- 7.50% convertible debentures - NWH.DB.B
- 7.25% convertible debentures - NWH.DB.C
- 5.50% convertible debentures - NWH.DB.D
- 5.25% convertible debentures NWH.DB.E
- 5.25% convertible debentures NWH.DB.F

Distribution Reinvestment Plan

Participants in the REIT's distribution reinvestment plan may elect to have all cash distributions of the REIT automatically reinvested in additional Trust Units at a price per Trust Unit calculated by reference to the weighted average of the trading price for the Trust Units on the TSX for the five trading days immediately preceding the relevant distribution date. Unitholders who so elect will receive a further distribution of Trust Units equal to 3% of each distribution that was reinvested by them. To enroll individuals should contact their broker.