northwest

Year-Ended 12.31.23

Management Discussion and Analysis

Northwest Healthcare Properties
Real Estate Investment Trust

INTRODUCTION

Northwest Healthcare Properties Real Estate Investment Trust ("Northwest", the "REIT", or the "Trust"), is a Canadian open-end trust established on January 1, 2010 and governed pursuant to a third amended and restated Declaration of Trust dated September 15, 2020, as amended by amendments dated as of March 30, 2023, and of September 13, 2023, under the laws of the Province of Ontario ("Declaration of Trust"). The registered office of the REIT is 180 Dundas Street West, Suite 1100, Toronto, Ontario, M5G 1Z8. The principal business of the REIT is to invest in healthcare real estate globally. 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.G, NWH.DB.H and NWH.DB.I.

Our Business

Founded in 2004 and publicly traded since 2010, the REIT is a global investor, active manager, and developer, focused on properties and partnerships at the intersection of healthcare, knowledge, and research.

As an investor, the REIT currently owns and manages interests in 219 hospitals, medical office buildings and healthcare facilities in Europe, the Americas and Australasia. The REIT manages $10B of assets under management, of which $4.4 billion is owned directly by the REIT and $5.6 billion is owned jointly with third-party investors, where the REIT has an aligned "capital light" equity position.

As an active manager, our leadership team promotes value-add partnerships and demonstrates execution excellence, strong governance, and deep expertise. With more than 300 professionals globally, operating in eight countries, we bring a global view, local execution capabilities, and a long-term ownership strategy to serve as a real estate partner of choice to leading healthcare operators around the world. We provide integrated property management, acquisition and development management services for our joint venture partners (Europe, ANZ) and investments (Vital Trust) in ANZ.

As a developer, the REIT has a strong record of creating value through partnering with leading healthcare operators over 20 years. We are an active developer of healthcare real estate projects (for long term ownership) in many of our markets, especially in Australia and New Zealand, where Northwest is the market leader. Refer to **PART II - BUSINESS OVERVIEW**.

Our Purpose

Northwest owns, manages, acquires and develops healthcare real estate properties which generate value for investors, operating partners, and tenants many of whom work in and around our leading healthcare campuses.

Our hospitals, medical office buildings, medical clinics, life sciences assets, and healthcare related facilities, are designed to meet the needs of our tenants, hospital operators, doctors, nurses, and other medical practitioners in private and public healthcare jurisdictions.

Our portfolio generates stable and growing cash flows underpinned by tenancies of high-quality hospital and healthcare operators and long-term, inflation-indexed leases.

Our Investment Strategy

Northwest aims to build on its position as a healthcare real estate leader, focused on delivering value and sustainable growth to its unitholders. Currently, a comprehensive strategic review is underway.

Focus on strengthening the balance sheet and simplifying the business.

Current Business Environment and Outlook

Throughout the second half of 2023, the global economy continued to slow and inflation has eased further. Financial conditions have also eased, with long-term interest rates unwinding some of the sharp increases seen earlier in the autumn. The Canadian dollar has seen strengthening and weakening relative to the global currencies in the REIT's major markets including Australasia, Europe, and the United States of America.

In Canada, there are signs that higher interest rates are beginning to restrain spending: consumption growth in the last two quarters was close to zero, and business investment has been volatile but essentially flat over the past year. The labour market continues to ease, job creation has been slower than labour force growth, job vacancies have declined further, and the unemployment rate has risen modestly. Even so, wages are still rising by 4-5%. Overall, these data and indicators for the fourth quarter suggest the economy is no longer in excess demand. The slowdown in the economy is reducing inflationary pressures in a broadening range of goods and services prices.

After a challenging 2023 for many Canadian REITs, positive signs are beginning to emerge for the Canadian REIT sector. Inflation and interest rates seem to have peaked, as Central Bank decisions to decrease market interest rates (including the overnight rate, the Prime rate, and longer-term bond yields) are anticipated to occur in 2024.

Northwest believes, based on its high-quality healthcare real estate portfolio, it will continue to attract high demand for its properties from its healthcare tenants and operating partners.

Northwest's high-quality healthcare real estate portfolio continues to be resilient and has a demonstrated track record of producing strong cash collections, long-term inflation-indexed leases, and long-term occupancy levels over 96%, through economic cycles.

FINANCIAL AND OPERATIONAL SUMMARY

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS			
Expressed in thousands of Canadian dollars, except unit and per unit amounts (unaudited)		As at December 31, 2023	As at December 31, 2022
Operational Information (1)			
Number of Properties		219	233
Gross Leasable Area (sf)		17,736,521	18,635,583
Occupancy %		97 %	97 %
Weighted Average Lease Expiry ("WALE" in Years)		13.3	13.8
Summary of Financial Information			
Assets Under Management (3)		$ 9,901,036	$ 10,878,099
Gross Book Value (2)		$ 7,628,615	$ 8,514,000
Debt - Declaration of Trust (3)		$ 3,641,463	$ 3,855,232
Debt to Gross Book Value - Declaration of Trust (3)		47.7 %	45.3 %
Debt - Including Convertible Debentures (3)		$ 3,962,317	$ 4,130,502
Debt to Gross Book Value - Including Convertible Debentures (3)		51.9 %	48.5 %
Percentage of Mortgages and Loans Payable at Effectively Fixed Rates (9)		69.4 %	41.5 %
Effective Weighted Average Interest Rate (9)		6.27 %	5.35 %
Net Asset Value ("NAV") per Unit (3)		$ 10.86	$ 13.80
Adjusted Units Outstanding - period end (5)		245,002,126	242,357,589
	For the three months ended December 31, 2023	For the three months ended December 31, 2022	For the three months ended September 30, 2023
Operating Results			
Revenue from investment properties	$ 123,986	$ 119,079	$ 122,182
Net Income / (Loss)	$ (188,900)	$ (135,519)	$ (95,270)
Net Operating Income ("NOI")	$ 98,083	$ 92,855	$ 95,097
Funds From Operations ("FFO") (6)	$ 36,759	$ 37,578	$ 33,559
Adjusted Funds From Operations ("AFFO") (6)	$ 32,835	$ 41,440	$ 32,879
Distributions (7)	$ 22,048	$ 48,415	$ 40,050
Interest Coverage (4)	1.86	2.08	1.82
Per Unit Amounts			
FFO per unit - Basic (6)	$ 0.15	$ 0.16	$ 0.14
FFO per unit - diluted (6)	$ 0.15	$ 0.15	$ 0.14
AFFO per unit - Basic (6)	$ 0.13	$ 0.17	$ 0.13
AFFO per unit - diluted (6)	$ 0.13	$ 0.17	$ 0.13
Distributions per unit (8)	$ 0.09	$ 0.20	$ 0.16
AFFO Payout Ratio (6)	67%	117%	122%
AFFO Payout Ratio - diluted (6)	68%	119%	123%
Adjusted Weighted Average Units Outstanding (5)			
Basic	244,959,959	241,928,826	244,782,614
Diluted	246,316,642	245,588,209	246,594,988

Notes

(1) Operational information includes 100% of Vital Trust and joint venture ("JV") investments. The REIT owns an approximate 28.6% interest in Vital Trust and 30% of the JV investments.

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

(3) As defined in the **Performance Measurement** section included 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 presented 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, which is on a non-IFRS basis. There were 1,710,000 Class B LP Units outstanding as at December 31, 2023 (December 31, 2022 - 1,710,000 Class B LP Units).

(6) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. The REIT's definitions of FFO and AFFO differ from those used by other similar real estate investment trusts, as well as the definitions recommended by REALPAC. See **Performance Measurement** in this MD&A

(7) Represents distributions to Unitholders and Class B LP Units on an accrual basis. Distributions are payable 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. On September 22, 2023, the REIT announced a reduction in the REIT's monthly distribution to unitholders from $0.06667 per unit to $0.03 per unit. The distributions during the three months ended September 30, 2023 consist of two months of distributions at $0.06667 per unit and one month at $0.03 per unit.

(8) Distributions per unit is a non-IFRS ratio calculated as sum of the distributions on the REIT's units and finance costs on Class B LP Units. Management does not consider finance costs on Class B LP units to be an financing cost of the REIT but rather component of the REIT's total distributions. Distributions per unit is not defined by IFRS and does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

(9) 69.4% (December 31, 2022 51.7%) of the REIT's debt is subject to fixed interest rate, including total debt of $1.8 billion (December 31, 2022 - $1.2 billion) that is economically fixed after taking into consideration the interest rate derivatives, but is contractually subject to variable rate interest. Mortgages of $0.2 billion are economically fixed at a weighted average interest rate of 2.22%, and term detbs of $1.7 billion are economically fixed at 6.12%.

HIGHLIGHTS FOR THE YEAR

During the year ended December 31, 2023, the REIT announced several key decisions about its future direction, including Strategic Review Committee, Board changes, and Management changes.

It also completed several initiatives intended to strengthen the balance sheet and the business, including the offering of convertible debentures, sales of non-core assets and unlisted securities, debt management, and changes to the monthly distribution.

Strategic Review Committee

On August 8, 2023, Northwest announced a broad-based strategic review to unlock value. The REIT has formed a Strategic Review Committee of the Board to undertake a strategic review for which it has retained financial advisors.

There is no certainty regarding the results of the Committee's strategic review or that any particular transaction will be agreed upon or consummated. The REIT does not intend to comment further on the strategic review until it determines that additional disclosure is appropriate or required.

Convertible Debentures

On April 27, 2023, the REIT completed a public offering of $75.0 million aggregate principal amount of Series I 7.75% convertible unsecured subordinated debentures (the "Offering"), which included the exercise in full of the over-allotment option granted to the underwriters, whereby an additional $11.3 million of unsecured subordinated debentures were issued in May. The REIT used the net proceeds to repay short-term variable rate debt with a weighted average interest rate of approximately 9.3% and for general purposes.

On November 27, 2023, the REIT refinanced its Series G Convertible Debenture with the following terms: 1) Increasing the underlying interest rate from 5.50% to 10.00%; 2) decreasing the conversion price from $13.35 to $7.25 per trust unit of the REIT; and 3) extending the maturity date from December 31, 2023 to March 31, 2025.

Strategic Asset Sales

Sales of Non-Core Investment Properties

During the year ended December 31, 2023, announced its initiative to sell non-core assets. Throughout the year, the REIT disposed of income producing properties that were classified as assets held for sale in Australasia and the Americas with fair value of $360.7 million to third parties. Proceeds were used to repay directly associated property level debt previously classified as liabilities associated with assets held for sale and to partially repay corporate credit facilities and Australasian term debt.

Sales of Unlisted Securities

During the year ended December 31, 2023, the REIT sold or redeemed approximately 63% of its investment in unlisted securities for proceeds of $134.5 million. The proceeds were used towards the full repayment of the Australasian term debt, secured by the underlying unlisted securities.

Debt Management

Subject to market conditions and the credit environment, Management believes that it has sufficient resources to meet its liquidity requirements in the near and longer term based on continued availability of financing, property operating performance, and the sale of certain portfolios of investment properties and non-core assets.

Northwest has historically used mortgages, credit facilities, senior unsecured debentures, convertible debentures and equity issuances to finance its growth and repay debt.

The actual level and type of future borrowings will be determined based on market availability, prevailing interest rates, various costs of debt and equity capital, capital market conditions and Management's view of the appropriate leverage for the business.

During the year ended December 31, 2023 and subsequent to the reporting period, the REIT has addressed substantial portion of its 2024 contractual mortgage and loans maturities and anticipates the remaining mortgage debt balances of $109.2 million will be financeable at market rates within the normal course of business in 2024. During 2024 and into the first quarter of 2025, the REIT has approximately $1.1 billion of debt maturing.

Northwest manages its liquidity risk by staggering debt maturities, renegotiating expiring credit arrangements proactively, using revolving credit facilities, and issuing equity when deemed appropriate. Liquidity risk exists due to the possibility of Northwest not being able to generate sufficient cash flow, and/or not having access to sufficient debt and equity capital to fund its ongoing operations and growth and to refinance or meet existing obligations.

The REIT has carried out a fair, balanced and understandable assessment of the emerging and principal risks facing Northwest's current liquidity profile and risks related to its 2025 debt maturities, as well as an assessment of ongoing economic uncertainties, the likelihood of a decrease to prevailing interest rates, the costs and availability of debt capital, the availability of equity capital, the ability to generate and release embedded value from within the current portfolio, the continued strength of American and Canadian stock markets, and recent improvements in the North American financial sector.

Management believes that it has the means to create liquidity throughout 2024, which will provide sufficient resources to meet its operational and investing requirements in the near and longer term.

Refinancing Transactions

i. On January 31, 2023, the REIT amended its $456.3 million Canadian dollars (US $337.2 million) term loan facility secured by its US investment properties resulting in a 2-year extension of the term to maturity to January 31, 2025.

ii. On February 28 2023, Vital Trust has amended and refinanced its syndicated revolving multi-currency facility, to refinance near term facility expiries, resulting in a $92.3 million (A$100.0 million) increase in facility limits to $1.2 billion (A$1.3 billion) and weighted average facility term to maturity increasing from 3.3 to 4.2 years as at February 28.

iii. On March 27, 2023, the REIT amended and refinanced the terms of its revolving credit facility to increase availability by $81.0 million from a total of $208.5 million to $289.5 million, subject to incremental security of certain Canadian investment properties and extended the maturity date to March 2026. Concurrently, the REIT extended the maturity date of its non-revolving credit facility in the amount of $218.5 million to January 2024.
On August 2, 2023, the REIT executed an interim non-revolving tranche under its revolving credit facility to increase availability by $50.0 million. The tranche matured in October 2023. The facility is secured by certain assets in the REIT's Americas portfolio and it bears interest ranging from 10.6% to 13.8%.
In September 2023, the REIT further amended its credit facility by extending the maturity date of its non-revolving credit facility tranche with an outstanding balance of $97.0 million by one year to January 2025, The facility bears interest ranging from 10.37% to 10.55% (previously 9.97% to 10.37%).

iv. On July 21, 2023, the REIT refinanced Australasian term debt maturing in September 2023 and bearing variable rate interest of 6.35% to extend the weighted average term to maturity by 4 years. As at December 31, 2023, the outstanding balance is $55.7 million. The refinanced facility bears variable interest at 8.48%.

v. In August 2023, the REIT extended the maturity date of its $125.0 million revolving credit facility by one year to November 2024. The facility bears interest ranging from 8.73% to 10.01% (previously 8.23% to 9.51%).

vi. During the three months ended December 31, 2023, the REIT partially repaid $16.3 million towards Australasian secured term financing bearing variable interest of 9.43% as at December 31, 2023 and maturing in April 2025. The loan is secured by Vital Trust units held by the REIT.

vii. On October 25, 2023, REIT executed a term loan for total proceeds of $140.0 million included as part of the Americas segment, maturing on April 2025. As at December 31, 2023, the loan is bearing variable interest of 11.58%. The loan is secured by certain Brazilian investment properties. The proceeds were used to repay an interim non-revolving tranche totaling $50.0 million included under the REIT's revolving credit facility that matured October 2023. The remaining proceeds were used to partially repay additional corporate credit facilities.

i. On November 1, 2023, term debt of $783.0 million pertaining to the REIT's Australasian JV, which is equity accounted for in the REIT's consolidated financial statements, has been refinanced, extending the weighted average term to maturity by 1.3 years, reducing interest expense by 0.12% and increasing total availability by $13.1 million (A$15.0 million).

Changes to the Monthly Distributions

On September 22, 2023, the Board of Trustees announced an immediate reduction of the REIT's monthly distribution to unitholders from $0.80 per unit to $0.36 per unit on an annualized basis. The Board and management believe this decision is prudent and in the best interests of the REIT and its unitholders. The revised distribution is supported by sustainable cash earnings, and the reduction is expected to provide the REIT with financial flexibility to continue advancing its short and long-term ambitions while exploring strategic alternatives, with maximizing unitholder value being the principal objective.

On June 7, 2023, the REIT announced that it had suspended its distribution reinvestment plan ("**DRIP**") until further notice. Commencing with the June 2023 distribution (payable on or about July 15, 2023), unitholders enrolled in the DRIP received distribution payments in cash. The REIT reinstated the DRIP on December 15, 2023 (December 2023 distribution, January 15, 2024 payment date).

Board changes

i. On August 8, 2023. Mr. Paul Dalla Lana stepped away from the Board of Trustees and resigned as Chair and Chief Executive Officer.

i. On August 8, 2023, Northwest appointed Mr. Dale Klein as non-Executive Chair of the Board, in line with governance best practices.

ii. On August 8, 2023, Ms. Laura King, Trustee, was appointed Chair of the REIT's Compensation, Governance and Nominating Committee

iii. On August 8, 2023, Ms. Maureen O'Connell, Trustee, was appointed Chair of the Audit Committee.

iv. On January 29, 2024, Robert Baron, Trustee, retired from the Board. Robert "Bobby" Julien and Graham Garner were appointed to the Board. Mr. Garner will also serve as a member of the REIT's Strategic Review, Audit, and Compensation, Governance & Nominating committees.

Management changes

Northwest's global leadership team consists of experienced healthcare real estate and asset management, leaders:

i. Mr. Craig Mitchell, formerly President, was appointed interim CEO on August 8, 2023, and permanent CEO as of October 23, 2023. Mr. Mitchell joined Northwest in 2018 as CEO for Australia and New Zealand, was a member of the global management team and assumed a global leadership role with funds and operations when he was named President in 2020. The decision to appoint Craig was made by the Board of Trustees of the REIT, following a process conducted by the Board's Compensation, Governance and Nominating Committee (the 'CG&N'), which included an evaluation of Craig's performance as Interim CEO, and the receipt of the recommendation of the CG&N to the Board;

ii. Mr. Michael Brady was appointed President on August 8, 2023 (formerly Executive Vice President, General Counsel and Corporate Secretary). Mr. Brady brings decades of experience with Northwest and in the commercial real estate sector in Canada and globally;

iii. On October 18, 2023, Mr. Shailen Chande resigned from his role as Northwest's Chief Financial Officer;

iv. Ms. Karen Martin was appointed Interim CFO on October 30, 2023. Ms. Martin brings an impressive resume, previously serving as Executive Vice President and Treasurer at Element Fleet Management Corp. (formerly Element Financial Corporation), one of the world's largest publicly traded fleet management companies; and

v. Ms. Tracey Whittall was appointed as Chief Operating Officer effective as of February 26, 2024. Peter Riggin, the former COO, is transitioning into retirement and will remain with the REIT as an advisor until June 30, 2024.

SUBSEQUENT EVENTS

Class B exchangeable units

The Class B exchangeable units of a subsidiary of the REIT are exchangeable into trust units at the option of the holder. Special voting units attached to the exchangeable Class B exchangeable Special voting units have no economic entitlement in the REIT. However, it entitles the holder to one vote per special voting unit at any meeting of the unitholders. The special voting units are only issued in tandem with Class B exchangeable units and are not transferable separately from the Class B exchangeable units to which they are attached. As Class B exchangeable units are exchanged or surrendered for REIT units, the corresponding special voting units will be cancelled for no consideration.

On January 15, 2024, all 1,710,000 units were exchanged into REIT units. As a result, all special voting units attached to the exchangeable Class B exchangeable units were dissolved.

Strategic Asset Sales

Across the global portfolio, the REIT is in negotiation for sales of non-core assets and unlisted securities and has completed the following activities subsequent to December 31, 2023:

- Subsequent to December 31, 2023, the REIT sold five properties in the Americas and one property in Australasia currently classified as assets held for sale at year end at their fair value of $41.8 million. The proceeds were used to pay directly attributable debt of $22.3 million and the remaining proceeds were used to repay variable rate debt.
- Subsequent to December 31, 2023, the REIT redeemed $15.5 million of its investment in unlisted securities under the terms of an existing agreement. The proceeds were used towards repaying the remaining amount outstanding of the Australasian term debt, secured by the underlying unlisted securities.

Refinancings

Subsequent to December 31st, the REIT extended the maturity date of its revolving credit facility with a general security arrangement and outstanding balance of $125.0 million to March 31, 2025 from November 2024.

Subsequent to December 31, 2023, the REIT refinanced the terms of its $172.0 million Australasian secured term loan that bears interest of 7.9% to extend the maturity by two years to March 2027.

Subsequent to year end, the REIT refinanced and amended Canadian mortgages totaling of $39.8 million maturing in the upcoming year, bearing weighted average interest rate of 5.04% with new mortgages of $$40.4 million, bearing weighted average interest rate of 7.30% with weighted average term to maturity extended by 2.6 years.

On March 13, 2024, Vital Trust extended the weighted average term to maturity by approximately 4 years for term debts of $430 million, bearing interest at 6.13%, of which $177.0 million were maturing in 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The REIT's Board of Trustees (the "Board") and its management are committed to sustainability through the environment, social, and governance ("ESG") policies and practices of the organization. The REIT's Board of Trustees oversees the REIT's strategy and approach to ESG matters. The Board reviewed and approved the REIT's sustainability strategy and receives quarterly reports from management on the REIT's progress on ESG initiatives.

Internally, the REIT refers to its ESG initiatives as "sustainability initiatives". Our sustainability program attempts to amplify the collective impact of our own operators together with our tenant partners and other engaged stakeholders..

ESG is a focus of the REIT which we believe will, in time, add value to our unit holders.

Environmental, social, and governance sensitivities have long been part of the REIT's culture and ethos. This comes from being a real estate partner to healthcare providers across eight countries. The organization believes that ESG issues have played, and will continue to play, an important part in defining the REIT, given the REIT's focus on healthcare real estate and the impact that role can have on improving the provision of healthcare services as delivered by the REIT's tenant partners. The REIT has consistently focused on partnering with healthcare providers to provide well-located, appropriately appointed, and safe facilities in which our tenants can provide their services. Since its inception the REIT has recognized that its efforts would impact not only its tenants, but also patients at the REIT's properties. As such, the REIT has been cognizant of the social impact its properties can have on the surrounding community as a whole.

In progressing on key sustainability initiatives, during 2023, the REIT:

- Continued to advance its alignment with the guidelines for future reporting requirements across the organization (i.e., ISSB IFRS S1 & S2 for Northwest and the Task Force on Climate-Related Financial Disclosure ("TCFD") for Northwest's subsidiary, Vital Healthcare Property Trust).
- Finalized an ESG reporting diagnostic with a third-party advisor to support the REIT's goal of enhancing its sustainability disclosures.
- Advanced a variety of property-level initiatives, including updating emergency preparedness plans and energy audits.
- Continued execution of its property-level workplans with the learnings from its first global survey of its ~2,000 tenants to drive efforts to maximize tenant satisfaction.

The REIT's most recent versions of its ESG Policy, Environmental Management System (EMS) documentation, and Sustainability Report are available on the REIT's website. The information contained on the REIT's website is not incorporated by reference into this MD&A.

TABLE OF CONTENTS

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**", the "**REIT**" or the "**Trust**") should be read in conjunction with the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2023, prepared in accordance with IFRS Accounting Standards ("**IFRS**"). All amounts are presented in thousands of Canadian dollars, except where otherwise stated. Per unit amounts are presented in Canadian dollars, and are calculated using an aggregate of REIT Units and 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 14, 2024 (the "**Annual Information Form**") and the REIT's Management Information Circular dated April 17, 2023 (the "**Circular**"). This MD&A is current as of March 14, 2024 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.sedarplus.ca.

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:
  - NWH.DB.G;
  - NWH.DB.H;
  - NWH.DB.I.
- "**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 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 and repay maturing debt obligations;
- the ability to close and impact of assets classified as held for sale
- any projections of financial performance of the REIT for the periods set out herein; including normalized, run-rate, contracted or stabilized metrics;
- development opportunities including estimated completion date, estimated project cost, estimated project cost to complete and anticipated project yield;
- 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, (i) the REIT's properties continuing to perform as they have recently, (ii) development opportunities being completed on time and on-budget, (iii) demographic and industry trends remaining unchanged, (iv) future levels of indebtedness remaining stable, (v) the ability to access debt and equity capital, (vi) the tax laws as currently in effect remaining unchanged, (vii) the current economic and political conditions in the countries in which the REIT operates remaining unchanged (including exchange rates remaining constant, local real estate conditions remaining strong, interest rates remaining at current levels and the impacts of COVID-19 on the REIT's business ameliorating or remaining stable), (viii) anticipated capital expenditures, (ix) future general and administrative expenses (including estimated synergies resulting therefrom) and (x) 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, 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 (loss);
- Cash flows from operations;
- Funds from operations ("**FFO**");
- Adjusted funds from operations ("**AFFO**");
- Weighted average lease expiry ("**WALE**");
- Weighted average interest rate ("**WAIR**");
- Occupancy levels;
- Assets Under Management ("**AUM**")
- Debt - Declaration of Trust;
- Debt - Including Convertible Debentures;
- Adjusted EBITDA;
- Net operating income ("**NOI**");
- Net Asset Value ("**NAV**") and Net Asset Value per unit ("**NAV/unit**");
- Constant Currency Same Property NOI ("**SPNOI**")

Explanation of Non Financial Information used in this MD&A

"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.

The REIT's "**WAIR**" includes secured debt with fixed interest rates, including secured variable rate debt hedged with fixed rate swaps, and excludes debt classified as held for sale, secured and unsecured 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.

"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.

"**AUM**" is key to evaluating trends in earnings. AUM is the main driver for investment property income and management fees. Growth in AUM is driven by the REIT's direct investments and investments managed on behalf of third-party investors. For reporting purposes, the REIT calculates AUM as the sum of fair value of investment properties and properties under development, loans receivables, finance lease assets, real estate related financial instruments, assets held for sale and the third-party share of investment in the aforementioned.

Explanation of certain IFRS and supplementary financial measures used in this MD&A

This MD&A contains the supplementary financial measures described below.

"**NOI**" is an industry term in widespread use. NOI as calculated by the REIT based on its IFRS financial statements may not be comparable to similarly titled measures reported by other issuers. The REIT considers NOI a meaningful measure of operating performance of its property assets, prior to financing considerations. NOI is defined as income from properties after operating expenses and is the same as Net Property Operating Income on the REIT's IFRS financial statements.

"**Debt - Declaration of Trust**" is a supplementary 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, as reported in the consolidated financial statements and excludes the Class B LP Units and the REIT's Convertible Debentures. The Debt - Declaration of Trust is used to measure a ratio based on total assets (or sometimes referred to as 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 supplementary 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 as reported in the REIT's consolidated financial statements. 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. 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.

Explanation of non-IFRS financial measures and non-IFRS financial ratios used in this MD&A

This MD&A contains the non-IFRS financial measures and non-IFRS ratios described below. These non-IFRS financial measures and non-IFRS ratios are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other publicly traded companies.

"**FFO**" and "**AFFO**" are 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 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 flows 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.

"**FFO**" is a non-IFRS financial measure defined as net income (loss) (as computed in accordance with IFRS), excluding:

(i) fair value adjustments on investment properties;
(ii) gains (losses) from sales of investment properties;
(iii) fair value adjustments and other effects of redeemable units classified as liabilities;
(iv) fair value adjustments on convertible debentures;
(v) payments of premiums on derivative financial instruments;
(vi) fair value adjustment of unit-based liabilities;
(vii) revaluation adjustments of financial liabilities;
(viii) unrealized foreign exchange gains and losses;
(ix) deferred income tax expense;
(x) transaction costs;
(xi) convertible debentures issuance costs;
(xii) internal leasing costs;
(xiii) property taxes accounted for under IFRIC 21, Levies;
(xiv) amortization on Right of Use ('ROU') assets, net of payments on leases where the REIT is a lessee;
(xv) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination;
(xvi) results of discontinued operations; and including
(xvii) the cash flow benefit to the REIT of certain ANZ Manager fees which are eliminated on consolidation but benefit the REIT to the extent of the non-controlling interests,
(xviii) all after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.
(xix) In addition, FFO is being adjusted for net losses incurred with respect to an investment in unlisted securities, and the portion of financing and interest costs attributable to short-term arrangements and certain G&A expenses that, in each case, management views as not reflective of recurring earnings from core operations (collectively, the "**Other FFO Adjustments**").

REALPAC has established a standardized definition of FFO in a white paper dated January 2022 ("**REALPAC Guidance**"). The REIT's FFO definition differs from the REALPAC Guidance in that, when calculating FFO, the REIT excludes the revaluation of financial liabilities, payments of premiums on derivative financial instruments, unrealized foreign exchange gains and losses and certain transaction costs; and makes the Other FFO Adjustments. See **"PART III – RESULTS FROM OPERATIONS – FUNDS FROM OPERATIONS ("FFO")".**

"**FFO per Unit"** or sometimes presented as "**FFO/unit**" is a non-IFRS ratio defined as FFO divided by the weighted average number of units outstanding during the period. **"FFO per Unit - diluted"** sometimes presented as "**FFO/unit - diluted**" is a non-IFRS ratio defined as FFO divided by the diluted weighted average number of units outstanding during the period. Diluted units includes vested but unexercised deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual exercise or 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**" is a non-IFRS financial measure defined as FFO, subject to certain adjustments, including:

(i) amortization of fair value mark-to-market adjustments on mortgages acquired;
(ii) amortization of transactional deferred financing charges;
(iii) differences, if any, resulting from recognizing property revenues on a straight line basis as opposed to contractual rental amounts;
(iv) stabilized amounts for tenant inducements, leasing costs, and sustaining capital expenditures;
(v) compensation expense related to unit based incentive plans; and
(vi) all after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect AFFO on the same basis as consolidated properties.

Other adjustments may be made to AFFO as determined by management at its discretion. Management's definition of AFFO is intended to reflect a stabilized business environment. The REIT's AFFO definition differs from the REALPAC Guidance in that, when calculating AFFO, the REIT makes adjustments to AFFO for amortization of fair value mark-to-market adjustments on mortgages acquired, amortization of transactional deferred financing charges, compensation expense related to unit based incentive plans, and net adjustments for equity accounted investments. See "**PART III – RESULTS FROM OPERATIONS – ADJUSTED FUNDS FROM OPERATIONS ("AFFO")**".

"**AFFO per Unit"** or sometimes presented as "**AFFO/unit**" is a non-IFRS ratio defined as AFFO divided by the weighted average number of units outstanding during the period. **"AFFO per Unit - diluted"** sometimes presented as "**AFFO/unit - diluted**" is a non-IFRS ratio defined as FFO divided by the diluted weighted average number of units outstanding during the period, calculated using same methodology as 'FFO/ unit - diluted'.

In January 2022, REALPAC issued amendments to white papers with recommendations for calculations of FFO and AFFO. The REIT reviewed the REALPAC white papers and determined its FFO and AFFO definitions are substantially aligned with the white paper guidelines with some exceptions, which are outlined in PART III - RESULTS FROM OPERATIONS. We have provided an analysis of FFO and AFFO (including reconciliations to net income) under **PART III - RESULTS FROM OPERATIONS, FUNDS FROM OPERATIONS ("FFO")** and **ADJUSTED FUNDS FROM OPERATIONS ("AFFO")**.

"**AFFO Payout Ratio**" is a non-IFRS ratio used by management to assess the sustainability of the REIT's distribution payments. The ratio is calculated using cash distributions declared divided by AFFO.

"**EBITDA**" is a non-IFRS financial measure defined as net 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 financial measure defined as EBITDA excluding: IFRS fair value changes associated with investment properties and financial instruments, Unit-based compensation expense, foreign exchange gains and losses, gains and losses on disposal of investment properties, adjustments for equity accounted investments, as well as, other items from time-to-time 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. For a reconciliation of EBITDA and Adjusted EBITDA to income (Loss) before taxes, please see "**PART IV – CAPITALIZATION AND LIQUIDITY – RATIOS AND COVENANTS**".

"Investment Properties on a proportionate basis" is a non-IFRS financial measure defined as the REIT's total investment properties balance adjusted to be reflected on a proportionately consolidated basis at the REIT's ownership percentage. We have provided an analysis of investment properties on a proportionate basis (including a reconciliation to consolidated investment properties) under "**PART II – BUSINESS OVERVIEW – INVESTMENT PROPERTIES**".

"**Proportionate Management Fees**" is a non-IFRS financial measure defined as the REIT's total management fees earned from third parties adjusted to be reflected on a proportionately consolidated basis at the REIT's ownership percentage. We have provided an analysis of proportionate management fees (including a reconciliation to consolidated management fees) under "**PART III – RESULTS FROM OPERATIONS – NET INCOME**".

"**Interest Coverage**" is a non-IFRS ratio calculated as Adjusted EBITDA divided by mortgage and loan interest expense less debt repayment costs ("**Adjusted mortgage and loan interest expense**"). The interest coverage ratio is useful in determining the REIT's ability to service the interest requirements of its outstanding debt. Please see "**PART IV – CAPITALIZATION AND LIQUIDITY – RATIOS AND COVENANTS**".

"**Cash Flows from Operating Activities Attributable to Unitholders**" is a non-IFRS financial measure define as cash generated from operations after providing for operating capital requirements, and is useful to evaluate the REIT's ability to fund distributions to Unitholders. We have provided an analysis of cash flows from operating activities attributable to unitholders (including a reconciliation to cash flow from operating activities) under "**PART III – RESULTS FROM OPERATIONS – DISTRIBUTIONS**".

“**Distributions**” is a non-IFRS financial measure defined as 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. We have provided an analysis of distributions (including a reconciliation to distributions to trust unitholders) under “**PART III – RESULTS FROM OPERATIONS – DISTRIBUTIONS**”.

“**Net Asset Value**” or **“NAV”** is a non-IFRS financial measure, defined as total assets less total liabilities and non-controlling interests, adjusted further to exclude the REIT’s proportionate share of the following: goodwill, Unit-based compensation liabilities, deferred tax liabilities derivative instruments (except financial instruments related to investment interest in real estate assets), Class B LP Unit liability and adjusted to reflect the fair value increase of the Global Manager. “**NAV per Unit”** or sometimes presented as “**NAV/unit**” is a non-IFRS ratio 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 intrinsic value of the REIT’s units. We have provided an analysis of NAV (including a reconciliation to total assets) under **PART IX - NET ASSET VALUE**.

“**Constant Currency Same Property NOI**”, sometimes also presented as “**Same Property NOI”** or **"SPNOI",** is a non-IFRS financial measure, defined as NOI for investment properties that were owned for a full reporting period in both the current and comparative year, subject to certain adjustments including: (i) straight-line rental revenue recognition; (ii) amortization of operating leases; (iii) lease termination fees; and (iv) non-recurring transactions that are not expected to recur (v) excluding properties held for redevelopment and (vi) excluding impacts of foreign currency translation by converting the foreign currency denominated SPNOI from comparative periods at current period average exchange rates. Management considers Same Property NOI to be a key operating metric useful in understanding period-over-period changes in NOI due to occupancy, rental rates, operating costs and realty taxes, before considering the changes in NOI that can be attributed to the transactions and development activities.

We have provided an analysis of NOI (including reconciliations of SPNOI to NOI) under **PART III - RESULTS FROM OPERATIONS - NET OPERATING INCOME**.

KEY PERFORMANCE DRIVERS

In addition to monitoring and analyzing the performance of operations through the measures outlined above, 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, including mortgages, credit facilities, and term debt, with terms and conditions that are cost effective; and
- the ability to acquire and develop new properties on a yield accretive basis that enhance the REIT’s portfolio.

PART II – BUSINESS OVERVIEW

BUSINESS OVERVIEW AND STRATEGIC DIRECTION

On August 8, 2023, the REIT announced that a Strategic Review Committee was formed to assess the best course of action for the REIT's next phase of development and growth. Working with management, the Committee has retained financial advisors. There is no certainty that any changes will result from the Committee's review. The REIT does not intend to comment further on the review until it determines that additional disclosure is appropriate or required.

Looking ahead to 2024 and into 2025, the REIT's focus will include:

- Maximize value for our unitholders;
- Explore opportunities to surface embedded value from within our portfolio;
- Strengthen our executive teams while continuing to manage G&A costs;
- Become an institutional quality REIT through continuing to strengthen our balance sheet; and
- Continue to simplify our geographic footprint, and improve efficiencies in all our markets.

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 December 31, 2023, the REIT was in compliance with all investment guidelines and operating policies stipulated in the Declaration of Trust.

RELATIONSHIP WITH NWVP

As announced on August 8, 2023, Paul Dalla Lana resigned from the Board of Trustees of the REIT and resigned as Chief Executive Officer ("CEO") of the REIT. The Class B exchangeable units of NWI LP are entirely held by Northwest Value Partners Inc. ("NWVP"), an entity controlled by Mr. Dalla Lana, and it's affiliates (subsequently redeemed for REIT units, see **Subsequent Events**). NWVP and its affiliates also hold an interest in REIT units. Pursuant to the amended and restated Declaration of Trust dated May 15, 2015 NWVP has certain rights to appoint trustees to the REIT's Board of Trustees. As at December 31, 2023 NWVP does not have a representative on the Board of Trustees, and accordingly neither Paul Dalla Lana nor NWVP are deemed to be related parties..

PORTFOLIO PROFILE

The REIT provides investors with access to a portfolio of high quality healthcare real estate comprised of interests in a diversified portfolio of 219 income-producing properties and 17.7 million square feet of gross leasable area located throughout major markets in the Americas, Europe, and Australasia.

Americas: The REIT's Americas platform consists of:

- Medical office buildings ("MOBs") and healthcare related facilities comprised of high quality real estate tenancies across both Canada and the US. Canadian MOBs offer stable cash flow supported by the Canadian publicly funded healthcare system. In addition to the MOBs, US properties include hospitals with long-term, triple-net, inflation-indexed leases, providing consistent organic growth ("US Portfolio").
- Institutional quality, core healthcare infrastructure assets in Brazil located in strategic markets including São Paulo, Brasilia and Rio de Janeiro delivering stable cash flow with long-term, triple-net, inflation-indexed leases, providing consistent organic growth.

Europe: The REIT's investment in Europe consists of:

- 30% interest in a joint venture ("European JV") with a third party institutional partner that is equity accounted for under IFRS and has initial seed investments in hospitals and rehabilitation clinics located in the major markets. For certain investment properties in the joint venture, the REIT holds a direct 5% in the subject properties. As a result the effective interest in the subject properties is 33.57%.
- Direct interest in high quality MOBs, hospitals, medical clinics and life sciences assets located in the major markets including Berlin, and Frankfurt in Germany; Netherlands; and in the United Kingdom ("UK Portfolio").

The assets are supported by fully integrated property management and asset management capabilities allowing for efficient operation and deal sourcing.

Australia/New Zealand ("Australasia"): The REIT has exposure to a portfolio of hospitals, medical centers, life sciences assets and aged care facilities through:

- an approximate 28.6% interest in New Zealand Stock Exchange ("NZX") listed Vital Healthcare Properties Trust ("Vital Trust") which is consolidated by the REIT for financial reporting purposes.
- 30% interest in JVs with a third party institutional investor that is equity accounted for under IFRS (certain investments proportionately consolidated).

The Australasian portfolio generates stable and growing cash flows underpinned by tenancies of high quality hospital and healthcare operators with long-term, inflation-indexed leases.

Global Asset Manager: The REIT's Global Asset Manager is a fully integrated operation comprised of leading investment, development, asset management and property operations professionals, with offices located in Canada, Brazil, Europe, Australia and New Zealand. The Global Asset Manager derives fees from $5.6 billion of third-party capital deployed (December 31, 2022 - $6.1 billion), and is scaled to support the remaining available capacity.

Investments in Joint Ventures: As at December 31, 2023, Northwest had interests in joint ventures that it accounts for using the equity accounting method. The REIT's joint ventures are as follows:

Equity Accounted Investment	Ownership Interest	Location	Term
NWI Galaxy JV GmbH & Co. KG ("European JV")	30%	Europe	11 years
NorthWest Australia HSO Trust	30%	Australia	Perpetuity
NorthWest Australia Hospital Investment Trust	30%	Australia	Perpetuity
Northwest Healthcare Properties Australia REIT ("AREIT")	30%	Australia	Perpetuity
NorthWest Australia Hospital Investment Galaxy 2 Trust	30%	Australia	Perpetuity

For certain investment properties held by the REIT's European joint venture, the REIT also holds a direct 5% in the subject properties. As a result, the effective interest in the subject properties is 33.57%.

Investments in Real Estate Businesses: The REIT owns an approximate 28.6% interest in New Zealand Stock Exchange ("NZX") listed Vital Healthcare Properties Trust ("Vital Trust") which is consolidated at 100% by the REIT for financial reporting purposes.

Northwest manages Vital Trust ("Vital") and is its largest Unitholder. Northwest provides management services to Vital and Vital's Unit Holders. Vital is New Zealand's largest specialist and only listed landlord of healthcare real estate.

As Manager of Vital, Northwest's primary responsibilities include the day-to-day administration of Vital, portfolio management, sourcing new opportunities and conducting due diligence on potential acquisitions. The Manager is also responsible for providing specialist property management, project management, development management and leasing services to the Trust.

The table below summarizes the REIT's managed funds as at December 31, 2023:

FUNDS UNDER MANAGEMENT AND CAPITAL COMMITMENTS

Cdn$ Billions	Total Commitment	Capital Deployed	Capital Allocated	Available Capacity	REIT Ownership	Term
Australian Core Hospital JV	3.3	2.3	0.8	0.2	30%	Perpetuity
Australian Core Hospital JV 2	2.2	—	—	2.2	30%	Perpetuity
Vital Trust	2.7	2.7	—	Open	28%	Perpetuity
European JV	2.9	0.6	—	2.3	30%	11 Years
Total	**11.1**	**5.6**	**0.8**	**4.7**		

The following table summarizes the REIT's assets by region as at December 31, 2023:

SUMMARY OF ASSETS

	Americas	Europe (1)	Australasia (2) (3)	Consolidated Total (4)
Number of Properties	87	69	63	219
Asset Mix	69% MOB & 30% Hospitals & Healthcare Facilities & 1% Life Sciences	52% MOB & 46% Hospitals & Healthcare Facilities & 2% Life Sciences	19% MOB & 78% Hospitals & Healthcare Facilities & 3% Life Sciences	49% MOB & 49% Hospitals & Healthcare Facilities & 2% Life Sciences
Gross Leasable Area ("GLA") (million sf)	6.5	5.4	5.8	17.7
Total Assets (Cdn$ millions)	$2,550	$1,725	$3,274	$7,629
Occupancy	94%	97%	99%	97%
WALE (Years)	9.5	14.8	15.8	13.3
Average Building Age (Years)	25	27	15	22
Weighted Average Implied Cap Rate	6.9%	6.0%	5.2%	5.9%

Notes

(1) Shown at 100% ownership for assets held as part of JVs.

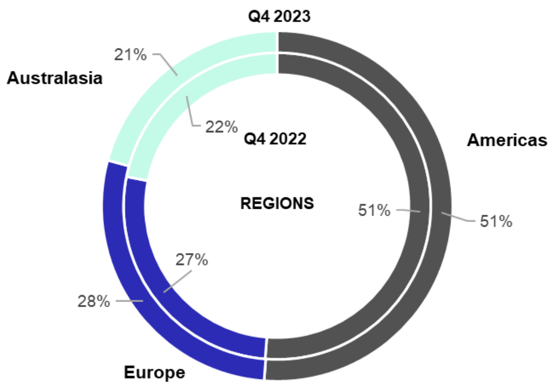
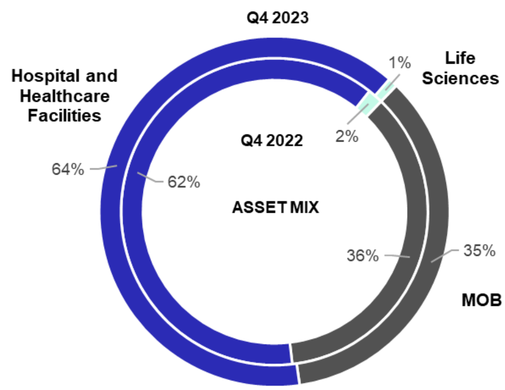
(2) Shown on a 100% basis. The REIT has an approximate 28.6% interest in Vital Trust within Australasia and consolidates its investment in Vital Trust for financial reporting under IFRS.

(3) Australia within Australasia is shown at 100% ownership for assets held as part of JVs.

(4) Consolidated Total includes corporate assets, and Global Manager.

Diversification of Assets

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

Geographic Profile by NOI (Year-over-Year)	Asset Mix by NOI (Year-over-Year)
	

Notes

(1) Based on Q4 2023 and Q4 2022 actual NOI.

(2) Vital Trust within Australasia is shown on a proportionate basis. The REIT has an approximate 28.6% ownership interest in Vital Trust and consolidates its investment in Vital Trust.

(3) The European JV and Australian JVs are shown on a proportionate basis. The REIT owns 30% - 33.57% interest in its JV portfolios.

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

Hospital and other healthcare facilities are typically leased to a single tenant or hospital operator under long-term, inflation indexed, triple net lease structures in which the REIT does not absorb any material property operating cost or CAPEX risk.

Life Sciences are an emerging class of assets that are primarily leased to life science users with a focus on research and development, under long-term leases.

Tenant Mix

The following table summarizes the REIT's 10 largest tenants by percentage of proportionate revenue for the three months ended December 31, 2023:

10 LARGEST TENANTS BY PERCENTAGE OF RENT

	Tenant	Region	%	# of locations
1	Rede D'Or	Brazil	9.9 %	7
2	Nuffield Health	Europe	5.0 %	6
3	Healthscope Limited[1]	Australasia	3.9 %	11
4	Circle Health (formerly BMI Healthcare)	Europe	2.5 %	6
5	Epworth Foundation[1]	Australasia	2.0 %	10
6	Spire Healthcare Limited	Europe	1.7 %	2
7	Aurora Healthcare[1]	Australasia	1.4 %	12
8	PrairieCare, LLC	USA	1.1 %	2
9	Stichting Albert Schweitzer Ziekenhuis[1]	Europe	1.0 %	4
10	Healthe Care Surgical Pty Ltd[1]	Australasia	1.0 %	4
			29.5 %	64

Notes:
(1) Australia and Europe are shown at proportionate ownership basis for assets held as part of the JVs or Vital Trust. The REIT owns a 30% interest in the JVs and has an approximate 28.6% interest in Vital Trust.

Further information on the REIT's five largest tenants is below:

Rede D'Or is the largest integrated health care network in Brazil. The company runs 69 own hospitals, 3 managed hospitals, and 53 specialized oncology outpatient clinics, comprising over 11,000 inpatient beds – an average of 159 beds per hospital. With more than 40 years of experience in the healthcare business, the company has solid business positions and operational scale strategically located in 13 states with the majority of the hospitals concentrated in the states of: São Paulo, Rio de Janeiro, Bahia, Federal District and Pernambuco. Since 2004, the company has grown substantially through a series of strategic partnerships and acquisitions. Rede D'or was valued at 112.5 billion reals ($22 billion) in an initial public offering priced on December 8, 2020, placing it among Brazil's 10 biggest companies by market capitalization at time.

Nuffield Health is the REIT's second largest tenant in six directly held properties, accounting in total for 5.0% of the REIT's proportionate revenues. Nuffield Health is the largest non-profit UK healthcare provider and is a registered UK charity that primarily operates 37 hospitals and 114 medical centres, fitness, and corporate wellbeing sites. The group's strategy has been to exploit synergies between private hospitals and broader wellness and fitness services. Nuffield Health has developed a strong name in the private healthcare space primarily accommodating NHS clients through patient choice. Nuffield Health has continued to invest strongly in the development and modernization of its existing hospital capacity and is in a strong financial position in terms of both profitability and growth.

Healthscope Limited ("HSO") is currently the REIT's third largest tenant, occupying 12 properties (HSO Portfolio) and accounting for 3.9% of the REIT's proportionate revenues, which takes into account the REIT's ownership level of 30% for these respective properties. HSO, formed in 1985, is Australia's second largest private hospital operator and healthcare provider with a network of 41 private hospitals across every Australian state and territory. Specializing in medical and surgical, mental health, rehabilitation and maternity services, its hospitals are concentrated in large metropolitan centers, constituting 28 acute, 7 mental health and 6 rehabilitation hospitals.

Circle Health Circle Health Group is the largest private healthcare provider in the UK with 54 hospitals and over 6,500 consultant specialists. Circle was founded in 2004 and in 2020 acquired BMI Healthcare and committed to a multi-million pound program of investment in the BMI facilities and technology. In August 2023 it was announced that Circle had been acquired for USD $1.2bn by Pure Health, the largest healthcare platform in the Middle East, the deal completed in January 2024. Circle continues to perform very well and has won 'Private Hospital Group of the Year' at the HealthInvestor awards for the last three years. In 2023 Circle was placed number 4 in the 'Top 25 best Big Companies to Work For'.

Epworth Foundation is currently the REIT's fifth largest tenant, occupying 8 properties across the Vital and Australasian JV Funds, accounting in total for 2.0% of the REIT's proportionate revenues, which takes into account the REIT's ownership level of approximately 28.6% for these respective properties. Epworth Foundation was established in 1982 to raise funds to ensure patients at Epworth HealthCare receive the best possible care. Epworth HealthCare is Victoria's largest not-for-profit private health care group, with more than 7,100 employees, including nurses, doctors, allied health professionals and support services, across nine hospitals and several specialty centers around the Melbourne metropolitan area. Epworth Foundation invest heavily in the latest technology and innovation, as well as nurse training facilities, which all assists it in attracting leading physicians and staff.

INVESTMENT PROPERTIES

The estimated fair value of investment properties as at December 31, 2023 was $6.9 billion (December 31, 2022 - $6.6 billion) representing an implied weighted average capitalization rate of 5.9% (December 31, 2022 - 5.4%).

INVESTMENT PROPERTIES

	Three months ended December 31, 2023				
	Income Producing Properties				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$2,560,776**	**$1,456,518**	**$ 2,157,910**	**$ 129,749**	**$6,304,953**
Disposition of investment properties	—	—	—	—	—
Addition to investment properties	7,185	4,703	3,437	651	15,976
Increase in straight-line rents	1,729	—	—	335	2,064
Transfers from (to) properties under development	—	—	150,228	—	150,228
Transfers from (to) assets held for sale	—	—	(2,133)	—	(2,133)
Fair value gain (loss)	(141,701)	80,224	(76,934)	(4,380)	(142,791)
Foreign currency translation	(5,438)	26,199	67,939	4,232	92,932
Closing Balance	**$2,422,551**	**$1,567,644**	**$2,300,447**	**$ 130,587**	**$ 6,421,229**
	Properties Under Development				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$ 44,703**	**$ 23,652**	**$ 484,695**	**$ —**	**$ 553,050**
Acquisitions of investment properties	—	—	—	—	—
Addition to investment properties	611	975	49,757	—	51,343
Transfers from (to) income properties	—	—	(150,228)	—	(150,228)
Transfers from (to) assets held for sale	(2,461)	—	—	—	(2,461)
Fair value gain (loss)	(532)	(5,184)	(6,876)	—	(12,592)
Foreign currency translation	55	443	13,821	—	14,319
Closing Balance	**$ 42,376**	**$ 19,886**	**$ 391,169**	**$ —**	**$ 453,431**
	Total				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$2,605,479**	**$ 1,480,170**	**$2,642,605**	**$ 129,749**	**$6,858,003**
Acquisitions of investment properties	—	—	—	—	—
Disposition of investment properties	—	—	—	—	—
Addition to investment properties	7,796	5,678	53,194	651	67,319
Increase in straight-line rents	1,729	—	—	335	2,064
Transfers from (to) assets held for sale	(2,461)	—	(2,133)	—	(4,594)
Fair value gain (loss)	(142,233)	75,040	(83,810)	(4,380)	(155,383)
Foreign currency translation	(5,383)	26,642	81,760	4,232	107,251
Closing Balance	**$2,464,927**	**$1,587,530**	**$ 2,691,616**	**$ 130,587**	**$6,874,660**

INVESTMENT PROPERTIES

	Americas	Europe	Vital Trust	Australia	Total
	Year ended December 31, 2023				
	Income Producing Properties				
Opening Balance	**$2,727,359**	**$ 684,111**	**$2,463,595**	**$ 179,009**	**$6,054,074**
Acquisitions of investment properties	—	—	51	—	51
Disposition of investment properties	—	—	(23,241)	—	(23,241)
Additions to investment properties	21,395	8,211	19,920	1,080	50,606
Increase (decrease) in straight-line rents	5,313	—	—	1,799	7,112
Transfers from (to) properties under development	28,178	—	246,712	—	274,890
Transfers from (to) assets held for sale	(214,007)	829,761	(134,809)	(33,159)	447,786
Fair value gain (loss)	(182,962)	29,801	(217,458)	(12,695)	(383,314)
Foreign currency translation	37,275	15,760	(54,323)	(5,447)	(6,735)
Closing Balance	**$2,422,551**	**$1,567,644**	**$2,300,447**	**$ 130,587**	**$6,421,229**
	Properties Under Development				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$ 51,426**	**$ 27,851**	**$ 479,184**	**$ —**	**$ 558,461**
Acquisitions of investment properties	—	—	14,585	—	14,585
Additions to investment properties	23,370	2,216	182,433	—	208,019
Increase in straight-line rents	32	—	—	—	32
Transfers from (to) income properties	(28,178)	—	(246,712)	—	(274,890)
Transfers from (to) assets held for sale	(2,461)	—	—	—	(2,461)
Fair value gain (loss)	(2,069)	(6,795)	(20,522)	—	(29,386)
Foreign currency translation	256	(3,386)	(17,799)	—	(20,929)
Closing Balance	**$ 42,376**	**$ 19,886**	**$ 391,169**	**$ —**	**$ 453,431**
	Total				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$2,778,785**	**$ 711,962**	**$2,942,779**	**$ 179,009**	**$6,612,535**
Acquisitions of investment properties	—	—	14,636	—	14,636
Disposition of investment properties	—	—	(23,241)	—	(23,241)
Additions to investment properties	44,765	10,427	202,353	1,080	258,625
Increase in straight-line rents	5,345	—	—	1,799	7,144
Transfers from (to) assets held for sale	(216,468)	829,761	(134,809)	(33,159)	445,325
Fair value gain (loss)	(185,031)	23,006	(237,980)	(12,695)	(412,700)
Foreign currency translation	37,531	12,374	(72,122)	(5,447)	(27,664)
Closing Balance	**$2,464,927**	**$1,587,530**	**$ 2,691,616**	**$ 130,587**	**$6,874,660**

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

2023 Acquisitions

During the year ended December 31, 2023, the REIT completed $14.6 million of development lands acquisition in Australasia.

2023 Dispositions

As at December 31, 2023, the REIT classified income producing properties totaling $56.0 million as assets held for sale and $18.5 million of associated property level debt as liabilities related to assets held for sale. The sales are expected to be completed within a year of when the assets have been classified as held for sale.

During the year, the REIT reclassified to income producing properties European investment properties that were previously classified as assets and liabilities related to assets held for sale of $833.5 million and related debt of $446.1 million. This was as result of the REIT exiting its exclusive negotiations regarding a new joint venture targeting healthcare real estate in the UK. The REIT incurred transaction costs of $14.2 million during the period related to the marketing of the UK portfolio, which have been expensed as transaction costs.

During the three months and year ended December 31, 2023, the REIT disposed of investment properties for total proceeds of $162.8 million and $360.7 million, respectively, $337.5 million of which had been reclassified as assets held for sale during the year.

DISPOSITIONS

Region	Quarter	Disposition proceeds (in millions)	Property specific debt (in millions)
Americas	Q2	$ 74.2	$ —
Australasia	Q2	$ 48.8	$ —
Australasia	Q3	$ 74.9	$ —
Americas	Q4	$ 74.4	$ 28.5
Australasia	Q4	$ 88.4	$ 25.1
Total		**$ 360.7**	**$ 53.6**

Valuation of Investment Properties

The estimated fair values of the income producing properties at December 31, 2023 were determined either on internal valuation models incorporating available market evidence or on valuations performed by independent third party appraisers. During the three months and year ended December 31, 2023, income producing properties with an aggregate estimated fair value of $3.6 billion and $5.6 billion, respectively, representing approximately 82% of the REIT's portfolio, (for the year ended December 31, 2022 - $0.1 billion and $4.4 billion, respectively, representing approximately 78.1% of the REIT's portfolio) were valued by independent third party appraisers.

During the three months and year ended December 31, 2023, the REIT recorded a fair value loss on income producing properties of $157.6 million and $571.8 million, respectively. The fair value loss for the three months and year ended December 31, 2023, was attributable to a change in valuation parameters across the portfolio, mainly as a result of cap rate expansion in consideration of the interest rate environments in which the REIT operates, among other considerations.

As at December 31, 2023, the weighted average capitalization rate increased to 5.9% for the consolidated portfolio as compared to 5.4% as at December 31, 2022.

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 cost goals of each project.

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

MAJOR DEVELOPMENT ACTIVITY BY REGION						
	Number of Projects	Estimated Completion Date	Estimated Project Costs	Estimated Costs to Complete	% Pre-leased	Anticipated Project Yield
Australasia	10	Q1 2024 - Q2 2026	425,959	187,692	67 %	5.6 %
Europe	1	Q2 2024	19,883	3,363	84 %	5.2 %
	11		$ 445,842	$ 191,055	68 %	

Estimated total cost includes anticipated acquisition costs, 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. Value accretion is based on stabilized value upon completion less project costs.

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

Australasia

The REIT currently has a total of 10 active expansion projects in Australasia within the Vital Trust and JV funds, with completion dates ranging from the first quarter of 2024 to the second quarter of 2026. Projects include a mix of modernization and expansion projects at acute surgical and mental health facilities to meet the growing demand for healthcare services. The developments are expected to be funded through existing resources. Expansion projects are approximately 67% leased at premium yields and expected to generate significant NAV growth on completion. The REIT's share of Australasian development costs is $119.7 million of which the estimated costs to complete is $52.7 million.

In addition to those projects included in the table above, Vital Trust has an active pipeline of potential expansions and developments that are expected to replace development completions over time.

Europe

Europe currently has one German development under construction with scheduled completion in the second quarter of 2024.

LEASING COSTS AND CAPITAL EXPENDITURES

LEASING COSTS AND CAPITAL EXPENDITURES	Three months ended December 31, 2023				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Additions to investment properties					
Leasing costs [1]	$ 862	$ —	$ 990	$ 71	$ 1,923
Tenant improvements [2]	2,432	438	2,386	459	5,715
Maintenance capital expenditures	1,035	3,830	60	113	5,038
Other capital expenditures	2,955	434	—	—	3,389
	7,284	4,702	3,436	643	16,065
Internal leasing costs expensed	396	66	—	—	462
	7,680	4,768	3,436	643	16,527
Less:					
Recoverable maintenance capital expenditures	(1,029)	(288)	—	—	(1,317)
Other value enhancing and non-recurring capital expenditures	(2,735)	(114)	(3,367)	(571)	(6,787)
Leasing costs and non-recoverable maintenance capital expenditures	**$ 3,916**	**$ 4,366**	**$ 69**	**$ 72**	**$ 8,423**
AFFO adjustment for leasing costs and non-recoverable maintenance capital expenditures [3]	**$ 2,298**	**$ 789**	**$ 69**	**$ 72**	**$ 3,228**

LEASING COSTS AND CAPITAL EXPENDITURES					
Leasing costs and non-recoverable maintenance capital expenditures in excess (below) of AFFO adjustment	**$ 1,618**	**$ 3,577**	**$ —**	**$ —**	**$ 5,195**

	Year ended December 31, 2023				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Additions to investment properties					
Leasing costs [1]	$ 3,062	$ —	$ 7,537	$ 84	$ 10,683
Tenant improvements [2]	7,221	1,701	11,793	774	21,489
Maintenance capital expenditures	3,333	5,486	589	221	9,629
Other capital expenditures	7,879	1,305	—	1	9,185
	21,495	8,492	19,919	1,080	50,986
Internal leasing costs expensed	1,656	276	—	—	1,932
	23,151	8,768	19,919	1,080	52,918
Less:					
Recoverable maintenance capital expenditures	(3,200)	(297)	—	—	(3,497)
Other value enhancing and non-recurring capital expenditures	(6,147)	(1,470)	(19,322)	(614)	(27,553)
Leasing costs and non-recoverable maintenance capital expenditures	**$ 13,804**	**$ 7,001**	**$ 597**	**$ 466**	**$ 21,868**
AFFO adjustment for leasing costs and non-recoverable maintenance capital expenditures [3]	**$ 9,465**	**$ 3,054**	**$ 597**	**$ 466**	**$ 13,582**
Leasing costs and non-recoverable maintenance capital expenditures in excess (below) of AFFO adjustment	**$ 4,339**	**$ 3,947**	**$ —**	**$ —**	**$ 8,286**

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 and maintenance activities.

(3) In Canada within the Americas segment and in Europe, 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 MOBs in Canada within Americas and in Europe when determining AFFO. In Brazil and US within Americas 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.

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 Europe 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% per annum LC and CAPEX reserves for Canadian and Europe 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.

Americas

In the Americas portfolio 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 and year ended December 31, 2023 additions for the Americas investment properties totaled $7.3 and $21.5 million. During the quarter, leasing costs of $2.8 million included costs attributable to eleven transactions in the Canadian portfolio, of which seven were lease renewals and expansions with an aggregate WALE of 14.3 years. Included in other value enhancing and non-recurring capital expenditures for the quarter were leasing costs incurred for a recently developed property.

The REIT's hospitals in Brazil are leased to single tenant, hospital operators under long-term, inflation indexed triple net lease structures, as a result, the REIT does not incur any leasing or capital expenditures.

Europe

On a quarterly basis leasing cost, tenant improvements and capital expenditures can fluctuate and as such, should not be regarded as stabilized. Additions to the European investment properties for the three months and year ended December 31, 2023 were $4.7 and $8.5 million.

Included in the value enhancing and non-recurring capital expenditures for the three months and year ended December 31, 2023 were primarily (i) tenant fit-out in the Berlin, Lübeck, Ingolstadt and Leipzig Demmering and (ii) non-recurring capex including ventilation system upgrades, fire protection enhancements, sewage pipe renewal, and repairs of roof leakages and construction defects in Berlin, Hamburg, and Lübeck.

Australasia

The majority of Australasian assets, including Vital Trust, represent hospitals leased to single tenant, hospital operators under long-term, inflation indexed, triple net lease structures. As a result, the Australasian portfolio does not incur significant leasing or maintenance capital expenditures. For Australasian 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 in determining AFFO due to the significant proportion of Australasian portfolio comprised of triple net leased hospitals.

During the three months and year ended December 31, 2023, additions to the Australasian investment properties totaled $4.1 and $21.0 million which were largely attributable to Tenant improvements works and Tenant Incentives.

PART III – RESULTS FROM OPERATIONS

NET INCOME (LOSS)

The following is a summary of selected financial information from the consolidated statements of income (loss) and comprehensive income (loss) for the three months and year ended December 31, 2023 and 2022:

RESULTS FROM OPERATIONS

	Three months ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
Net Operating Income				
Revenue from investment properties	$ 123,986	$ 119,079	$ 507,996	$ 452,198
Property operating costs	(25,903)	(26,224)	(121,374)	(103,846)
Net Operating Income (NOI)	**98,083**	**92,855**	**386,622**	**348,352**
Other income				
Share of profit (loss) from equity accounted investments	685	(10,594)	(19,232)	11,971
Management fees	4,216	417	15,355	15,876
Development revenue	—	—	—	3,746
Interest and other	2,596	3,573	18,559	13,414
	7,497	**(6,604)**	**14,682**	**45,007**
	105,580	**86,251**	**401,304**	**393,359**
Expenses and Other				
Mortgage and loan interest expense	(57,142)	(49,859)	(224,692)	(148,634)
General and administrative expenses	(12,332)	(12,310)	(57,567)	(47,870)
Transaction costs	(16,294)	(12,501)	(50,982)	(28,359)
Other finance (costs) income	5,310	(2,240)	18,782	(9,121)
Foreign exchange gain (loss)	(9,993)	8,485	(2,506)	9,262
Development costs	—	—	—	(3,430)
Income (loss) before the under noted items	**15,129**	**17,826**	**84,339**	**165,207**
Fair value adjustment of Unit-Based Liability	(1,461)	3,381	10,814	10,236
Fair value adjustment of investment properties	(157,571)	(147,224)	(571,760)	(28,800)
Gain (loss) on financial instruments	(36,622)	(1,620)	(22,418)	58,281
Income (loss) before taxes	**(180,525)**	**(127,637)**	**(499,025)**	**204,924**
Current tax expense	(4,457)	(4,607)	(26,972)	(21,847)
Deferred tax (expense) recovery	(3,918)	(3,275)	45,261	(57,450)
Net income (loss)	**$ (188,900)**	**$ (135,519)**	**$ (480,736)**	**$ 125,627**
Net income (loss) attributable to:				
Unitholders	$ (136,835)	$ (100,195)	$ (347,690)	$ 64,295
Non-controlling interests	(52,065)	(35,324)	(133,046)	61,332
	$ (188,900)	**$ (135,519)**	**$ (480,736)**	**$ 125,627**

Revenue from investment properties

REVENUE FROM INVESTMENT PROPERTIES	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Americas	60,333	59,537	250,747	216,795
Europe	26,279	22,667	102,812	90,848
Australasia	37,374	36,875	154,437	144,555
Total revenue from investment properties	**123,986**	**119,079**	**507,996**	**452,198**

Revenue from investment properties for the three months ended December 31, 2023 was $124.0 million which is $4.9 million higher than the three months ended December 31, 2022. The increase is primarily attributable:

- $3.6 million increase in Europe primarily from rent escalations and inflation indexation;
- Inflation indexation in Brazil and Vital;
- Partially offset by decrease in the US, Vital and Australia relating to disposition of non-core assets during 2023.

Revenue from investment properties for the year ended December 31, 2023 was $508.0 million which is $55.8 million higher than the year ended December 31, 2022. The increase is primarily attributable to:

- Acquisition of the US portfolio in Q2 2022;
- Rent escalation, inflation indexation and cost recoveries in the Europe, and Vital portfolios and inflation indexation in the Brazil portfolio;
- Rent escalations from leasing activity and improved parking income.

See also **NET OPERATING INCOME**.

Property operating costs

PROPERTY OPERATING COSTS	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Americas	(16,313)	(18,271)	(80,815)	(69,128)
Europe	(4,636)	(3,579)	(19,551)	(15,642)
Australasia	(4,954)	(4,374)	(21,008)	(19,076)
Total property operating costs	**(25,903)**	**(26,224)**	**(121,374)**	**(103,846)**

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.

Property operating costs for the year ended December 31, 2023, were $25.9 million and $121.4 million, respectively, as compared to $26.2 million and $103.8 million for the year ended December 31, 2022, respectively. The $0.3 million decrease for the three months ended December 31, 2023 was primarily the result of increase in recoverable and non-recoverable operating costs, partially offset by non-core asset sales. The $17.5 million increase during the year ended December 31, 2023 was primarily the result of completion of acquisitions and developments.

See also **NET OPERATING INCOME**.

Share of profit (loss) of equity accounted investments

SHARE OF PROFIT/LOSS IN EQUITY ACCOUNTED INVESTMENTS

For the three months ended December 31,	2023			2022		
	Australasia	Europe	Total	Australasia	Europe	Total
Total revenues	**28,122**	**10,990**	**39,112**	27,488	8,314	35,802
Expenses						
Operating costs	**2,944**	**1,885**	**4,829**	3,025	173	3,198
Mortgage and loan interest expense	**14,937**	**6,212**	**21,149**	11,475	5,780	17,255
General and administrative expenses	**2,476**	**1,178**	**3,654**	2,511	698	3,209
Other	**582**	**188**	**770**	162	—	162
Fair value (gain) loss adjustments and transaction costs	**(7,403)**	**15,421**	**8,018**	42,574	5,182	47,756
Income tax expense	**—**	**(4,139)**	**(4,139)**	—	(1,055)	(1,055)
Net income (loss)	**$ 14,586**	**$(9,755)**	**$ 4,831**	(32,259)	(2,464)	(34,723)
Non-controlling interest	**$ 540**	**$ —**	**$ 540**	707	233	940
Net profit attributable to unitholders	**$ 14,046**	**$(9,755)**	**$ 4,291**	(32,966)	(2,697)	(35,663
Weighted average share of profits (loss)	**30.0%**	**30% to 33.57%**		30.0 %	30% to 33.57%	
REIT's share of income (loss)	**$ 4,864**	**$ (4,177)**	**$ 687**	(9,888)	(706)	(10,594)

For the year ended December 31,	2023			2022		
	Australasia	Europe	Total	Australasia	Europe	Total
Total revenues	**$ 114,642**	**$ 42,138**	**$156,780**	$ 107,439	$34,206	$ 141,645
Expenses						
Operating costs	**13,114**	**7,828**	**20,942**	11,166	5,393	16,559
Mortgage and loan interest expense	**56,833**	**24,416**	**81,249**	28,061	21,039	49,100
General and administrative expenses	**10,049**	**4,916**	**14,965**	10,581	3,396	13,977
Other	**1,152**	**497**	**1,649**	633	—	633
Fair value (gain) loss adjustments and transaction costs	**64,019**	**39,308**	**103,327**	7,917	10,494	18,411
Income tax expense	**—**	**(6,905)**	**(6,905)**	—	(1,070)	(1,070)
Net income (loss)	**$ (30,523)**	**$(27,922)**	**$(58,445**	$ 49,081	$ (5,044)	$ 44,037
Non-controlling interests	**(1,189)**	**—**	**(1,189)**	(4,738)	(233)	(4,971)
Net profit attributable to unitholders	**$ (31,712)**	**$(27,922)**	**$(59,634**	$ 44,343	$ (5,277)	$ 39,066
Weighted average share of profit (loss)	**30.0 %**	**30% to 33.57%**		30.0%	30 - 33.57%	
REIT's share of income (loss)	**$ (9,514)**	**$ (9,718)**	**$(19,232)**	$ 13,303	$ (1,332)	$ 11,971

Equity accounted investments represent the REIT's share of Australasian and European JVs with an institutional partner. The REIT's share of profit (loss) was $11.3 million higher and $31.2 million lower for the three months and year ended December 31, 2023, respectively, compared to same periods in 2022. The income of $0.7 million and loss of $19.2 million for the three months and year ended December 31, 2023, respectively, was attributable to fair value loss adjustments on investment properties, and higher mortgage and loan interest expense due to higher rates on variable interest rate debt, partially offset by higher rental revenue on leases which are indexed to inflation.

Management Fees

In exchange for its services, the Global Asset Manager earns management fees, activity-based fees for acquisitions and development , and an incentive fee from Vital Trust and joint arrangements.

With respect to investment and property management services rendered to joint arrangements, the REIT is entitled to various market-based fees.

The Global Asset Manager fees charged to Vital Trust are eliminated on consolidation as inter-company transactions but the REIT receives the benefit of approximately 71% of the fees; representing the non-controlling interest - ownership in Vital Trust.

The following table summarizes the management fees earned by Global Asset Manager for the three months and year ended December 31, 2023 and 2022:

GLOBAL MANAGER FEES

	Three months ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
Base fee	$ 7,926	$ 7,831	$ 32,289	$ 31,905
Incentive and performance fee	1,341	4,057	6,846	12,517
Trustee fees	278	279	1,161	1,100
Project and Acquisition fees	2,143	2,379	7,735	11,038
Other fees and cost reimbursements	598	(164)	598	3,108
Total Management Fees	**$ 12,286**	**$ 14,382**	**$ 48,629**	**$ 59,668**
less: inter-company elimination (1)	(8,070)	(13,965)	(33,274)	(43,792)
Consolidated Management Fees (2)	**$ 4,216**	**$ 417**	**$ 15,355**	**$ 15,876**
add: fees charged to non-controlling interests	5,621	9,900	23,324	31,189
Proportionate Management Fees (3)	**$ 9,837**	**$ 10,317**	**$ 38,679**	**$ 47,065**

Notes

(1) Management fees charged to Vital Trust are eliminated on consolidation as an inter-company transaction.

(2) Represents the reported consolidated management fees.

(3) See **Performance Measurements** in this MD&A.

Consolidated management fees for the three months and year ended December 31, 2023, increased by $3.8 million and decreased by $0.5 million, respectively, compared to the respective periods in 2022.

Project and acquisition fees for the three months ended December 31, 2023, remained flat compared to prior period. For the year ended December 31, 2023, there was a decrease of $3.3 million compared to prior periods mainly due to a decrease in acquisition and development activity in Vital Trust.

Other fees and cost reimbursements for the three months and year ended December 31, 2023 of $0.6 million relates to reimbursement costs in respect of the REIT"s investment in unlisted securities. Other fees and cost reimbursements for the three months and year ended December 31, 2022, included a nomination fee of $3.1 million with respect to an agreement under which Vital Trust was to purchase development land in Australia for the development of a new state of the art research and innovation building. In addition, for the three months ended December 31, 2022, the REIT adjusted $3.3 million of cost reimbursements that it had previously accrued in respect of an investment in unlisted securities involving a joint venture arrangement as a result of subsequent developments.

Incentive fees are calculated as a percentage of the average annual increase in Vital Trust's net tangible assets, over the respective 12month period ending June 30, 2024, and the two preceding periods. Incentive fees for the three months and year ended December 31, 2023, decreased by $2.7 million and $5.7 million, respectively, primarily driven by net tangible asset change at Vital Trust.

Development Revenue and Costs

During the first quarter of 2021, the REIT entered into an agreement with the European JV partner to develop for two investment properties for the European JV. The development properties were completed during the first half of 2022, and accordingly, there is no continuing revenue and cost activity in the period ended December 31, 2023.

Interest and other

For the three months ended December 31, 2023 and 2022, the REIT recorded interest and other income of $2.6 million and $3.6 million, respectively. For the year ended December 31, 2023 and 2022, the REIT recorded interest and other income of $18.6 million and $13.4 million, respectively.

The movement during the three months and year ended December 31, 2023 mainly relates to income related to the REIT"s investment in unlisted securities.

Mortgage and loan interest expense

The mortgage and loan interest expense for the three months and year ended December 31, 2023, were $57.1 million and $224.7 million, respectively, an increase of $7.3 million and $76.1 million, respectively, over the prior year periods. Interest expense reflects the impact of interest rate derivatives that fix variable debt exposure, including $11.1 million and $37.4 of premiums attributable to derivative financial instruments for the three months and year ended December 31, 2023, respectively. The increase in interest expense is partially attributable to higher borrowings related to property acquisitions and development activities and overall increase in in weighted average interest rates.

The composition of mortgage and loan interest expense for the three months and year ended December 31, 2023 and 2022 is as follows:

MORTGAGE AND LOAN INTEREST EXPENSE	**Three months ended December 31,**		**Year ended December 31,**	
	2023	**2022**	**2023**	**2022**
Americas				
Mortgages and Term debts	17,632	14,383	62,142	44,595
Europe				
Mortgages and Term debts	9,697	5,391	36,535	9,821
Australasia				
Term debts	14,900	14,206	63,178	45,353
Corporate				
Australasian Secured Financing	4,089	3,451	16,185	9,558
Corporate Credit Facilities	11,116	11,870	48,832	38,825
Convertible Debentures	5,861	4,351	21,135	10,546
	21,066	19,672	86,152	58,929
less: capitalized interest	(6,153)	(3,793)	(23,315)	(10,064)
Total mortgage and loan interest expense	**$ 57,142**	**$ 49,859**	**$ 224,692**	**$ 148,634**

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

Americas

Mortgage and Term loans interest expense for the three months and year ended December 31, 2023 has increased by $3.2 million and $17.5 million, respectively, compared to the respective prior year periods. The increase is primarily due to the new $140.0 million term loan bearing interest at 11.58% that the REIT entered into during the three months ended December 31, 2023 (see **Highlights for the Quarter**), the acquisition of the US portfolio on April 14, 2022 and related leverage associated with the investment properties, as well as an increase in weighted average interest rates, partially offset by refinancing of certain mortgage through incremental draws on the REIT's revolving credit facility and sale of non-core assets.

Europe

Mortgage and Term loans expense for the three months and year ended December 31, 2023, has increased by $4.3 million and $26.7 million, respectively, compared to the respective prior year periods mainly due to a term financing secured by the UK Portfolio, that was previously funded through the corporate credit facilities, that the REIT entered during the fourth quarter of 2022.

Australasia

Mortgage interest expense for the three months and year ended December 31, 2023 has increased by $0.7 million and $17.8 million over the three months and year ended December 31, 2022, respectively. The increases over the comparable prior year periods were attributable to acquisition activity as well as an increase in weighted average interest rates. During the three months ended December 31, 2023, the overall increase was partially offset by the partial repayment of the Australasian term loan secured by the unlisted securities and repayment of loans from sale of non-core assets (see **Highlights for the Quarter**).

Corporate

The increase in the interest expense for the three months and year ended December 31, 2023, over the comparable prior year period is primarily due to refinancing during the course of the year and expansion in corporate credit facilities to fund investment activities during 2022 and 2023, as well as the exposure of some credit facility tranches to variable interest rates which resulted in an overall higher weighted average interest rate. The increase is also due to interest on the series H and I convertible debentures issued in Q3 2022 and Q2 2023, respectively. The increase is partially offset by decrease in credit facility balances through partial repayment with proceeds from sales of non-core assets and partial sale and redemption of the unsecured units as well as from proceeds from the Americas new $140.0 million term loan.

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 and year ended December 31, 2023 were $12.3 million and $57.6 million, respectively, as compared to $12.3 million and $47.9 million in the respective prior year periods.

G&A for the three months and year ended December 31, 2023, includes Unit-Based Compensation Expense (as defined under **ADJUSTED FUNDS FROM OPERATIONS ("AFFO") - Unit-Based Compensation Expense)** of $0.7 million and $6.7 million, respectively (three months and year ended December 31, 2022 - $4.6 million and $11.9 million, respectively), the Unit-Based compensation expense compared to prior periods decreased due to forfeitures.

G&A, excluding amounts associated with Unit-Based Compensation Expenses, increased by approximately $5.4 million and $14.9 million over the respective prior year periods. The increase in G&A for the three months and year ended December 31, 2023, was primarily as a result of the new compensation program initiated in 2022 and local statutory filing requirements.

Transaction costs

For the three months and year ended December 31, 2023, the REIT incurred transaction costs of $16.3 million and $51.0 million, respectively (three months and year ended December 31, 2022 - $12.5 million and $28.4 million, respectively). For the three months and year ended December 31, 2023, included in transaction costs are third party costs and internal allocations related to disposition activities, investment opportunities, capital raising initiatives, the Board's Strategic Review Committee. During the year ended December 31, 2023, the REIT expensed $10.1 million of transaction costs related to exploring the sale of the REIT's UK properties to a joint venture. The REIT subsequently exited the exclusive negotiations regarding formation of a UK joint venture. Additionally, included in transaction costs for year ended December 31, 2023, is an allocation of the former CEO's management services (See **RELATED**

PARTY TRANSACTIONS) and related cost reimbursements in relation to services provided for exploring investment opportunities, capital raising initiatives, formation of new JVs and entering mutual separation agreement.

Other finance costs

Other finance costs for the three months and year ended December 31, 2023 and 2022 consisted of the following:

	Three months ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
Distributions on Exchangeable Units	$ 154	$ 342	$ 1,180	$ 1,368
Loss (gain) on revaluation of financial liabilities	2,556	3,200	9,158	15,249
Amortization of deferred financing costs	3,138	2,878	11,787	10,702
Amortization of marked to market adjustment	—	—	—	(719)
Fair value adjustment of Convertible Debentures	(13,874)	(2,313)	(40,666)	(17,205)
Convertible Debenture issuance costs	2,682	14	7,283	7,062
Fair value adjustment of Exchangeable Units	34	(1,881)	(7,524)	(7,336)
Total Finance Costs (Income)	**$ (5,310)**	**$ 2,240**	**$ (18,782)**	**$ 9,121**

Loss on revaluation of financial liabilities

The outstanding balances of the Brazilian term debt are adjusted by the inflation rate (the consumer price inflation measure used by the Central Bank of Brazil for guiding monetary policy ("**IPCA**").

For the three months and year ended December 31, 2023, accretion expense was $2.6 million and $9.2 million, respectively, (for the three months and year ended December 31, 2022 - expense of $3.2 million and $15.2 million, respectively). The decrease in accretion expense is related to lower inflation rate as of December 31, 2023 of 4.62% as compared to 5.79% as at December 31, 2022.

Amortization of deferred financing costs

For the three months and year ended December 31, 2023, the REIT recorded amortization of deferred financing fees of $3.1 million and $11.8 million, respectively (for the year ended December 31, 2022 - $2.9 million and $10.7 million, respectively). The increase during the year ended December 31, 2023 is due to costs associated with the new financing in the fourth quarter of 2022 in Europe and the costs associated with the new financings throughout 2023 as well as write-off of deferred financing costs on debts repaid associated with assets disposed in 2023 in the Americas.

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. The following table summarizes the value of the convertible debentures issued and outstanding at the closing prices of the REIT's Convertible Debentures at each quarter end for the last six quarters:

CLOSING PRICE OF CONVERTIBLE DEBENTURES						
	23-Dec	**23-Sep**	**23-Jun**	**23-Mar**	**22-Dec**	**22-Sep**
Month-end closing price (Canadian $)						
NWH.DB.G	998.0	993.0	990.0	985.0	985.0	989.0
NWH.DB.H	808.0	853.0	913.0	959.0	980.0	992.0
NWH.DB.I	820.0	908.0	950.0	—	—	—

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

Foreign exchange gain (loss)

The REIT and its subsidiaries' financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing rate on the balance sheet date. For the three months and year ended December 31, 2023, the REIT recorded a foreign exchange loss of $10.0 million and $2.5 million, respectively, which included $10.0 million unrealized foreign exchange loss and $3.5 unrealized foreign exchange gain, respectively, related to revaluation of third-party debt and intercompany loans between subsidiaries of the REIT that are denominated in foreign currencies as compared to the functional currency of the subsidiary entity, and a realized foreign exchange loss of $1.0 million for the year ended December 31, 2023, mainly related to settlement of foreign currency denominated debt.

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

Fair value adjustment of Unit-Based Liability

Under IFRS, the REIT's unit-based compensation liability ("Unit-Based Liability") is measured at fair value each reporting period. The fair value of the Unit-Based Liability with respect to deferred units and restricted units granted 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, whereas, the Unit-Based Liability related to performance units granted, is measured at fair-value every reporting period using a Monte-Carlo simulation at the reporting date. The change in fair value of the Unit-Based Liability is recognized in income.

The fair value adjustment on revaluation of the Unit-Based Liability for the three months and year ended December 31, 2023 was a loss of $1.5 million and a gain of $10.8 million, respectively, as compared to a gain of $3.4 million and $10.2 million for the three months and year ended December 31, 2022, respectively. The change in the fair value adjustment related to the Unit-Based Liability over the comparable prior year periods reflects changes in the trading price of the REIT's Trust Units during the period with respect to deferred units and restricted units, and fair value adjustment related to the REIT's performance units, which included consideration of awards forfeited.

Fair value adjustment of investment properties

For the three months and year ended December 31, 2023, the REIT recorded a fair value loss on investment properties of $157.6 million and $571.8 million, respectively. The fair value loss was mainly attributable to change in valuation parameters, incorporating market evidence, when available and rent reviews.

See also **INVESTMENT PROPERTIES**.

Gain/Loss on financial instruments

Gain/loss on financial instruments for the three months and year ended December 31, 2023 and 2022 consisted of the following:

GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Americas				
Interest rate derivatives	$ (4,772)	$ (18)	$ 1,189	$ 406
Europe				
Interest rate derivatives	(14,014)	322	(8,967)	19,030
Australasia				
Interest rate derivatives	(11,876)	(2,113)	(10,726)	39,095
Unlisted securities	(6,096)	—	(4,354)	26
Foreign exchange contracts	136	189	440	(276)
Total gain (loss) on financial instruments	**$ (36,622)**	**$ (1,620)**	**$ (22,418)**	**$ 58,281**

During the year ended December 31, 2023, the REIT entered into interest rate derivative transactions with respect to its Americas and European segments, with a total notional amount of $833.1 million to cap the interest rate for a term of 1 year. Concurrently, the REIT entered into incremental interest rate swap contracts in relation to these portfolio debts that will be effective commencing first half of 2024 until the maturity date of the underlying debt.

The REIT's interest derivative arrangements outstanding as at December 31, 2023 were as follows:

Segment	Type	Notional Amount	Effective Date	Remaining Term (months)	Effective Interest Rate	Fair Value
Interest rate derivative assets						
Americas	Swap	384,259	February 2024	25	6.61%	2,836
Europe (UK)	Cap	448,471	March 2023	2	6.47%	1,360
Europe	Cap	110,386	June 2021 - September 2022	34	2.31% - 3.82%	5,650
Europe	Swap	100,880	April 2016 - September 2022	41	1.45%-3.82%	5,285
Australasia	Swap	563,761	December 2015 - March 2024	26	5.82%-7.24%	10,734
						25,865
Interest rate derivatives liabilities						
Americas	Cap	384,259	February 2023	1	8.41%	(1,536)
Europe (UK)	Swap	448,471	March 2024	22	6.19%	(1,849)
Australasia	Swap	323,336	March 2023 - March 2027	44	6.15%-7.95%	(3,179)
						(6,564)

Income tax expense

The combined current tax and deferred tax expense and recovery of the REIT for the three months and year ended December 31, 2023, was an expense of $8.4 million and recovery of $18.3 million, respectively.

For the three months and year ended December 31, 2023, the REIT recognized a current tax expense of $4.5 million and $27.0 million, respectively, (for the three months and year ended December 31, 2022 - expense of $4.6 million and $21.8 million, respectively). The current taxes during the quarter relate to normal course income tax expense on taxable earnings at the Global Asset Manager, Vital Trust, Europe and withholding tax in Australia and Europe. The increase during the year ended December 31, 2023 is primarily due to a one-time current tax expense of approximately $5.1 million arising on novation of an interest derivative in Australasia.

The REIT records deferred tax assets and liabilities in Europe, Brazil, US, Vital Trust and Australia arising primarily due to the difference between the carrying value for accounting purposes and tax cost of its investment properties. The deferred tax expense and recovery for the three months and year ended December 31, 2023, of $3.9 million and $45.3 million, respectively (for the three months and year ended December 31, 2022 - an expense of $3.3 million and $57.5 million, respectively) was primarily a result of fair value adjustments related to investment properties.

NET OPERATING INCOME

NOI is defined as income from properties after operating expenses have been deducted, computed in accordance with IFRS, but before deducting interest expense, other 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 un-levered basis.

Same Property NOI for the three months and year ended December 31, 2023 represents net operating income from properties currently owned by the REIT that were acquired prior to January 1, 2022, adjusted for straight-line rental revenue recognition, lease termination fees and allowance for doubtful accounts, and excluding properties held for redevelopment and impact of foreign currency translation.

See **Performance Measurement.**

The REIT's same property NOI for the three months and year ended December 31, 2023 and 2022 is summarized in the tables below in Canadian dollars and in constant currency:

SAME PROPERTY NOI				
	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Same property NOI [1]				
Americas	$ 39,549	$ 38,604	$ 113,979	$ 113,441
Europe	20,868	20,221	81,824	78,601
Australasia	30,502	28,639	97,620	91,041
Same property NOI	**$ 90,919**	**$ 87,464**	**$ 293,423**	**$ 283,083**
Impact of foreign currency translation	—	(2,049)	—	(7,551)
Straight-line rental revenue recognition	994	694	1,517	(526)
Amortization of operating leases	(38)	(43)	(163)	(193)
Lease termination fees	—	34	227	55
Other transactions	845	(707)	1,021	25
Developments	3,055	1,145	23,466	19,076
Acquisitions	49	18	48,716	31,586
Dispositions	1,719	5,784	16,279	20,952
Intercompany/Elimination	540	515	2,136	1,845
NOI	**$ 98,083**	**$ 92,855**	**$ 386,622**	**$ 348,352**

Consolidated

The REIT's Same Property NOI for the three months and year ended December 31, 2023 increased by 4.0% and 3.7% respectively over the comparable prior year periods mainly due to inflationary adjustments on rents reflecting a steady growth in our underlying lease rentals additionally supported by a long term wale of 13.3 years.

Americas

Same property NOI for the three months and year ended December 31, 2023 increased by 2.4% and 0.5% respectively over the comparable prior year period mainly due to inflationary adjustment on rents in the Brazil and the US portfolio, increase in occupancy in the quarter and increase in tenant supervisory fee and parking income offset by decrease in occupancy year to date, increase in allocated technology and management cost in the Canadian portfolio and the impact of free rent in a significant value-add leasing deal at Glenmore Professional Centre in Western Canada.

The US portfolio, acquired during the second quarter of 2022, is not factored in the year to date Same property NOI.

Europe

Same Property NOI for the three months and year ended December 31, 2023 increased by 3.2% and 4.1% respectively over the comparable prior year period reflecting growth in rental revenue from indexation increases.

Australasia

Same Property NOI for the three months and year ended December 31, 2023 over the comparable prior year period increased by 6.5% and 7.2% over the comparable prior year period driven by growth in rental revenue from indexation increases and rentalized capital expenditure.

LEASING

Lease Maturities

The REIT's asset diversification is complemented by a long term maturity profile, with a weighted average lease expiry of 13.3 years as at December 31, 2023. Below is a table of the percentage of leases of expiring by year by region.

	2024	2025	2026	2027	2028	2029	2030	2031	Thereafter	**Total**
Americas	7.0%	5.9%	6.9%	7.2%	11.4%	4.3%	4.0%	4.9%	48.4%	**100.0%**
Europe (1)	2.6%	6.7%	5.3%	2.1%	2.7%	2.5%	2.5%	8.5%	67.1%	**100.0%**
Australasia (2)	2.7%	1.2%	1.7%	1.3%	5.6%	1.0%	1.1%	4.9%	80.5%	**100.0%**
Total Portfolio	4.2%	4.6%	4.6%	3.6%	6.7%	2.6%	2.5%	6.0%	65.2%	**100.0%**

(1) Europe is shown at 100% ownership for assets held as part of JVs). The REIT owns 30%-33.57% interest in the JV.

(2) Australia within Australasia is shown at 100% ownership for assets held as part of JVs. The REIT owns 30% interest in the JV.

The REIT's expiry profile benefits from its Brazilian Hospitals, Australian Hospitals and European Clinic properties which are subject to long term leases.

The eight Brazil hospitals are each occupied by single tenants that are leading hospital operators, and have leases expiring between September 30, 2024 and January 5, 2045. Renewal of the Sabara hospital lease in Brazil expiring on September 30, 2024 is currently under active negotiation with the current operator.

The European Clinic properties are mainly occupied by single tenants with an average WALE of 20.5 years.

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 16.9 years and the Australian portfolio which has a WALE of 14.8 years.

The table below summarizes the REIT's WALE allocated by asset type as at December 31, 2023:

	Asset Mix			**WALE (in years)**			
	MOB	**Hospitals & Healthcare Facilities**	**Life Sciences**	**MOB**	**Hospitals & Healthcare Facilities**	**Life Sciences**	**Total**
Americas (1)	69 %	30 %	1 %	4.9	14.7	19.9	**9.5**
Europe (2)	52 %	46 %	2 %	5.7	20.5	16.3	**14.8**
Australasia (1) (3)	19 %	78 %	3 %	9.3	16.8	10.8	**15.8**
Total Portfolio	49 %	49 %	2 %	5.6	17.4	12.9	**13.3**

Notes

1 Excluding development projects.

2 Europe is shown at 100% ownership for assets held as part of JVs. The REIT owns 30%-33.57% interest in the JV.

3 Australia within Australasia is shown at 100% ownership for assets held as part of JVs. The REIT owns 30% interest in the JV.

Lease Indexation

As at December 31, 2023, over 83.1% of the REIT's rental income (97.5% of the REIT's portfolio outside of Canada (the International Portfolio)) is subject to inflationary adjustments, certain of which are fixed or capped, 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 December 31, 2023	**% of Revenue** (1)
Americas	65.4%
Europe (2)	97.2%
Australasia (3)	98.1%
International Total/Weighted Average	**97.5%**
Portfolio Total / Weighted Average	**83.1%**

Notes

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

(2) Europe is shown at 100% ownership for assets held as part of JVs. The REIT owns 30%-33.57% interest in the JV.

(3) Australasia is shown at 100% ownership for assets held as part of JVs. The REIT owns 30% interest in the JV and 28.6% in Vital Trust.

Leasing Activity

LEASING ACTIVITY

	Three months ended December 31, 2023			
in thousands of square feet	**Americas**	**Europe** (1)	**Australasia** (2)	**Total**
Opening Occupancy	93%	97%	99%	96%
Opening Balance	6,247	5,294	5,970	17,511
Disposition	(215)	—	(230)	(445)
Expiries and Early Terminations	(181)	(53)	(54)	(288)
Renewal	149	41	54	244
New Leasing	76	15	7	98
Other (3)	(4)	(1)	(5)	(10)
Closing Balance	6,072	5,296	5,742	17,110
Closing Occupancy	**94%**	**97%**	**99%**	**97%**

	Year ended December 31, 2023			
in thousands of square feet	**Americas**	**Europe** (1)	**Australasia** (2)	**Total**
Opening Occupancy	94%	97%	99%	97%
Opening Balance	6,309	5,296	6,412	18,017
Disposition	(301)	—	(665)	(966)
Transfers from/(to) Properties under Development	41	—	—	41
Expiries and Early Terminations	(746)	(319)	(273)	(1,338)
Renewal	580	273	263	1,116
New Leasing	174	53	36	263
Other (3)	15	(7)	(31)	(23)
Closing Balance	6,072	5,296	5,742	17,110
Closing Occupancy	**93%**	**97%**	**99%**	**97%**

Notes

(1) Europe is shown at 100% ownership for assets held as part of JVs. The REIT owns approximately 30% - 33.57% interest in the JV.

(2) Australia within Australasia is shown on a 100% basis. The REIT has an approximate 28.6% interest in Vital Trust within Australasia and acts as manager of Vital Trust, it therefore consolidates Vital Trust.

(3) Other includes Remeasurements and Month-to-Month leases.

Americas

The REIT's Brazil properties are subject to long term leases (portfolio WALE of 16.6 years).

During the quarter, the REIT completed 148,753 square feet of renewal leasing representing a 83% renewal rate. The REIT completed renewals at an initial net rent of $16.78 per square foot versus an expiring net rent per square foot of $16.56 per square foot, an increase of $0.22 per square foot or 1.3%.

During the quarter, the REIT also completed 75,606 square feet of new leasing at an initial net rent of $17.48 per square foot.

Year to date, the REIT completed 580,398 square feet of renewal leasing representing a 83% renewal rate. The REIT completed the renewals at an initial net rent of $21.98 per square foot versus an expiring net rent per square foot of $21.59 per square foot, an increase of $0.39 per square foot or 1.8%.

Year to date, the REIT also completed 173,869 square feet of new leasing at an initial net rent of $17.68 per square foot.

Expiring net rent for the Canadian portfolio increased to $19.23 per square foot in the fourth quarter 2023, from $19.14 per square foot in the third quarter of 2023. The increase was mainly attributable to renewals and expansions at higher net rent rates.

EXPIRING NET RENT ($PSF)		
December 31, 2023		
	Canada	
Month-to-Month	$	13.40
2024	$	15.39
2025	$	22.10
2026	$	19.44
2027	$	18.17
2028	$	17.62
2029+	$	20.73
Total Expires	**$**	**19.23**

Europe

During the quarter, the REIT completed 41,213 square feet of renewal leasing representing a 81% renewal rate. These renewals were completed at an initial net rent of €14.70 per square foot per year versus an expiring net rent per square foot of €14.50, an increase of 1.3%.

During the quarter, the REIT completed 14,817 square feet of same property new leasing at an initial net rent of €14.46.

Year to date, the REIT has completed 272,840 thousand square feet of renewal leasing representing a 86% renewal rate. The REIT completed the renewals at an initial net rent of €12.78 per square foot versus an expiring net rent per square foot of €12.52, an increase of 2.1%.

Year to date the REIT also completed 52,506 thousand square feet of new leasing at an initial net rent of €16.75 per square foot.

EXPIRING NET RENT (€PSF)		
December 31, 2023		
	Europe	
Month-to-Month		€ 5.16
2024	€	12.75
2025	€	13.70
2026	€	14.62
2027	€	15.65
2028	€	14.12
2029+	€	9.97
Total Expires		**€ 10.85**

Australasia

The properties of Australasia are generally subject to long term leases.

During the quarter, the REIT completed 54,196 square feet of renewal leasing representing a 100% renewal rate. The renewals were a result of tenants exercising their renewal options and were completed at an initial net rent of NZ$32.01 versus expiring net rent of NZ$31.67, an increase of 1.1%.

During the quarter, the REIT completed 6,571 square feet of new leasing at an initial net rent of NZ$61.14.

Year to date, the REIT completed 263,332 square feet representing 96% renewal rate. The renewals were a result of tenants exercising their renewal options and and were completed at an initial net rent of NZ$44.25 versus expiring net rent of NZ$44.00, an increase of 0.6%.

Year to date, Vital Trust completed 36,041 square feet of new leasing at an initial net rent of NZ$56.10.

FUNDS FROM OPERATIONS ("FFO")

The REIT calculates FFO based on certain adjustments to net income (computed in accordance with IFRS) as detailed below. The REIT makes adjustments for cost incurred with respect to exploring new strategic opportunities, establishing joint arrangements, building relationships with healthcare operators and institutional investors, which in management view are not reflective of earnings from core operations or impact the REIT's ability in the long-run to make distributions to unitholders given their discretionary and strategic nature. Accordingly, the REIT's method of calculating FFO may differ from other issuers' methods and may not be comparable to similar measures used by other issuers.

The REIT presents its consolidated FFO calculations in accordance with the January 2022 guidance in the REALPAC White Paper on Funds From Operations except that the REIT excludes (i) the revaluation of financial liabilities, (ii) payments of premiums on derivative financial instruments, (iii) unrealized foreign exchange gains and losses, (iv) certain transaction costs; and (v) makes the Other FFO Adjustments. See "**Performance Measurement**".

FUNDS FROM OPERATIONS	**Three months ended December 31,**		**Year ended December 31,**	
	2023	**2022**	**2023**	**2022**
Net income (loss) attributable to unitholders	**$ (136,835)**	**$ (100,195)**	**$ (347,690)**	**$ 64,295**
Add / (Deduct):				
(i) Fair market value losses (gains)	192,951	141,269	572,529	(64,258)
Less: Non-controlling interests' share of fair market value losses (gains)	(66,530)	(39,482)	(172,245)	56,033
(ii) Finance cost - Exchangeable Unit distributions	154	342	1,180	1,368
(iii) Revaluation of financial liabilities	2,556	3,200	9,158	15,249
(iv) Unrealized foreign exchange loss (gain)	9,969	(7,363)	3,512	(6,095)
Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	(88)	(196)	9	(376)
(v) Deferred taxes	3,918	3,275	(45,261)	57,450
Less: Non-controlling interests' share of deferred taxes	7,703	(383)	15,348	(19,264)
(vi) Transaction costs	16,328	12,790	56,471	28,851
Less: Non-controlling interests' share of transaction costs	(1,018)	(10)	(6,226)	971
(vii) Convertible Debenture issuance costs	2,682	14	7,283	7,062
(viii) Net adjustments for equity accounted investments	1,838	14,387	29,881	6,940
(ix) Internal leasing costs	462	524	1,932	2,512
(x) Property taxes accounted for under IFRIC 21	—	—	847	—
(xi) Net adjustment for lease amortization	(185)	(53)	(442)	(98)
(xii) Other FFO adjustments	2,854	9,459	15,089	17,532

FUNDS FROM OPERATIONS				
	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Funds From Operations ("FFO") [1]	**$ 36,759**	**$ 37,578**	**$ 141,375**	**$ 168,172**
FFO per Unit - Basic	$ 0.15	$ 0.16	$ 0.58	$ 0.71
FFO per Unit - diluted [3]	$ 0.15	$ 0.15	$ 0.57	$ 0.70
Adjusted weighted average units outstanding [2]				
Basic	244,959,959	241,928,826	244,169,923	237,322,182
Diluted [3]	246,316,642	245,588,209	245,906,967	240,395,485

Notes

(1) FFO is not a measure recognized under IFRS and does not have a standardized meanings prescribed by IFRS. See **Performance Measurements**.

(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 1,710,000 Class B LP Units outstanding as at December 31, 2023 and 1,710,000 outstanding as at December 31, 2022.

(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.

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

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

FAIR MARKET VALUE LOSSES (GAINS)						
	Three months ended December 31,			Year ended December 31,		
	2023	2022	Variance	2023	2022	Variance
Fair market value losses (gains)						
Fair value adjustment of Convertible Debentures	$ (13,874)	$ (2,313)	$ (11,561)	$ (40,666)	$ (17,205)	$ (23,461)
Fair value adjustment of Exchangeable Units	34	(1,881)	1,915	(7,524)	(7,336)	(188)
Fair value adjustment of investment properties	157,571	147,224	10,347	571,760	28,800	542,960
Loss (Gain) on derivative financial instruments	36,622	1,620	35,002	22,418	(58,281)	80,699
Premiums on derivative financial instruments	11,137	—	11,137	37,355	—	37,355
Fair value adjustment of Unit-Based Liability	1,461	(3,381)	4,842	(10,814)	(10,236)	(578)
Total	**$ 192,951**	**$ 141,269**	**$ 51,682**	**$ 572,529**	**$ (64,258)**	**$ 636,787**

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. Compliant 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 (loss).

b. Exchangeable Units and Unit-Based Liability

Under IFRS the REIT's Exchangeable Units and Unit-Based Liability are classified as financial liabilities and any related unrealized fair value changes in re-measuring the financial liability impact net income. Compliant 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 Unit-Based Liability have been added back to the REIT's net income (loss).

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 sheets 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. Compliant 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 (loss).

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. Compliant 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 (loss).

e. Premiums on derivative financial instruments

For the three months and year ended December 31, 2023, premiums of $11.1 million and $37.4 million, respectively, on derivative financial instrument to fix variable rate debt which are reflected under interest expense have been added back to the REIT's net income (loss). The adjustment is not in compliance with REALPAC Guidance. In management's view, the premiums paid reflect investment activity and should be added back to reflect ongoing operating performance of the REIT.

(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. Compliant 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 (loss).

(iii) **Revaluation of financial liabilities**

Over the term of the loan, the Brazil Securitization Financings are adjusted by the inflation rate (IPCA) 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 Securitization Financings and therefore adjusted for when calculating FFO. Although this adjustment is not compliant with REALPAC Guidance, the REIT believes the adjustment is aligned 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 date 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 and/or New Zealand subsidiary of the REIT, and revaluation of short-term loans with subsidiaries of the REIT that are denominated in a different source currency than the functional currency of the subsidiary. In line with the principles of REALPAC Guidance, the unrealized foreign exchange movements on the indebtedness in addition to the intercompany transactions have been added back to the REIT's net income.

(v) **Deferred taxes**

Under IFRS, the REIT has recorded deferred taxes in Europe, Brazil, Australian and Vital Trust arising primarily due to the difference between the book value and tax cost of its investment properties. In compliance 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 (or deducted) to its net income (loss).

(vi) **Transaction costs**

Under IFRS the REIT expenses transaction costs related to acquisitions which have been determined to be business combinations, asset dispositions and business development costs. In accordance with the principals of 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 transactions have been added back to net income (loss). In addition, the REIT also adds back to net income (loss) third party transaction and internally allocated costs related to disposition activities, investment opportunities, establishment of joint arrangements, including those incurred with respect to building relationships with healthcare operators and institutional investors, tax on profits or losses on disposals of properties, the Board's Strategic Review Committee, abandoned transaction costs, and other capital raising initiatives being explored by the REIT, which are not contemplated in the REALPAC Guidance.

For the year ended December 31, 2023, transaction costs included $5.1 million of current tax expense relating to the novation of interest rate derivatives to which Vital Trust does not apply hedge accounting. The REIT has added back this expense, net of NCI, to FFO to adjust for the ongoing effect arising from the interest rate swap restructure, aligned with the principals of REALPAC Guidance.

(vii) **Convertible Debenture issuance cost**

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. These non-recurring finance costs related to the issuance of the Convertible Debentures, have been added back to the REIT's net income (loss), in compliance with REALPAC Guidance.

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

Under IFRS the REIT's investment in joint ventures is accounted for using the equity method of accounting. Compliant 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 equity accounted investment's post-acquisition net income (loss) is added/(deducted) to/(from) net income (loss) and FFO is presented after including the REIT's proportionate share of the equity accounted investment's FFO.

Funds From Operations of Equity Accounted Investments

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Share of profit (loss) of Equity Accounted Investments	$ 685	$ (10,594)	$ (19,232)	$ 11,971
Add/(Deduct):				
Fair market value losses (gains), net of NCI	2,978	14,324	32,036	6,755
Deferred taxes	(1,128)	62	(2,312)	(13)
Non-recurring transaction costs (recoveries)	(12)	1	157	198
Net FFO Adjustment for Equity Accounted Investments	**$ 1,838**	**$ 14,387**	**$ 29,881**	**$ 6,940**
FFO of Equity Accounted Investments	**$ 2,523**	**$ 3,793**	**$ 10,649**	**$ 18,911**

(ix) **Internal leasing costs**

In accordance with IFRS, internal leasing costs that are not incremental are expensed. These amounts include the base salary and benefits of the internal leasing department. Compliant with REALPAC Guidance, 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 (loss) in determining FFO.

(x) **Property taxes accounted for under IFRIC 21**

Compliant with REALPAC Guidance, as a result of the requirements of IFRIC 21 wherein the obligating event that gives rise to the property tax liability does not occur over a period of time, an adjustment should be made to FFO to reflect a pro-rata expense over the period of ownership.

(xi) **Amortization of finance leases**

Compliant with REALPAC Guidance, where the REIT is accounting for operating leases under IFRS 16, the REIT has adjusted FFO to reflect the principal payments that are amortized against the lease liability. For Right of Use ("ROU") assets that are being measured at cost and amortized, the amortization is added back as prescribed by the REALPAC Guidance.

Australia 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.

(xii) **Other FFO adjustments**

Other FFO adjustments include items that, in management's view, are not reflective of recurring earnings from core operations, as described in the Business Overview.

For the three months ended December 31, 2023, other FFO adjustments included (a) $1.8 million of financing costs incurred with respect to an investment in unlisted securities, net of distributions income generated by the securities (b) $0.4 million G&A expenses related to strategic philanthropic initiatives, and (c) $0.6 million of corporate financing costs related to short-term financing arrangements to fund the UK and US property acquisitions that are not reflective of long-term financing costs.

For the year ended December 31, 2023, other FFO adjustments included (a) $9.6 million financing costs incurred with respect to an investment in unlisted securities, net of distributions income generated by the securities (b) $2.2 million of corporate G&A expenses related to the strategic philanthropic initiatives, including $1.2 million payable in 10 years and (c) $3.3 million of corporate financing costs related to short-term financing arrangements to fund the UK and US property acquisitions that are not reflective of long-term financing costs.

The above adjustments, in each case, are not contemplated in the REALPAC Guidance for FFO.

ADJUSTED FUNDS FROM OPERATIONS (“AFFO”)

AFFO is a supplemental non-IFRS financial measure of a REIT’s operating performance and is intended to reflect a stabilized business environment. The REIT makes certain adjustments as detailed below in calculating its FFO and AFFO, which in management view are not reflective of earnings from core operations, as described in the Business Overview, or impact the REIT's ability in the long-run to make distributions to unitholders given their discretionary and strategic nature. Accordingly, the REIT's method of calculating FFO and AFFO may differ from other issuers’ methods and may not be comparable to similar measures used by other issuers.

The REIT presents its consolidated AFFO calculations in accordance with the January 2022 guidance in the REALPAC White Paper on Funds From Operations except that the REIT makes adjustments to AFFO for (i) amortization of fair value mark-to-market adjustments on mortgages acquired, (ii) amortization of transactional deferred financing charges, (iii) compensation expense related to unit based incentive plans, and (iv) net adjustments for equity accounted investments. See "**Performance Measurement**".

ADJUSTED FUNDS FROM OPERATIONS	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
FFO [1]	**$ 36,759**	**$ 37,578**	**$ 141,375**	**$ 168,172**
Add / (Deduct):				
(i) Amortization of marked to market adjustment	—	—	—	(719)
(ii) Amortization of transactional deferred financing charges	1,490	2,946	6,747	7,787
(iii) Straight-line revenue	(1,941)	204	(2,628)	39
Less: non-controlling interests' share of straight-line revenue	537	(899)	(950)	(2,322)
(iv) Leasing costs and non-recoverable maintenance capital expenditures	(3,228)	(3,053)	(13,582)	(12,050)
Less: non-controlling interests' share of actual capex and leasing costs	49	52	428	365
(v) Unit-based compensation expense	(696)	4,646	6,684	11,874
(vi) Net adjustments for equity accounted investments	(135)	(34)	(319)	(483)
Adjusted Funds From Operations ("AFFO") [1]	**$ 32,835**	**$ 41,440**	**$ 137,755**	**$ 172,663**
AFFO per Unit - Basic	$ 0.13	$ 0.17	$ 0.56	$ 0.73
AFFO per Unit - diluted	$ 0.13	$ 0.17	$ 0.56	$ 0.72
Distributions per Unit - Basic [3]	$ 0.09	$ 0.20	$ 0.65	$ 0.80
Adjusted weighted average units outstanding: [2]				
Basic	244,959,959	241,928,826	244,169,923	237,322,182
Diluted	246,316,642	245,588,209	245,906,967	240,395,485

Notes

(1) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. See **Performance Measurement**.

(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 1,710,000 Class B LP Units outstanding as at December 31, 2023 and 1,710,000 outstanding as at December 31, 2022.

(3) Distributions per units is a non-IFRS ratio calculated as sum of the distributions on the REIT's units and finance costs on Class B LP Units. Management does not consider finance costs on Class B LP units to be an financing cost of the REIT but rather component of the REIT's total distributions. Distributions is not defined by IFRS and does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

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. This adjustment is not contemplated by the REALPAC Guidance.

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

Under IFRS, the REIT has recorded amortization of deferred financing charges. The REIT believes the amortization of deferred financing charges to be a proxy for the financing fees incurred over the term of the related debt and thus does not make an adjustment to AFFO for amortization financing charges, except for the amortization of fees related to short-term transaction related financings and the write off of financing fees for which debt has been repaid in advance of its maturity, which the REIT adds back to AFFO to reflect a stabilized business environment.This adjustment is not contemplated in the REALPAC Guidance for 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. Compliant with the REALPAC Guidance, to account for the non-cash nature of these differences the REIT has included an adjustment in AFFO.

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

In Canada and Europe, 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. Compliant with the REALPAC Guidance, the REIT uses a reserve of 6% per annum of revenue from the medical office properties in Canada and Europe when determining AFFO. In Brazil, the UK 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) **Unit-Based Compensation Expense**

The period over period change in fair value of the Unit-Based Compensation liability is added back to income (loss) when determining FFO in accordance with REALPAC Guidance. However, as the Unit-Based Compensation Expense, while not contemplated by REALPAC as an adjustment to AFFO, is added back on the substance of the expense which may be settled units, at the REIT's option. Accordingly, the REIT has added back Unit-Based Compensation Expense to income when determining AFFO even though it's not contemplated in the REALPAC Guidance, and provides AFFO per unit - diluted.

(vi) **Net adjustments for equity accounted investments**

Under IFRS the REIT's investments in associates are 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 equity accounted investment'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 equity accounted investment's AFFO, aligned with the principles of the REALPAC Guidance.

	Three months ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
FFO of Equity Accounted Investments	**$ 2,523**	**$ 3,793**	**$ 10,649**	**$ 18,911**
Add / (Deduct):				
Straight-line revenue	2	(29)	(121)	(175)
Leasing costs and non-recoverable maintenance capital expenditures	(137)	(5)	(198)	(309)
Net AFFO adjustment	**$ (135)**	**$ (34)**	**$ (319)**	**$ (484)**
AFFO of Equity Accounted Investments	**$ 2,388**	**$ 3,759**	**$ 10,330**	**$ 18,427**

DISTRIBUTIONS

For the three months and year ended December 31, 2023, the REIT declared a total of $22.0 million and $159.6 million, respectively, in distributions, including distributions on Exchangeable Units (three months and year ended December 31, 2022 - $48.4 million and $190.8 million respectively). These distributions reflect an annualized distribution rate of $0.65 per unit per annum (three months and year ended

December 31, 2022 - $0.80 per unit per annum). In September 2023, the REIT announced a reduction in its distribution rate to $0.36 per unit per annum.

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.

On June 7, 2023, the Board of Trustees approved the suspension of the 3% bonus distribution under the DRIP, commencing with the June 2023 distribution. The REIT reinstated the DRIP on December 15, 2023 (December 2023 distribution, January 15, 2024 payment date).

During the year ended December 31, 2023, a total of 2,175,190 Trust Units were issued under the DRIP (year ended December 31, 2022, a total of 2,839,242 Trust Units).

For the year ended December 31, 2023, the REIT's DRIP participation rate was 15.7% (year ended December 31, 2022 - 18.1%).

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

DIFFERENCES BETWEEN CASH FLOWS FROM OPERATIONS/NET INCOME (LOSS) AND CASH DISTRIBUTIONS

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Net income (loss) attributable to unitholders	$ (136,835)	$ (100,195)	$ (347,690)	$ 64,295
Add: Finance cost - Exchangeable Unit distributions	154	342	1,180	1,368
Net income (loss) after the above adjustments	$ (136,681)	$ (99,853)	$ (346,510)	$ 65,663
Cash flows from operating activities	$ 22,749	$ 56,014	$ 104,765	$ 228,577
Less: non-controlling interests	(1,389)	14,655	18,209	64,009
Cash flows from operating activities attributable to unitholders	$ 24,138	$ 41,359	$ 86,556	$ 164,568
Distributions paid and payable				
Trust Units	$ 21,894	$ 48,073	$ 158,373	$ 189,422
Exchangeable Units	154	342	1,180	1,368
	$ 22,048	$ 48,415	$ 159,553	$ 190,790
Surplus (shortfall) of adjusted net income (loss) attributable to unitholders over distributions paid and payable	$ (158,729)	$ (148,268)	$ (506,063)	$ (125,127)
Surplus (shortfall) of cash flows from operating activities attributable to unitholders over distributions paid and payable	$ 2,090	$ (7,056)	$ (72,997)	$ (26,222)

During the three months and year ended December 31, 2023, there was a surplus and shortfall in cash flows from operating activities attributable to unitholders (a non-IFRS financial measure) over distributions paid and payable of $2.1 million and $73.0 million, respectively. The shortfall is mainly as result of timing differences in working capital, interest expense and income taxes paid which are reported under cash flows from operating activities in the financial statements, and payments for cash redemptions of deferred units. Cash flows from operating activities attributable to unitholders also excludes the distribution income from the REIT's investments in its JVs. The distributions earned from its JV investments are considered by management to be an integral part of the REIT's cash flows from operations due to the strategic nature of the equity invested. Further, premiums paid on derivative financial instruments are viewed as investments in financial instruments. Remaining shortfalls were partially financed by the DRIP. As demonstrated in the table below, for the three months and year ended December 31, 2023, adjusted cash shortfall from operating activities was $18.3 million and $4.6 million, respectively, (for three months and year ended December 31, 2022 - surplus of $8.9 million and $30.9 million, respectively):

ADJUSTED CASH SURPLUS (SHORTAGE) FROM OPERATING ACTIVITIES TO DISTRIBUTIONS

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Surplus (shortfall) of cash flows from operating activities				
attributable to unitholders over distributions paid and payable	$ 2,090	$ (7,056)	$ (72,997)	$ (26,222)
Add: Value of Trust Units issued pursuant to the DRIP	—	8,711	18,222	33,578
Add: Distribution income from equity accounted associates	5,093	7,289	22,051	23,509
Add: Premiums paid on derivative financial instruments	11,137	—	37,355	—
Adjusted surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	$ 18,320	$ 8,944	$ 4,631	$ 30,865

During the year ended December 31, 2023, there was $18.2 million in value of Trust Units issued under the DRIP (year ended December 31, 2022, $33.6 million). 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**.

For the three months ended December 31, 2023, the REIT had a shortfall between adjusted net income and distributions paid to unitholders of $158.7 million. Adjusted net income attributable to unitholders for the period reflects material non-cash items such as fair value adjustments to investment properties, financial instruments and deferred taxes, which do not impact cash flows 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.

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 2023 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.

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 and JVs, future financing activities or asset sales. However, the REIT has at times paid cash distributions which exceed cash flows from operating activities and distribution income earned from its strategic investments in Vital Trust and the JVs. Distributions paid at times to unitholders have therefore been an economic return of capital.

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, which the REIT has a demonstrated history of executing.

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 flows, 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, reconciles the REIT's cash flows from operations to AFFO:

RECONCILIATION OF CASH FLOWS FROM OPERATIONS TO AFFO

	Three months ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
Cash flows from operating activities	**$ 22,749**	**$ 56,014**	**$ 104,765**	**$ 228,577**
Add (deduct):				
Interest expense in excess (shortfall) of interest paid	10,966	(2,301)	39,322	(13,571)
Current tax expense (recovery) in excess of taxes paid	(1,696)	(6,659)	873	(3,526)
Changes in non-cash working capital balances	6,824	(15,987)	2,224	(54,577)
AFFO of equity accounted investments	1,703	14,353	29,562	6,456
Other FFO adjustments	2,854	9,459	15,089	17,532
Internal leasing costs	462	524	1,932	2,512
Property taxes accounted for under IFRIC 21	—	—	847	—
Amortization of recurring financing charges	(1,648)	68	(5,040)	(2,915)
Leasing costs and non-recoverable maintenance capital expenditures	(3,228)	(3,053)	(13,582)	(12,050)
Amortization of lease liabilities	(184)	(54)	(441)	(99)
Interest income and other	2,596	3,573	14,171	13,414
Straight-line revenue	(1,941)	204	(2,628)	39
Redemption of units issued under the unit-based incentive plans	109	1,831	1,573	6,219
Amortization of furniture and office equipment	(310)	(346)	(1,266)	(1,396)
Share of profit (loss) from equity accounted investments	685	(10,594)	(19,232)	11,971
AFFO attributable to non-controlling interests	(7,106)	(5,593)	(30,414)	(25,924)
	$ 10,086	$ (14,575)	$ 32,990	$ (55,915)
AFFO	**$ 32,835**	**$ 41,439**	**$ 137,755**	**$ 172,662**

QUARTERLY PERFORMANCE

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

QUARTERLY PERFORMANCE

	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
Summary of Financial Information								
Assets Under Management [1]	$9,901,036	$10,019,995	$10,255,181	$10,755,346	$10,878,099	$10,580,048	$10,152,716	$9,530,763
Gross Book Value ("GBV")[2]	$7,628,615	$7,834,202	$8,061,118	$8,418,407	$8,514,000	$8,282,049	$8,123,898	$7,591,115
Debt - Declaration of Trust[1]	$3,641,463	$3,704,028	$3,745,216	$3,933,906	$3,855,247	$3,675,759	$3,641,959	$3,092,383
Debt to GBV - Declaration of Trust	47.7 %	47.3 %	46.5 %	46.7 %	45.3 %	44.4 %	44.8 %	40.7 %
Debt - Including Convertible Debentures[1]	$3,962,317	$4,038,756	$4,092,556	$4,205,978	$4,130,517	$3,953,342	$3,769,459	$3,226,758
Debt to GBV - Incl. Convertible Debentures	51.9 %	51.6 %	50.8 %	50.0 %	48.5 %	47.7 %	46.4 %	42.5 %
Operating Results								
Revenue from investment properties	$123,986	$ 122,182	$ 126,504	$ 135,324	$ 119,079	$ 116,294	$ 112,363	$ 104,463
Net income (loss)	$(188,900)	$(95,270)	$ (107,411)	$ (89,155)	$(135,519)	$ 21,082	$ 116,729	$ 123,335
NOI	$ 98,083	$ 95,097	$ 98,021	$ 95,421	$ 92,855	$ 89,547	$ 88,883	$ 77,067
FFO [1][3]	$ 36,759	$ 33,559	$ 31,521	$ 39,538	$ 37,127	$ 37,176	$ 46,090	$ 47,328
AFFO [1][3]	$ 32,835	$ 32,879	$ 31,913	$ 40,130	$ 41,790	$ 36,960	$ 46,814	$ 47,450
Distributions [4]	$ 22,048	$ 40,050	$ 48,849	$ 48,606	$ 48,415	$ 48,248	$ 48,033	$ 46,094
Per Unit Amounts [5]								
FFO per unit - Basic [1]	$ 0.15	$ 0.14	$ 0.13	$ 0.16	$ 0.15	$ 0.15	$ 0.19	$ 0.21
AFFO per unit - Basic [1]	$ 0.13	$ 0.13	$ 0.13	$ 0.17	$ 0.17	$ 0.15	$ 0.20	$ 0.21
Distributions	$ 0.09	$ 0.16	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20
Adjusted Weighted Average Units Outstanding [5]								
Basic	244,959,95	244,782,61	244,036,79	242,870,62	241,928,826	241,119,245	239,660,30	226,324,317

Notes

(1) As defined in Performance Measurement in this MD&A.

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

(3) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. See **Performance Measurement**.

(4) See **Performance Measurement**.

(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.

The following tables provides reconciliation of quarterly net income (loss) attributable to Unitholders to FFO and AFFO. See **Performance Measurement**.

QUARTERLY FFO

	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
Net income (loss) attributable to unitholders	**$(136,835)**	**$ (81,276)**	**$ (32,093)**	**$ (97,486)**	**$ (100,195)**	**$ 6,611**	**$ 69,625**	**$ 88,254**
Add / (Deduct):								
Fair market value losses (gains)	192,951	122,458	94,623	162,498	141,269	(6,628)	(84,493)	(114,406)
Less: Non-controlling interests' share of fair market value losses (gains)	(66,530)	(23,153)	(83,861)	1,299	(39,927)	8,814	49,142	37,559
Finance cost - Exchangeable Unit distributions	154	342	342	342	342	342	342	342
Revaluation of financial liabilities	2,556	814	745	5,043	3,200	2,003	1,473	8,573
Unrealized foreign exchange loss (gain)	9,969	2,689	(2,390)	(6,756)	(7,363)	3,653	(4,202)	1,817
Less: NCI' share of unrealized FX loss (gain)	(88)	283	(342)	156	(198)	(8)	(1)	(171)
Deferred taxes	3,918	(11,694)	(2,539)	(34,946)	3,275	3,129	24,859	26,187
Less: NCI' share of deferred taxes	7,703	5,786	1,482	377	(387)	(2,009)	(8,971)	(7,901)
Non-recurring transaction costs	16,328	16,497	18,626	5,020	12,790	3,740	6,624	5,697
Less: NCI share of non-recurring transaction costs	(1,018)	(4,506)	(701)	—	(10)	719	(41)	303
Convertible Debenture issuance costs	2,682	91	4,489	21	14	7,048	—	—
Net adjustments for equity accounted entities	1,838	105	28,752	(814)	14,387	1,054	(8,741)	240
Internal leasing costs	462	510	466	494	524	538	544	906
Property taxes accounted for under IFRIC 21	—	174	271	401	—	—	—	—
Amortization	(185)	(91)	(84)	(82)	(53)	97	(70)	(72)
Other FFO adjustments	2,854	4,530	3,735	3,971	9,459	8,073	—	—
FFO	**$ 36,759**	**$ 33,559**	**$ 31,521**	**$ 39,538**	**$ 37,127**	**$ 37,176**	**$ 46,090**	**$ 47,328**
Per Unit Amounts								
FFO per unit - Basic	$ 0.15	$ 0.14	$ 0.13	$ 0.16	$ 0.15	$ 0.15	$ 0.19	$ 0.21
Adjusted Weighted Average Units Outstanding								
Basic	244,959,95	244,782,614	244,036,79	242,870,62	241,928,82	241,119,245	239,660,30	226,324,317

QUARTERLY AFFO

	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
FFO	**$ 36,759**	**$ 33,559**	**$ 31,521**	**$ 39,538**	**$ 37,127**	**$ 37,176**	**$ 46,090**	**$ 47,328**
Add / (Deduct):								
Amortization of marked to market adjustment	—	—	—	—	—	(300)	(329)	(90)
Amortization of transactional deferred financing charges	1,490	1,465	1,712	2,079	2,946	1,868	1,642	1,332
Straight-line revenue	(1,941)	(1,131)	(271)	715	533	(401)	(297)	533
Less: non-controlling interests' share of straight-line revenue	537	432	(582)	(1,337)	(427)	(483)	(513)	(427)
Leasing costs and non-recoverable maintenance capital expenditures	(3,228)	(3,365)	(3,675)	(3,314)	(3,053)	(2,923)	(3,337)	(2,737)
Less: non-controlling interests' share of actual capex and leasing costs	49	74	188	117	52	29	178	106
Unit-based compensation expense	(696)	1,883	3,151	2,346	4,646	2,023	3,557	1,648
Net adjustments for equity accounted entities	(135)	(38)	(131)	(15)	(34)	(29)	(177)	(243)
AFFO	**$ 32,835**	**$ 32,879**	**$ 31,913**	**$ 40,129**	**$ 41,790**	**$ 36,960**	**$ 46,814**	**$ 47,450**
Per Unit Amounts								
AFFO per unit - Basic	$ 0.13	$ 0.13	$ 0.13	$ 0.17	$ 0.17	$ 0.15	$ 0.20	$ 0.21
Adjusted Weighted Average Units Outstanding								
Basic	244,959,95!	244,782,614	244,036,79;	242,870,62;	241,928,826	241,119,245	239,660,30;	226,324,317

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 all such financial covenants in respect of the loans and mortgages disclosed in note 8 of the consolidated financial statements.

The following table shows the REIT's total capital as at December 31, 2023 and December 31, 2022:

CAPITAL STRUCTURE

		As at December 31, 2023		As at December 31, 2022
Mortgages and loans payable [1]	$	3,622,978	$	3,427,685
Mortgages related to assets held for sale		18,485		427,562
Debt - Declaration of Trust [2]		**3,641,463**		**3,855,247**
Convertible Debentures at Fair Value		320,854		275,270
Debt - Including Convertible Debentures [2]		**3,962,317**		**4,130,517**
Mortgages and loans payable - unamortized financing costs		(25,360)		(21,824)
Total Debt		3,936,957		4,108,693
Unit-based Liabilities		15,161		23,837
Class B LP Exchangeable Units		8,721		16,245
Unitholders' equity		1,994,312		2,456,847
Total Capitalization	**$**	**5,955,151**	**$**	**6,605,622**

Notes

(1) Excluding deferred financing fees.

(2) As defined in Performance Measurement in this MD&A.

Unitholders' Equity

The following table reconciles the movements in the units outstanding for the year ended December 31, 2023:

UNITS OUTSTANDING	
Trust Units outstanding, December 31, 2022	**240,647,589**
Issuance of Trust Units under the DRIP	987,254
Trust Units outstanding, March 31, 2023	**241,634,843**
Issuance of Trust Units under the DRIP	1,187,936
Issuance of Trust Units under the Unit-based incentive plans	151,940
Trust Units outstanding, June 30, 2023	**242,974,719**
Issuance of Trust Units under the Unit-based incentive plans	199,279
Trust Units outstanding, September 30, 2023	**243,173,998**
Issuance of Trust Units under the Unit-based incentive plans	118,128
Trust Units outstanding, December 31, 2023	**243,292,126**

On June 7, 2023, the TSX approved the REIT's application to proceed with a normal course issuer bid ("NCIB") for a portion of its Trust Units from time to time. Trust Units representing up to 10% of the REIT's public float may be purchased for cancellation under the NCIB, subject to certain maximum daily amounts, over the next 12 months.

Class B Exchangeable 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.

As at December 31, 2023, there were 1,710,000 Exchangeable Units outstanding (December 31, 2022 - 1,710,000).

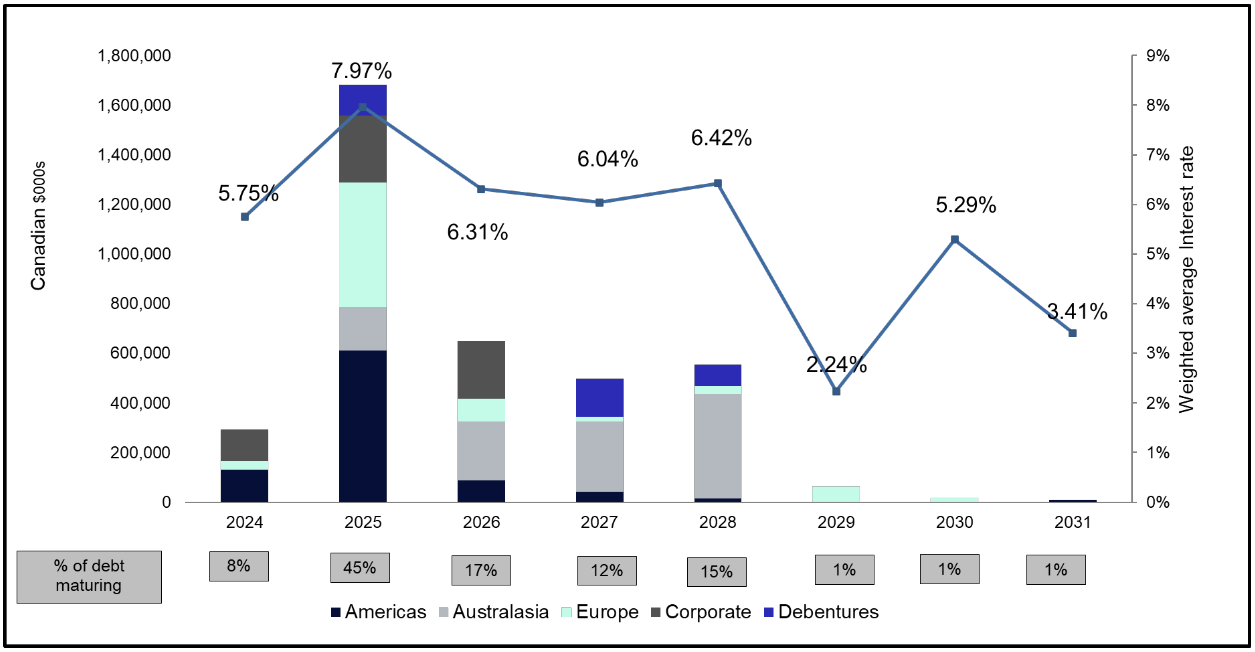
Debt

DEBT

	As at December 31, 2023					
	Weighted Average Interest Rate	**Outstanding Balance**	**Marked to Market**	**Unamortized Financing Costs**	**Balance**	**Maturity**
Americas debt [1]	6.54 %	1,092,589	—	(10,372)	1,082,217	January 2024 - August 2031
Europe debt	6.06 %	789,673	—	(6,965)	782,708	March 2024 - June 2030
Australasia term loans	6.11 %	1,119,428	—	(4,689)	1,114,739	March 2025 - March 2029
Corporate debt	8.83 %	625,403	—	(3,334)	622,069	November 2024 - March 2026
	6.69 %	**$ 3,627,093**	**$ —**	**$ (25,360)**	**$3,601,733**	
Finance Lease	5.34 %	14,370	—	—	14,370	April 2088
Total Debt excluding Convertible Debentures	**6.69 %**	**$ 3,641,463**	**$ —**	**$ (25,360)**	**$3,616,103**	
Convertible Debentures (Corporate)	7.88 %	366,500	(45,646)	—	320,854	March 2025 - April 2028
Total Debt	**6.80 %**	**$ 4,007,963**	**$(45,646)**	**$ (25,360)**	**$3,936,957**	

(1) Debt in the Americas of approximately $18.5 million was classified as liabilities held for sale as at December 31, 2023.

Variable rate debt in the table above includes $194.4 million in mortgages and $1.7 billion in term debt that are economically fixed using interest rate derivative contracts. The economically fixed weighted average interest rates are 2.22% and 6.12%, respectively. The net effective weighted average interest rate is 6.11% as at December 31, 2023, excluding financing leases and convertible debentures. Refer to **Net Income,** Gain (Loss) on Financial Instruments for the REIT's interest derivative arrangements outstanding as at December 31, 2023, The following chart summarizes, as at December 31, 2023, the REIT's debt maturities excluding those related to liabilities associated with assets classified as held for sale:



Additional details on the maturities of the REIT's mortgages and loans payables are disclosed below:

DEBT MATURITIES

	Americas		Europe		Australasia		Corporate	
	Total debt payable	**WAIR**	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**
2024	$ 165,424	4.06 %	$ 46,636	4.24 %	$ —	— %	$ 125,000	8.69 %
2025	644,033	8.19 %	509,651	6.83 %	176,047	5.83 %	268,987	9.85 %
2026	117,104	3.51 %	95,212	6.16 %	239,893	6.11 %	231,416	7.73 %
2027	72,915	5.30 %	22,208	5.03 %	282,126	6.04 %	—	— %
2028	33,734	4.66 %	34,058	5.01 %	421,362	6.27 %	—	— %
2029	19,574	3.93 %	64,774	2.27 %	—	— %	—	— %
2030	20,265	3.88 %	17,135	5.29 %	—	— %	—	— %
2031	19,539	3.66 %	—	— %	—	— %	—	— %
	$1,092,588	6.54 %	$ 789,674	6.06 %	$ 1,119,428	6.11 %	$ 625,403	8.83 %
Less liabilities related to assets held for sale [(1)]	(18,485)	3.55 %	—	— %	—	— %	—	— %
Unamortized financing costs	(10,372)		(6,966)		(4,689)		(3,334)	
Total	$ 1,063,731	6.58 %	$ 782,708	6.06 %	$ 1,114,739	6.11 %	$ 622,069	8.83 %

(1) Americas debt classified as liabilities held for sale are net of unamortized financing costs.

The table below summarizes the movements in the REIT's mortgages and loans (before reclassification as held for sale) during the three months and year ended December 31, 2023:

	Americas Debt	Europe Mortgages	Australasia Term Loans	Corporate Debt	Total (1)
Opening balance, September 30, 2023	**$ 988,947**	**$ 769,546**	**$ 1,100,101**	**$ 811,491**	**$ 3,670,085**
Principal amortization	(9,295)	(1,352)	—	—	(10,647)
Repayments	(28,208)	—	(79,124)	(220,756)	(328,088)
Advances	140,758	71	59,218	27,000	227,047
Additional financing fees incurred	(5,730)	(285)	(28)	113	(5,930)
Amortization of finance fees	737	891	867	643	3,138
Inflation adjustment	2,556	—	—	—	2,556
Foreign exchange adjustment	(7,549)	13,837	33,705	3,578	43,571
Ending balance, December 31, 2023	**$ 1,082,216**	**$ 782,708**	**$ 1,114,739**	**$ 622,069**	**$ 3,601,732**

	Americas Debt	Europe Mortgages	Australasia Term Loans	Corporate Debt	Total (1)
Opening balance, January 1, 2023	**$ 1,136,740**	**$ 770,264**	**$ 1,213,672**	**$ 699,802**	**$ 3,820,478**
Principal amortization	(20,484)	(8,217)	—	—	(28,701)
Repayments	(184,295)	—	(467,833)	(352,990)	(1,005,118)
Advances	144,188	1,533	399,944	282,580	828,245
Additional financing fees incurred	(8,350)	(501)	(2,390)	(3,880)	(15,121)
Amortization of finance fees	3,238	3,401	2,602	2,546	11,787
Inflation adjustment	9,158	—	—	—	9,158
Foreign exchange adjustment	2,021	16,228	(31,256)	(5,989)	(18,996)
Ending balance, December 31, 2023	**$ 1,082,216**	**$ 782,708**	**$ 1,114,739**	**$ 622,069**	**$ 3,601,732**

(1) Total debt excluding finance lease

In certain instances, the amounts available to be drawn on mortgages and loan facilities noted above fluctuate depending on variables under those arrangements, such as interest yields and net operating income of the secured properties as stipulated by applicable calculations.

The REIT's capital management is also impacted by various financial covenants in certain loan agreements. During the year ended December 31, 2023, the REIT entered into agreement with its lenders to temporarily modify existing covenants. As at December 31, 2023, the REIT is in compliance with all such financial covenants in respect of the loans and mortgages disclosed above. Subsequent to December 31, 2023, these modifications to existing covenants were extended.

Finance Lease Payable

The lease of land on which one of Australian investment properties is built is accounted for as a finance lease. The remaining term of the lease at December 31, 2023 was 64 years. There is no purchase option.

Convertible Debentures

The following table summarizes, as at December 31, 2023, the REIT's Convertible Debentures:

CONVERTIBLE DEBENTURES

	Fair Value (1)	Face Value	Interest Rate	Conversion Price per Unit	Maturity Date	Interest Payment Dates
As at December 31, 2023						
Series NWH.DB.G	124,688	125,000	10.00 %	$ 7.25	**March 31, 2025**	**June 30 and December 31**
Series NWH.DB.H	125,442	155,250	6.25 %	$ 16.00	**August 31, 2027**	**February 28 and August 31**
Series NWH.DB.I	70,724	86,250	7.75 %	$ 10.55	**April 30, 2028**	**April 30 and October 31**
	$ 320,854	**$ 366,500**	**7.88 %**			

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.

Unit-Based Liabilities

On April 12, 2022, the 2022 Equity Incentive Plan (the "Plan") was approved. Under the Plan, together with the existing Deferred Unit Plan ("DUP"), a maximum of 9,000,000 the REIT's trust units are authorized to be issued. The new Plan replaces the DUP introduced in 2018. No further awards will be granted under the 2018 DUP prospectively. However, any awards previously granted pursuant to the DUP shall remain outstanding and continue to be governed by the terms of the 2018 DUP.

Deferred Units

The deferred units granted under the 2022 Equity Incentive Plan and the previous DUP plan are administered by the Compensation, Governance and Nominating Committee. The deferred units can be settled at the holders' option in units or cash subject to the REIT's approval and are classified as a financial liability until redeemed. Deferred unit compensation expense is measured on grant at the service commencement date, based on the fair market value of a REIT unit or Vital Trust unit, as applicable, and amortized over the applicable vesting period that ranges from three to five years.

Restricted Units

The REIT grants restricted units under the Plan. 100% of the restricted units granted vest on the fifth anniversary of their respective grant dates and are subject to forfeiture until the recipients of the awards have held office in their current position with or provided services to the REIT for a specified period of time.

Performance Units

The REIT grants performance units under the Plan with a three-year performance period. The performance units are and will be subject to both non-market and market conditions consisting of both absolute and relative performance over a three-year period and settled for trust units upon vesting.

Under IFRS, the REIT's Unit-Based Liability with respect to deferred units and restricted units is measured at fair value every reporting period, based on the fair market value of a REIT Trust Unit at the reporting date. Unit-Based Liability related to the performance units is measured at fair value every reporting period using a Monte-Carlo simulation at the reporting date. The change in fair value of the Unit-Based Liability is recognized in net income (loss). As at December 31, 2023 the Unit-Based Liability is $15.2 million (December 31, 2022 - $23.8 million) representing 2,475,150 deferred units, 940,129 restricted units and 739,190 performance units accrued as at December 31, 2023. (December 31, 2022 - 2,305,900 deferred units, 31,738 restricted units and 116,718 performance units accrued).

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 year ended December 31, 2023 and 2022:

RATIOS		
As at	**December 31, 2023**	**December 31, 2022**
Gross book value	$7,628,615	$8,514,000
Debt - declaration of trust [(1)]	$3,641,463	$3,855,232
Debt to Gross Book Value - Declaration of Trust	**47.7 %**	**45.3 %**
Debt - including convertible debentures [(1)]	$3,962,317	$4,130,502
Debt to Gross Book Value - Including Convertible Debentures	**51.9 %**	**48.5 %**

	Three months ended December 31,			Year ended December 31,		
	2023	**2022**	**Variance**	**2023**	**2022**	**Variance**
Income (Loss) before taxes	$ (180,525)	$ (127,637)	$ (52,888)	$(499,025)	$204,924	$ (703,949)
Add (deduct):						
Mortgage and loan interest expense	57,142	49,859	7,283	224,692	148,634	76,058
Distributions on Exchangeable Units	154	342	(188)	1,180	1,368	(188)
Amortization of deferred financing costs	3,138	2,878	260	11,787	10,702	1,085
Amortization of marked to market adjustment	—	—	—	—	(719)	719
EBITDA[(1)]	$ (120,091)	$ (74,558)	$ (45,533)	$ (261,366)	364,909	$ (626,275)
Loss on revaluation of financial liabilities	2,556	3,200	(644)	9,158	15,249	(6,091)
Fair market value losses (gains)	192,951	141,269	51,682	572,529	(64,258)	636,787
Unit-based compensation expense	(696)	4,646	(5,342)	6,684	11,874	(5,190)
Foreign exchange loss (gain)	9,993	(8,485)	18,478	2,506	(9,262)	11,768
Convertible debenture issuance costs	2,682	14	2,668	7,283	7,062	221
Transaction costs	16,294	12,501	3,793	50,982	28,359	22,623
Less: share of (profit) loss of equity accounted investments	(685)	10,594	(11,279)	19,232	(11,971)	31,203
Add: distribution income from equity accounted investments	3,044	14,301	(11,257)	16,098	25,579	(9,481)
Adjusted EBITDA[(1)]	$ 106,048	$ 103,482	$ 2,566	$ 423,106	367,541	$ 55,565
Mortgage and loan interest expense	57,142	49,859	$ (7,283)	224,692	148,634	$ (76,058)
Less: debt repayment costs	—	—	—	—	—	—
Adjusted mortgage and loan interest expense[(1)]	$ 57,142	$ 49,859	$ (7,283)	$ 224,692	$ 148,634	$ (76,058)
Interest coverage [(1)]	**1.86**	**2.08**	**(0.22)**	**1.88**	**2.47**	**(0.59)**

Notes

(1) As defined in Performance Measurement in this MD&A.

LIQUIDITY AND CASH RESOURCES

Cash Resources and Liquidity

CASH AND LIQUIDITY

	As at December 31, 2023	As at December 31, 2022
Cash and cash equivalents	$ 72,030	$ 87,987
Restricted Cash	60	47
Total	**$ 72,090**	**$ 88,034**

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 flows generated from operating activities and distribution income received from the REIT's investment in Vital Trust and JVs 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 flows from operating activities; (ii) distribution income received from its investment in Vital Trust and JVs; (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, partial or entire sale of assets.

The following table sets out the REIT's contractual cash flows as at December 31, 2023:

CONTRACTUAL CASH FLOWS

	Carrying amount	Contractual cash flows	2024	2025	2026	2027	2028	Thereafter
Accounts payable and accrued liabilities	$ 128,749	$ 128,749	$ 128,749	$ —	$ —	$ —	$ —	$ —
Distributions payable	7,299	7,299	7,299	—	—	—	—	—
Income tax payable	21,440	21,440	21,440	—	—	—	—	—
Liabilities associated with assets held for sale	18,485	18,485	—	18,485	—	—	—	—
Convertible debentures	320,854	366,500	—	125,000	—	155,250	86,250	—
Finance lease payable	14,370	14,370	2,170	1,752	1,624	1,224	819	6,781
Mortgages and loans payable	3,583,248	3,608,609	337,062	1,580,233	683,624	377,250	489,155	141,285
Total	**$4,094,445**	**$ 4,165,452**	**$ 496,720**	**$1,725,470**	**$685,248**	**$ 533,724**	**$ 576,224**	**$ 148,066**

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 JVs, 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, which are due within the next twelve months, totaled $513.0 million, exceeding current assets of $178.1 million (including assets held for sale), resulting in a difference of $335.0 million as at December 31, 2023.

Current liabilities include:

- Canadian dollar denominated revolving credit facilities with balances outstanding of $125.0 million. The REIT expects to either refinance the facility or repay using proceeds from future asset sales.
- $123.3 million of Canadian mortgage maturities and scheduled principal repayments. The REIT currently expects the remaining balance of these mortgages to be refinanced on or before maturity or rolled into the revolving credit facility.
- $46.6 million of European mortgage maturities and scheduled principal repayments. The REIT expects the remaining balance of these mortgages to be refinanced on or before maturity or repaid using existing liquidity.

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 and cash equivalents:

NET CHANGE IN CASH

	Three months ended December 31, 2023			Year ended December 31, 2023		
	2023	**2022**	**Variance**	**2023**	**2022**	**Variance**
Cash provided by / (used in):						
Operating activities	$ 22,749	$ 56,014	$ (33,265)	$ 104,765	$ 228,577	$ (123,812)
Investing activities	126,163	(62,441)	188,604	194,266	(1,361,118)	1,555,384
Financing activities	(148,223)	27,214	(175,437)	(318,503)	1,176,963	(1,495,466)
Net increase / (decrease) in cash during the period	**689**	**20,787**	**(20,098)**	**(19,472)**	**44,422**	**(63,894)**
Effect of foreign currency translation	3,810	(4,703)	8,513	3,515	(19,135)	22,650
Net increase / (decrease) in cash during the period	**$ 4,499**	**$ 16,084**	**$ (11,585)**	**$ (15,957)**	**$ 25,287**	**$ (41,244)**

Operating activities

Cash generated by operating activities totaled $22.7 million for the three months ended December 31, 2023, as compared to cash generated by operating activities of $56.0 million for the three months ended December 31, 2022, a decrease of $33.3 million. This decrease is primarily related to a $9.4 million increase in mortgage and loan interest paid, a $5.1 million increase in income taxes paid and negative working capital movement of $22.8 million, partially offset by a $5.2 million increase in NOI.

Cash generated by operating activities totaled $104.8 million for the year ended December 31, 2023 as compared to $228.6 million for the year ended December 31, 2022, a decrease of $123.8 million. This decrease is primarily related to $91.6 million increase in mortgage and loan interest paid, an increase in G&A of $9.7 million, an increase in taxes paid of $4.5 million and a $56.8 million negative working capital movement which was offset by a $38.3 million improvement in NOI.

Investing activities

Cash generated by investing activities totaled $126.2 million for the three months ended December 31, 2023, which is primarily related to $159.0 million cash proceeds from the sale of investment properties, $46.4 million from the redemption and sale of unlisted securities and distributions received from associates and unlisted securities of $4.5 million, offset partially by $67.4 million used for additions to investment properties, primarily on developments in Australasia, and $15.7 million of transaction costs associated with strategic initiatives and dispositions in Australasia and the Americas.

Cash generated by investing activities totaled $194.3 million for the year ended December 31, 2023, which is attributable to cash provided of $356.9 million from dispositions of investment properties, $138.1 million from the redemption and sale of unlisted securities and $17.1 million proceeds from distributions from associates, partially offset by $60.1 million of acquisition and transactional activity, and $259.0 million of additions to investment properties.

Financing activities

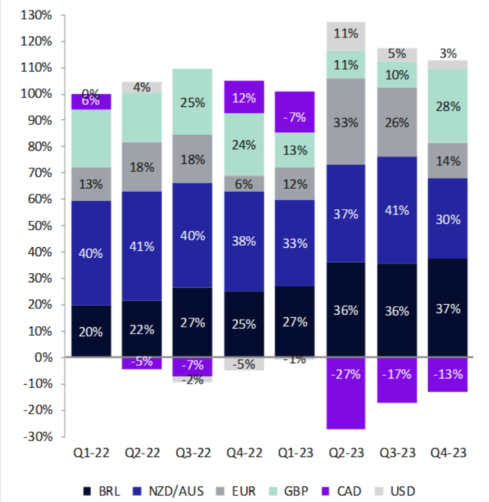
During the three months ended December 31, 2023, cash used by financing activities totaled $148.2 million as compared to cash generated of $27.2 million during the three months ended December 31, 2022. The financing activities during the three months ended December 31, 2023 include $111.7 million of net repayment of mortgages, loans payable and credit facilities, $2.7 million of convertible debenture refinancing costs (see Highlights for the year to date) and distributions paid to REIT unitholders and to non-controlling interests of $27.9 million.

For the year ended December 31, 2023, cash used by financing activities of $318.5 million as compared to cash generated of $1.2 billion during the year ended December 31, 2022. The financing activities include $205.6 million of net mortgages, loans payable and credit facilities repayments, payment of distributions to REIT unitholders and to non-controlling interests of $176.6 million and financing fees paid of $15.1 million partially offset by net cash proceeds from issuance of convertible debentures of $79.0 million.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three months and year ended December 31, 2023, the majority of the REIT's AFFO, including Corporate costs such as certain general and administrative expenses, interest expenses and interest income that were denominated in Canadian dollars, was conducted in currencies other than Canadian dollars while its distributions to unitholders were denominated only in Canadian dollars.

AFFO by Currency by Quarter [1]



Trading Range

(Against CAD)	USD	BRL	EUR	GBP	NZD	AUD
Three months ended December 31, 2023:						
High	1.3628	0.2764	1.5033	1.7078	0.8506	0.9081
Low	1.3155	0.2649	1.4321	1.6575	0.8053	0.8768
Average	1.3607	0.2746	1.4644	1.6893	0.8213	0.8861
Balance Sheet:						
December 31, 2023	1.3247	0.2729	1.4620	1.6863	0.8369	0.9015
December 31, 2022	1.3541	0.2560	1.4487	1.6370	0.8596	0.9230
Profit & Loss:						
Q4 2023 Average Rate	1.3607	0.2746	1.4644	1.6893	0.8213	0.8861
Q3 2023 Average Rate	1.3414	0.2747	1.4592	1.6977	0.8109	0.8777
Q2 2023 Average Rate	1.3431	0.2712	1.4625	1.6811	0.8302	0.8970
Q1 2023 Average Rate	1.3517	0.2602	1.4502	1.6420	0.8511	0.9243
Q4 2022 Average Rate	1.3576	0.2579	1.3856	1.5928	0.8191	0.8920
Q3 2022 Average Rate	1.3053	0.2489	1.3146	1.5353	0.8003	0.8917
Q2 2022 Average Rate	1.2762	0.2599	1.3591	1.6036	0.8301	0.9120
Q1 2022 Average Rate	1.2667	0.2423	1.4218	1.6997	0.8562	0.9166

Notes

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

For the three months and year ended December 31, 2023, 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 December 31, 2023, Canadian dollar AFFO was a loss of $4.3 million while Canadian dollar distributions paid in cash totaled $27.9 million. Deficiencies were funded from cash repatriated to Canada from US, Brazil, Europe, Australia, and New Zealand.

As at December 31, 2023, the REIT held approximately $16.9 million 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 may utilize currency hedges, 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 does not currently have any specific foreign currency hedging derivatives in place.

Among the REIT's global currencies, compared to December 31, 2022, the BRL, GBP, and Euro were up relative to the Canadian dollar by 6.6%, 3.0%, and 0.9%, respectively, while the NZD, AUD and EUR were down by 2.6%, 2.3%, and 2.2% respectively.

PART V – RELATED PARTY TRANSACTIONS

As announced on August 8, 2023, the REIT's former Chairman and Chief Executive Officer, Paul Dalla Lana resigned from the Board of Trustees and his role as Chief Executive Officer ("CEO") of the REIT. In connection with the resignation, Mr. Dalla Lana and NWVP, an entity controlled by Mr. Dalla Lana, entered into a mutual separation agreement with the REIT (the "Separation Agreement").

Pursuant to the Separation Agreement dated August 8, 2023, a release of any known liability was provided to the REIT and its affiliates and the parties agreed to enter into an agreement of purchase and sale pursuant to which NWVP (or an affiliate thereof) would acquire the REIT's interest in an investment property located in Toronto, Ontario for total consideration of $34.0 million. The sale closed during the three months ended December 31, 2023 and the purchase price has been reflected in the fair value adjustment included in the investment property movement in the year.

As at August 8, 2023, the former CEO held and will retain the rights to a total of 1,056 vested REIT deferred units valued at $0.1 million (December 31, 2022 - 992 deferred units valued at $0.1 million) and he forfeited 1,068,045 performance units valued at $2.4 million (December 31, 2022 - 423,869 performance units valued at $5.0 million) issued under the REIT's equity incentive plan that are were scheduled to vest in three years from the grant date subject to the achievement of certain vesting conditions.

These transactions were recognized at the amount agreed to by the parties and are subject to the terms and conditions of the Separation Agreement.

Ownership Interest held by NWVP

The Class B exchangeable units of NWI Healthcare Properties LP ("NWI LP") are entirely held by NWVP and its affiliates. NWVP also holds an interest in REIT units. Pursuant to the amended and restated Declaration of Trust dated September 13, 2023. For so long as NWVP maintains a 10% interest in the REIT, NWVP has the right to appoint trustees to the board of the REIT (with such appointment rights varying based on the level of NWVP's ownership interest). For so long as NWVP maintains a 5% interest in the REIT, NWVP has pre-emptive rights to participate in future financings and other issuances of securities of the REIT in order to maintain its pro rata ownership interest in the REIT and other contractual entitlements. As at December 31, 2023 NWVP does not have a representative on the Board of Trustees, and accordingly neither Paul Dalla Lana nor NWVP are deemed to be related parties prospectively from the date of the Separation Agreement.

As of December 31, 2023, there were 1,710,000 Exchangeable Units outstanding (December 31, 2022 - 1,710,000) (see note 23).

Other transactions while a member of Key Management Personnel

The REIT incurred charges from NWVP of $2.6 million during the year ended December 31, 2023 , including applicable sales taxes, during the period from January 1 to August 8, 2023, which included (i) annual base and performance-based compensation for CEO management services of $1.3 million excluding deferred units held by the former CEO, (ii) expense reimbursements of $0.2 million, and; (iii) the cost of NWVP personnel seconded to the REIT totaling $0.1 million. The aforementioned charges were recorded as part of general and administrative expenses and transaction costs in the consolidated statements of income (loss) and comprehensive income (loss).

During the period from January 1 to August 8, 2023 the REIT made payments to NWVP of $2.6 million to settle the charges noted above. The REIT also made advances during this period of $0.8 million that were fully repaid by NWVP. As at December 31, 2023, the REIT has no amounts owing or receivable from NWVP.

The REIT incurred charges to NWVP during the year ended December 31, 2022, of $4.0 million, including applicable sales taxes which includes annual compensation for CEO services for $2.5 million, expense reimbursement of $0.9 million, and the cost NWVP personnel seconded to the REIT totaling $0.3 million. The aforementioned charges were recorded as part of general and administrative expenses and transaction costs in the consolidated statement of income (loss) and comprehensive income (loss).

During the year ended December 31, 2022 the REIT made total payments to NWVP of $4.0 million, to settle the obligations noted above excluding the amounts paid on redemption of deferred units.

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, 2023.

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. The significant judgments and key estimates made by the REIT are outlined below:

Critical accounting estimates

Impairment of goodwill and intangible asset

The impairment test methodology is based on a comparison between the higher of fair value less costs to sell and value-in-use of each of the REIT's cash generating units ("CGU"), including the allocated goodwill, and the CGU's net asset carrying values.

Goodwill impairment is reviewed annually, or more frequently if indicators of potential impairment exist. The fair value less cost to sell and value-in-use include relevant estimates such as forecasted cash flows attributable to management fees and operating expenses, as well as other factors including discount rates, capitalization rates, inflation rates, interest rates, taxation rates, foreign currency rates and earnings multiples.

Indefinite life intangible asset is also tested annually for impairment and the fair value is determined using valuation earnings multiples in assessing impairment of intangible assets applied by the REIT for this purpose reflect current market conditions specific to the business unit and are assessed for reasonability by comparison to recent regional transaction activity.

Investment properties

Investment properties are re-measured to fair value at each reporting date, determined based either on internal valuation models incorporating available market evidence, or on valuations performed by third-party appraisers. Significant assumptions and number of methods are used in determining the fair value of the investment properties include capitalization rates, terminal capitalization rates, discount rates, and future cash flows that incorporate inflation rates, vacancy rates, property level capital expenditures and net operating income.

Derivative financial instruments

The measurement of the fair value of the REIT's derivative financial instruments is based on estimates and assumptions that affect the reported amount of the liabilities and the corresponding gain or loss on changes in fair value. Estimates and assumptions used in the valuation for the REIT's derivatives and investment in unlisted securities are described in notes 6 and 20 of the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2023.

Critical Judgments in Applying Accounting Policies

Leases

The REIT makes judgments in determining whether leases in which the REIT is the lessor are operating or finance leases, and has determined that all of its leases are operating leases. The accounting treatment of leases as finance leases would have a significant effect on the measurement of transactions and balances in the consolidated financial statements.

The accounting treatment associated with a sale and leaseback transactions, when applicable, are assessed based upon the substance of the transaction and whether the transfer of an asset is considered as a sale and when the control of the asset has been transferred to the purchaser.

If the transfer of the asset to the REIT as buyer-lessor is considered a sale, the REIT assesses the classification of the lease as a finance or operating lease; and follows IFRS 16 - Leases accordingly. If the transfer is not considered a sale, the REIT does not recognize the underlying asset and records a financial asset under IFRS 9 - Financial Instruments for amounts paid to the seller-lessee.

Investment Acquisitions

When investments are acquired, the REIT is required to apply judgment as to whether or not the transaction should be accounted for as an asset acquisition or business combination. A transaction is considered to be a business combination if the acquired investment meets the definition of a business in accordance with IFRS 3, "Business Combinations" ("IFRS 3"), being an integrated set of activities and assets that are capable of being managed for the purpose of providing a return. The REIT elected to use a concentration test that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations are measured at fair value on the date of acquisition, being the date at which the acquirer obtains control over the acquiree. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the acquisition date and acquisition-related costs are recognized in profit or loss as incurred.

When acquisition of an investment does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values at the acquisition date, and no goodwill is recognized. Acquisition related costs are capitalized to the investment at the time the acquisition is completed. All of the REIT's property acquisitions have been accounted for as asset acquisitions.

Consolidation of Vital Trust

The REIT accounts for its investment in Vital Trust as a subsidiary and consolidates the financial position and results of Vital Trust. The REIT's interest in Vital Trust, as at December 31, 2023, is 28.6%. The REIT assessed it has control over Vital Trust based on the definition of control and certain criteria provided for in IFRS 10-Consolidated Financial Statements. The REIT has assessed it has control over Vital Trust based on the following key observations: i) the REIT controls the external manager of Vital Trust through the 100% indirect ownership of ANZ Manager which results in the REIT directing all activities of Vital Trust; ii) the REIT has the right to appoint a majority of directors of the board of Vital Healthcare Management Limited, which acts as the board of directors of Vital Trust; and iii) the 71.4% non-controlling interest of Vital Trust is widely held.

Income Taxes

With the exception of subsidiaries that are subject to income taxes, deferred income taxes are not recognized in the consolidated financial statements on the basis that the REIT can deduct distributions paid such that its liability for income taxes is substantially reduced or eliminated for the year. In applying this accounting policy, the REIT has made the judgment that the REIT intends to continue to distribute its taxable income and continue to qualify as a real estate investment trust for the foreseeable future; however, should it no longer qualify it would not be able to flow through its taxable income to unitholders and the REIT would be subject to Canadian taxation on its non-portfolio earnings.

We make significant judgments in interpreting tax rules and regulations when we calculate income tax expense. The calculation of current and deferred income taxes requires management to make certain judgments regarding the tax rules in jurisdictions where the REIT performs activities. The REIT is subject to tax audits from various tax authorities on an ongoing basis and from time to time, tax authorities may disagree with the positions and conclusions taken by the REIT in its tax filings or legislation could be amended or interpretations of current legislation could change, any of which events could lead to reassessments. There are a number of uncertainties involved in such matters and as a result, there is a possibility that the ultimate resolution of these matters may result in a material adverse effect, individually or in aggregate, on the REIT's operations or financial condition or performance in future periods. Management regularly assesses its position on the adequacy of such accruals or provisions and will make any necessary adjustments.

Classification of assets and liabilities held for sale

The REIT makes certain judgements with respect to classifying investment properties and associated liabilities as assets and liabilities held for sale as described in note 4 of the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2023.

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.sedarplus.ca, contains a detailed summary, under "Risk Factors", of the risk factors pertaining to the REIT and its business.

RISKS RELATING TO REAL PROPERTY OWNERSHIP

Liquidity

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the REIT's ability to vary its portfolio promptly in response to changing financial, economic or investment conditions. If the REIT were to be required to liquidate its real property investments, the proceeds to the REIT might be significantly less than the aggregate carrying value of its properties which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

Fixed Costs

The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders. Certain significant expenditures, including property taxes, ground rent, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale. Costs may also be incurred in making improvements or repairs to property required by a new tenant and income may be lost as a result of any prolonged delay in attracting suitable tenants to the vacant space. The timing and amount of capital expenditures by the REIT will indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.

Property Development, Redevelopment and Renovations

Property development, redevelopment or major renovation work are subject to a number of risks, including: (i) the potential that the REIT may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (ii) the potential that the REIT may expend funds on and devote management time to projects which it does not complete; (iii) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (iv) the time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting the REIT's cash flow and liquidity; (v) the cost and timely completion of construction (including risks beyond the REIT's control, such as weather, labour conditions or material shortages); (vi) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (vii) the failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (viii) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; (ix) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; (x) the REIT's ability to dispose of properties redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and (xi) the availability and pricing of financing to fund the REIT's development activities on favourable terms or at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of redevelopment activities or the completion of redevelopment activities once undertaken. In addition, redevelopment projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others. Any of these risks could have an adverse effect on the REIT's financial condition, results of operations, cash flow, per Unit trading price of the Units, distributions to Unitholders and ability to satisfy the REIT's principal and interest obligations. Also, it is anticipated that the REIT would be required to execute a guarantee in connection with construction financing for development which would subject the REIT to recourse for construction completion risks and repayment of the construction indebtedness.

Real Property Ownership and Tenants

All real property investments are subject to elements of risk. By specializing in a particular type of real estate, the REIT is exposed to adverse effects on that segment of the real estate market and does not benefit from a diversification of its portfolio by property type. The value of real property and any improvements thereto depends on the credit and financial stability of tenants, and upon the vacancy rates of the properties. Cash flows will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties in which the REIT has an interest becomes vacant and is not able to be leased on economically favourable lease terms, if at all. A significant number of the REIT's properties are leased to single tenants, which increases the financial impact of tenant defaults. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the properties in which the REIT has an interest may seek the protection of bankruptcy, insolvency or similar laws that could result in the disclaimer and termination of such tenant's lease, any of which events could have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. Certain of the REIT's tenants, such as laboratories and hospital operators, may require licences to operate their business. To the extent these businesses are unable to obtain licences or maintain existing licences, the REIT's operations may be adversely impacted. The ability to rent unleased space in the properties in which the REIT will have an interest will be affected by many factors, including general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises and various other factors, many of which are beyond the REIT's control.

As at December 31, 2023, the REIT's properties had a 97% occupancy rate and a weighted average lease expiry of 13.3 years.

Competition in the Real Property Industry

The real estate business is competitive. Numerous other developers, managers and owners of properties will compete with the REIT in seeking tenants. Some of the properties located in the same markets as the REIT's properties are newer, better located, less levered or have stronger tenant profiles than the REIT's properties. Some property owners with properties located in the same markets as the REIT's properties may be better capitalized and may be stronger financially and hence better able to withstand an economic downturn. The existence of developers, managers and owners in such markets and competition for the REIT's tenants could have a negative effect on the REIT's ability to lease space in its properties in such markets and on the rents charged or concessions granted, which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders. Competition for acquisitions of real property can be intense and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that the REIT may be prepared to accept. An increase in the availability of investment funds, an increase in interest in real property investments or a decrease in interest rates may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

Current Economic Environment

Continued concerns about the uncertainty over whether the global economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of increased unemployment, volatile energy costs, geopolitical issues, rising interest rates, the availability and cost of credit, and the mortgage market in certain regions have contributed to increased market volatility and weakened business and consumer confidence. Although the healthcare real estate industry is an asset class that is not typically impacted by recessions or economic slowdowns, this difficult operating environment could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT to maintain occupancy rates in the REIT's properties, which could harm the REIT's financial condition. If these economic conditions worsen, the REIT's tenants and operators may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT.

Public Health Crises

A local, regional, national or international pandemic, epidemic or outbreak of a contagious disease could result in a general or acute decline in economic activity in the regions the REIT holds assets, a decrease in the willingness of the general population to travel, staff shortages, mobility restrictions, supply shortages, increased government regulation, and the quarantine or contamination of one or more of the REIT's assets of offices. Contagion in a REIT building, office or market in which the REIT operates could negatively impact the REIT's business, results of operations or reputation.

Environmental Laws

Environmental legislation and regulations have become increasingly important in recent years. As an owner of interests in real property in Brazil, the United Kingdom, Germany, the Netherlands, Australia, New Zealand, the United States and Canada, the REIT is subject to various federal, state and municipal laws relating to environmental matters in each jurisdiction. Such environmental laws impose actual and contingent liabilities on the REIT to undertake remedial action on contaminated sites and in contaminated buildings.

Laws and regulations, as may be amended over time, may also impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release could form the basis for liability to third persons for personal injury or other damages. In addition, if the REIT's personnel infringe or have infringed environmental protection laws, the REIT could be exposed to civil or criminal damages. The REIT may be required to provide for additional reserves to sufficiently allocate toward the REIT's potential obligations to remove and dispose of any hazardous and toxic substances. Any such event could have a material and adverse effect on the REIT's cash flows, financial condition and results of operations and the REIT's ability to make distributions on the Units.

The REIT is not aware of any material non-compliance with environmental laws at any of its properties, and is not aware of any material pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties. The REIT strives to set policies and procedures to assess, manage and monitor environmental conditions at its properties to manage exposure to liability.

The REIT intends to make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters may have a material adverse effect on the REIT's properties, financial condition or results of operation and decrease the amount of cash available for distribution. However, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

Climate Change Risk

The REIT is exposed to climate change risk from natural disasters, changes in weather patterns and severe weather, such as floods and wild fires, that may result in physical damage to, or a decrease in demand for, the REIT's investment properties. Such damage may result in loss of NOI from an investment property becoming non-operational, increase in costs to recover or repair a property, and increase in insurance costs to insure the property. As a result, the consequences of climate-change related natural disasters and severe weather patterns could have a material adverse effect on the REIT's business, cash flows, financial condition, results of operations and ability to make distributions to Unitholders.

In addition, climate change has continued to attract the focus of governments, the scientific community and the general public as an important threat, given the emission of greenhouse gases and other activities continue to negatively impact the planet. The REIT faces the risk that its properties will be subject to government initiatives aimed at countering climate change, such as reduction of greenhouse gas emissions, which could impose constraints on its operational flexibility. To the extent any such initiative would require the REIT to ensure its tenants compliance and/or constrain their activities in any way, this could have an undesirable effect on the REIT's ability to successfully pursue its leasing strategy.

Terrorism

Possible terrorist attacks in the markets where the REIT's properties are located may result in declining economic activity, which could reduce the demand for space at the REIT's properties and reduce the value of the REIT's properties. Additionally, terrorist activities could directly affect the value of the REIT's properties through damage, destruction or loss. The REIT's insurance may not cover some losses due to terrorism or such insurance may not be obtainable at commercially reasonable rates. Terrorism may have a material and adverse effect on the REIT's business, cash flows, financial condition, results of operations and ability to make distributions to Unitholders.

Litigation at the Property Level

The acquisition, ownership and disposition of real property carry certain specific litigation risks. Litigation may be commenced with respect to a property acquired by the REIT or its subsidiaries in relation to activities that took place prior to the REIT's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or damages for misrepresentation relating to disclosures made, if such buyer is passed over in favour of another as part of the REIT's efforts to maximize sale proceeds. Similarly, successful buyers may later sue the REIT under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

General Litigation

In the normal course of the REIT's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the REIT and as a result, could have a material adverse effect on the REIT's assets, liabilities, business, financial condition and results of operations. Even if the REIT prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the REIT's business operations, which could have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

RISKS RELATING TO THE BUSINESS OF THE REIT

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. Although the REIT's Revolving Credit Facility is available for acquisitions, there can be no assurances that the REIT will otherwise have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. In addition, the REIT may not be able to borrow funds under the Revolving Credit Facility or other debt instruments due to the limitations on the incurrence of debt by the REIT set forth in the Declaration of Trust. Failure by the REIT to access required capital could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Interest Rate and Inflation Risk

The rate of inflation impacts the general economic and business environment in which the REIT operates. Recent inflationary pressures experienced domestically and globally, external supply constraints, tight labour markets and strong demand for goods and resources, together with the imposition by governments of higher interest rates or wage and price controls as a means of curbing inflationary increases, will put pressure on our financing, operations, labour and acquisition costs and could negatively impact our business, financial condition and results of operation.

Indebtedness and Interest Rates

In an attempt to combat recent inflation through cooling demand, the Bank of Canada and other similar international organizations tightened monetary policy in 2022 by increasing overnight lending rates significantly. Inflation continues to be at recent historical high levels, and there remains a risk that interest rates continue to climb. In a rising interest rate and inflationary environment, the cost of borrowing, acquisitions and operating the REIT's business rises, which negatively impacts the REIT's business, financial condition and results of operations.

As at December 31, 2023 the REIT had outstanding indebtedness of $4.0 billion including the Convertible Debentures, but excluding Class B LP Units. As at December 31, 2023,$3.0 billion of the REIT's total indebtedness was at variable rates (includes $194.4 million in mortgages and $1.7 billion in term debt that are economically fixed using interest rate derivative contracts) and $338.9 million was expected to mature and require re-financing in the 12 months following December 31, 2023. Rising interest rates significantly impact the cost associated with this debt.

A meaningful portion of the cash flow generated by the REIT's investment properties and asset management function is devoted to servicing the REIT's debt. There can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet required interest and principal payments going forward. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

The REIT will be subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO.

The Revolving Credit Facility contains covenants that require the REIT to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, the lenders have certain rights under the agreement that may restrict the REIT from accessing the Revolving Credit Facility, which may limit the REIT's ability to make distributions.

The REIT has entered into certain interest rate hedging arrangements to mitigate the impact of rising interest rates on the REIT's business. Hedging transactions involve the risk that counterparties, which are generally financial institutions, may be unable to satisfy their obligations. If any counterparties default on their obligations under the hedging contracts or seek bankruptcy protection, it could have an adverse effect on the REIT's cost of borrowing on variable rate loans. The REIT's obligations under hedging arrangements may be secured by all or a portion of the REIT's assets or cash, the value of which generally must cover the fair value of the transactions outstanding under the facility by some multiple. If the REIT is unable to provide adequate security to support hedging arrangements, the REIT will remain exposed to interest rate fluctuations.

Reliance on Key Personnel

The management and governance of the REIT depends on the services of certain key personnel, including senior management. The departure of any key personnel could have an adverse effect on the REIT and adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution. The REIT cannot predict the impact that any such departures will have on its ability to achieve its objectives. The REIT's senior management team possesses substantial experience and expertise and has strong business relationships with investors in its managed entities and other members of the business communities and industries in which the REIT operates. As a result, the loss of these personnel could jeopardize the REIT's relationships with investors in the REIT's managed entities and other members of the business communities and industries in which the REIT operates and result in the reduction of the REIT's assets under management or fewer investment opportunities. Accordingly, the loss of services from key professionals or a limitation in their availability could adversely impact the REIT's financial condition and cash flow. Furthermore, such a loss could be negatively perceived in the capital markets. The REIT does not have key man insurance on any of its key employees.

The REIT's ability to retain and motivate its management team and other personnel and attract suitable replacements should any such personnel leave, or attract new investment professionals as the REIT's business grows, is dependent on, among other things, the competitive nature of the employment market and the career opportunities and compensation that the REIT can offer.

Specific Lease Considerations

Some of the leases in the REIT's properties are leased on a base year or semi-gross basis or otherwise have caps on operating costs and/or tax recoveries. As a result, the REIT will bear the economic cost of increases in certain of the operating costs and/or property taxes in such cases to the extent it is not able to fully recover increases in operating costs and property taxes from these tenants which increases would likely adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

Acquisitions

The REIT's business plan includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If the REIT is unable to manage its growth effectively, it could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to Unitholders will increase in the future. The successful execution of the REIT's investment strategy is uncertain as it requires suitable opportunities, careful timing and business judgment, as well as the resources to complete asset purchases and restructure them, if required, notwithstanding difficulties experienced in a particular industry.

Before making investments, the REIT conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances relevant to each potential investment. Investment analyses and decisions by the REIT may be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the REIT at the time of making an investment decision may be limited. Accordingly, acquisitions and development agreements entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. Representations and warranties given by such third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. The REIT may not be able to successfully enforce claims it may have against vendors of its assets. Moreover, the acquired properties may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment and the REIT may be unable to quickly and effectively integrate new acquisitions into the REIT's existing operations or exit from the investment on favourable terms. The REIT may be required to sell a business before it has realized the REIT's expected level of returns for such business

Increasing interest rates could position the REIT to be less competitive in pursuing new acquisitions on a basis that is accretive to AFFO per Unit on the basis that (a) increasing interest rates and associated costs could lead to increases in capitalization rates, which could result in a decrease in the REIT's net asset value and therefore put upward pressure on the REIT's debt to gross book value ratio, thereby requiring the REIT to offset this by employing lower leverage levels on new acquisitions, or curtail its acquisition activities if it is unable to find accretive acquisitions; and (b) increasing interest rates outpacing rental rate growth (which may be an issue where rents are inflation adjusted) could lead to margin pressure, and when combined with increasing capitalization rates, may negatively impact the REIT's Unit price, thereby increasing its cost of equity.

Investment Concentration

As a result of the REIT's investments consisting of interests in healthcare real estate, it will be subject to risks inherent in investments in a single industry. Demand for commercial healthcare real estate could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing properties in a particular market. To the extent that any of these conditions occur, they are likely to affect market rents for space, which could cause a decrease in the REIT's rental and management revenue from its properties. Any such decrease could impair the REIT's ability to satisfy any debt service obligations and generate stable positive cash flow from its operations.

Joint Venture Investments

The REIT currently has a number of joint venture investments, and may in the future co-invest with third parties through joint ventures. In any such joint venture, the REIT may not be in a position to exercise sole decision-making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with the REIT's business interests or goals and may be in a position to take actions contrary to the REIT's policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, because neither the REIT nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between the REIT and its joint venture partners could result in litigation or arbitration that could increase the REIT's expenses and distract its officers and/or Trustees from focusing their time and effort on the REIT's business. In addition, the REIT might in certain circumstances be liable for the actions of its joint venture partners.

Fee-Bearing Asset Management Business

The REIT's investors and potential investors continually assess investment performance and the REIT's ability to raise capital for existing and future investments depends on its relative and absolute performance. If poor investment returns or changes in investment mandates prevent the REIT from raising further capital from existing partners, it may need to identify and attract new investors in order to maintain or increase the size of the Global Manager's operations, and there are no assurances that the REIT will be able to find new investors. Further, as competition and disintermediation in the asset management industry increases, the REIT may face pressure to reduce or modify asset management fees, including base management fees and/or incentive fees, or modify other terms governing the Global Manager's current asset management fee structure, in order to attract and retain investors. If the REIT is unable to successfully raise, retain, and deploy third-party capital into investments, the Global Manager may be unable to collect management fees, incentive fees or activity-based fees, which would materially reduce the REIT's revenue and cash flows and adversely affect the financial condition of the REIT. The REIT's ability to raise third-party capital depends on a number of factors, including many that are outside the REIT's control such as the general economic environment and the number of other investment funds being raised at the same time by the REIT's competitors.

If any of the REIT's managed investments perform poorly or experience prolonged periods of volatility, or if the REIT is unable to deploy capital effectively, the REIT's fee-based revenue would decline. Moreover, the REIT could experience losses on its capital invested in managed entities. Accordingly, the REIT's expected returns on these investments may be less than has been assumed in forecasting the financial position of the REIT.

Competition in the Asset Management Industry

In pursuing investment opportunities and returns, the REIT and its managed entities face competition from other investment managers and investors worldwide. Each of the REIT's businesses is subject to competition in varying degrees and the REIT's competitors may have certain competitive advantages over the REIT when pursuing investment opportunities. Some of the REIT's competitors may have higher risk tolerances, different risk assessments, lower return thresholds, a lower cost of capital, or a lower effective tax rate (or no tax rate at all) or may not be subject to the operating constraints associated with REIT tax compliance, all of which could allow them to consider a wider variety of investments and to bid more aggressively than the REIT for investments. The REIT may lose investment opportunities in the future if we do not match investment prices, structures and terms offered by the REIT's competitors, some of whom may have synergistic businesses which allow them to consider bidding a higher price than the REIT can reasonably offer. While the REIT attempts to deal with competitive pressures by leveraging its asset management strengths and operating capabilities and compete on more than just price, there is no guarantee these measures will be successful, and the REIT may have difficulty competing for investment opportunities, particularly those offered through auction or other competitive processes.

Lease Renewals and Rental Increases

Expiries of leases for the REIT's properties, including those of significant tenants, will occur from time to time over the short and long-term. No assurance can be provided that the REIT will be able to renew any or all of the leases upon their expiration or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

The leases for Sabará, and the seven Rede D'Or properties, the UK properties and many of the Vital Trust and the Australian JV properties are single tenant leases with the operators of such facilities. Upon the expiry of the leases, there can be no assurance that they will be renewed or that the tenants will be replaced. If the tenants do not renew their leases, the REIT's cash flows, operating results, financial condition and its ability to make distributions on the Units could be materially and adversely affected. The Sabará Lease also contains a pre-emptive right in favour of the Sabará Tenant if the controlling interest or all of the shares of the REIT subsidiary that owns Sabará are sold during the term of the lease, offering the tenant the right to purchase the shares on the same terms. Rede D'Or has a right of first refusal on each of the seven Rede D'Or properties.

Forecasted Occupancy Rates and Revenues

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the REIT's properties or revenues to be derived therefrom. There can be no assurance that, upon the expiry or termination of the leases currently in effect, the average occupancy rates and revenues will be the same as, or higher than, historical occupancy rates and revenues.

Exchange Rates

As at December 31, 2023, 100% of the REIT's AFFO was generated in currencies other than Canadian dollars because the REIT has used Canadian dollar debt to finance international acquisitions and operations. However, the REIT pays distributions to Unitholders and interest on certain of its indebtedness in

Canadian dollars. As a result, fluctuations in such foreign currencies against the Canadian dollar could have a material adverse effect on the REIT's financial results, which is denominated and reported in Canadian dollars, and on the REIT's ability to pay cash distributions to Unitholders.

The REIT monitors its foreign exchange exposure and its currency hedging strategy on an ongoing basis. The REIT intends to maintain a hedging policy 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 hedging policy includes natural currency hedges as well as selectively implementing specific foreign currency hedging transactions, if economically viable. At this time, the REIT does not have any formal foreign currency hedging arrangements. To the extent that the REIT fails to adequately manage foreign exchange risks, including if any such hedging arrangements do not effectively or completely hedge changes in foreign currency rates, the REIT's financial results, and the REIT's ability to pay distributions to Unitholders, may be negatively impacted.

Hedging transactions involve the risk that counterparties, which are generally financial institutions, may be unable to satisfy their obligations. If any counterparties default on their obligations under the hedging contracts or seek bankruptcy protection, it could have an adverse effect on the REIT's ability to fund planned activities and could result in a larger percentage of future revenue being subject to currency changes. The REIT's obligations under currency hedging arrangements may be secured by all or a portion of the REIT's assets or cash, the value of which generally must cover the fair value of the transactions outstanding under the facility by some multiple. If the REIT is unable to provide adequate security to support currency hedging arrangements, the REIT will remain exposed to foreign currency fluctuations.

Healthcare Industry

The healthcare industry is heavily regulated by various federal, regional and local regulatory bodies. As a result, the REIT's tenants will generally be subject to significant laws and regulations regarding licensing and reimbursement programs. Healthcare providers in many countries have been affected significantly by changes in healthcare laws and regulations, particularly those pertaining to government reimbursement programs. The purpose of much of the statutory and regulatory activity has been to limit or reduce healthcare costs, particularly costs paid under such programs. Many of the recent changes to these programs have resulted in significant reductions in payments to healthcare providers and/or claw-backs to billings in certain regions. The efforts to reduce the costs of government reimbursement programs are likely to continue, which could negatively affect the ability of the REIT's tenants to make lease payments.

MOBs may be highly customized and may not be easily adaptable to alternative uses. Private hospitals are typically leased to a single tenant, sole hospital operator. The improvements necessary to conform a building to healthcare use may be costly and tenant specific. A new or replacement tenant may require different features in a property, depending on the tenant's particular operations. If the REIT or its tenants terminate the leases for these properties, the REIT may not be able to locate suitable replacement tenants to lease the properties for their specialized uses. Consequently, the REIT may be required to spend substantial amounts to adapt the properties to other uses. Any loss of revenues and/or additional capital expenditures occurring as a result may adversely affect the financial position of the REIT.

The healthcare industry continues to experience consolidation, including among owners of real estate and healthcare providers. The REIT competes with other healthcare real estate investment trusts and other investors that pursue a variety of investments, which may include investments in the REIT's tenants. A competitor's investment in one of the REIT's tenants, any change of control of a tenant, or change in the tenant's management team could enable the REIT's competitor to influence or control that tenant's business and strategy. This influence could have a material adverse effect on the REIT by impairing the REIT's relationship with the tenant, negatively affecting the REIT's interest, or impacting the tenant's financial and operational performance, including its ability to pay the REIT rent or interest.

Competing healthcare facilities located in the areas served by the REIT's facilities may provide healthcare services that are not available at the REIT's facilities. From time-to-time, referral sources, including physicians and managed care organizations, may change the healthcare facilities to which they refer patients, which could adversely affect the REIT's tenants and thus its rental revenues, interest income and its earnings from equity investments.

Limits on Business and Investment Activities

In order to maintain its status as a "mutual fund trust" under the Tax Act, the REIT cannot carry on most active business activities and is limited in the types of investments it may make. The Declaration of Trust contains restrictions to this effect.

Insurance Coverage

The activities carried on by the REIT entail an inherent risk of liability. The REIT carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with customary policy specifications, limits and deductibles. The REIT has insurance for earthquake risks, subject to certain policy limits, deductibles and self–insurance arrangements, and will continue to carry such insurance if it is economical to do so. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the REIT's insurance could have a material adverse effect on the REIT's activities, operating results and financial condition. Claims against the REIT, regardless of their merit or eventual outcome, also may have a material adverse effect on their ability to attract tenants or expand their businesses, and will require management to devote time to matters unrelated to the activities of the REIT.

Land Leases

To the extent the properties in which the REIT has or will have an interest are located on leased land, the land leases may be subject to periodic rate resets which may fluctuate and may result in significant rental rate adjustments which would likely adversely impact the REIT's financial condition and results of operation and decrease the amount of cash available for distribution. Land leases may also be terminated or not renewed upon expiry.

Tenant Occupancy

Although certain, but not all, leases contain a provision requiring tenants to maintain continuous occupancy of leased premises, there can be no assurance that such tenants will continue to occupy such premises. Certain tenants have a right to terminate their leases upon payment of a penalty but others are not required to pay any penalty associated with an early termination. There can be no assurance that tenants will continue their activities and continue occupancy of the premises. Any cessation of occupancy by tenants may have an adverse effect on the REIT and could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Locations of Properties in Foreign Countries

The vast majority of the REIT's assets are located in foreign countries, specifically Australia / New Zealand, Brazil, Germany, the Netherlands, the U.S. and the UK and, as a result, are impacted by economic and other factors specifically affecting the real estate markets in those countries. These factors may differ from those affecting the real estate markets in other regions, including those in Canada. Although the REIT's international assets are dispersed across several foreign countries, a number of the REIT's international assets could nevertheless experience any of the same conditions at the same time due to global correlations. If real estate conditions in these countries decline relative to real estate conditions in other regions, the REIT's cash flows, operating results and financial condition may be more adversely affected than those of companies in Canada or that have different, or more, geographically diversified portfolios of properties.

Investing in real estate located in foreign countries, including those listed above, creates risks associated with the uncertainty of foreign laws and markets including, without limitation, laws respecting foreign ownership, the enforceability of loan and lease documents, and foreclosure laws. Foreign real estate laws are complex and subject to change, and we cannot assure you that compliance to those laws will not expose the REIT to additional expense. The properties acquired internationally will face risks in connection with, among other things, unexpected changes in regulatory requirements, political and economic instability, possible currency transfer restrictions, the difficulty in enforcing obligations in other countries, the impact from Brexit and future developments in the EU and the burden of complying with a wide variety of foreign laws.

The UK left the EU on January 31, 2020. On May 1, 2021, the EU-UK Trade and Cooperation Agreement (the "**TCA**") became effective, which governs the ongoing relationship between the UK and the EU. Over time, UK regulated businesses may be adversely affected by the terms of the TCA as compared with their position prior to the ratification of the TCA. The long-term effects of Brexit are expected to depend on, among other things, any agreements the UK has made, or makes to retain access to EU markets. Brexit could adversely affect European or worldwide economic or market conditions and could contribute to instability in global financial and real estate markets. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. Any of these effects of Brexit, and others the REIT cannot anticipate, could adversely affect the REIT's business, business opportunities, results of operations, financial condition and cash flows. Likewise, similar actions taken by other European and other countries in which the REIT operates could have a similar or even more profound impact.

Competition in Foreign Real Estate Markets

The real estate markets in Australia / New Zealand, Brazil, Germany, the U.S. and the UK and the Netherlands are highly competitive and fragmented and the REIT and its equity investees compete for real property acquisitions with individuals, corporations, institutions and other entities which are seeking or may seek real property investments similar to those the REIT desires. An increase in the availability of investment funds or an increase in interest in real property investments may increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them. Numerous other developers, managers and owners of properties will compete with the REIT in seeking tenants. Some of the properties owned by the REIT's competitors are better located, better quality or less leveraged than the REIT's properties. Some of the REIT's competitors are better capitalized and stronger financially and hence better able to withstand an economic downturn. The existence of competition for tenants could have an adverse effect on the REIT's ability to lease space in its properties and on the rents charged or concessions granted, and could materially and adversely affect the REIT's cash flows, operating results and financial condition and the REIT's ability to make distributions on the Trust Units.

Breaches of Privacy or Information Security Systems

The protection of tenant, employee, and company data is critically important to the REIT. The REIT's business requires it, including some of its vendors, to use and store personally identifiable and other sensitive information of its tenants and employees. The collection and use of personally identifiable information is governed by federal and provincial laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. Compliance with all such laws and regulations may increase the REIT's operating costs and adversely impact the REIT's ability to market the REIT's properties and services.

The security measures put in place by the REIT, and such vendors, cannot provide absolute security, and the REIT and its vendors' information technology infrastructure may be vulnerable to criminal cyber-attacks or data security incidents, including, ransom of data, such as, without limitation, tenant and/or employee information, due to employee error, malfeasance, or other vulnerabilities. Any such incident could compromise the REIT's or such vendors' networks, and the information stored by the REIT or such vendors could be accessed, misused, publicly disclosed, corrupted, lost, or stolen, resulting in fraud, including wire fraud related to REIT assets, or other harm. Moreover, if a data security incident or breach affects the REIT's systems or such vendors' systems or results in the unauthorized release of personally identifiable information, the REIT's reputation and brand could be materially damaged and the REIT may be exposed to a risk of loss or litigation and possible liability, including, without limitation, loss related to the fact that agreements with such vendors, or such vendors' financial condition, may not allow the REIT to recover all costs related to a cyber breach for which they alone or they and the REIT should be jointly responsible for, which could result in a material adverse effect on the REIT's business, results of operations, and financial condition.

Privacy and information security risks have generally increased in recent years because of the proliferation of new technologies, such as ransomware, and the increased sophistication and activities of perpetrators of cyber-attacks. In the future, the REIT may expend additional resources to continue to enhance the REIT's information security measures and/or to investigate and remediate any information security vulnerabilities. Despite these steps, there can be no assurance that the REIT will not suffer a data security incident in the future, that unauthorized parties will not gain access to sensitive data stored on the REIT's systems, or that any such incident will be discovered in a timely manner. Further, the techniques used by criminals to obtain unauthorized access to sensitive data, such as phishing and other forms of human engineering, are increasing in sophistication and are often novel or change frequently; accordingly, the REIT may be unable to anticipate these techniques or implement adequate preventative measures.

Information technology systems are also an integral part of the REIT's internal controls over financial reporting framework. As the REIT's global operations expand, the REIT's information technology systems and other internal controls systems must continue to evolve.

If the REIT does not allocate and effectively manage the resources necessary to build and sustain reliable information technology infrastructure, fails to timely identify or appropriately respond to cybersecurity incidents, or the REIT's or its third-party vendors' information systems are damaged, destroyed, shut down, interrupted or cease to function properly, the REIT's business could be disrupted and the REIT could, among other things, be subject to: the loss of or failure to attract new tenants; the loss of revenue; the loss or unauthorized access to confidential information or other assets; the loss of or damage to trade secrets; damage to its reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; material misstatements in the REIT's financial reporting; and remediation costs.

The REIT's management, Audit Committee and the Board are together responsible for the review and oversight of the REIT's privacy, information technology and cyber security risk exposures. The Audit Committee's role was expanded to include overseeing information technology and cybersecurity governance in January 2023. To assist in identifying the principal risks faced by the REIT and the Board receive quarterly presentations from management assessing the REIT's risk management framework, including information security risks.

Operating in an Emerging Market

The Brazil region is considered by some to be an "emerging market" and therefore subject to potential risks. Risks associated with operating in emerging markets may include:

- political factors, including political instability and arbitrary or sudden changes to laws;
- legal and regulatory frameworks, which may increase the likelihood that laws will not be enforced and judgments will not be upheld;
- the movement and conversion of currency out of the foreign jurisdiction, which could hinder the payment of distributions to Canadian investors;
- inflation;
- corruption, bribery, civil unrest and economic uncertainty, which may negatively impact and disrupt business operations;
- factors that may affect title to its assets;
- potential expropriation or nationalization of assets; and
- access to assets.

Owning and operating investment properties in Brazil poses unique risks. For example, the REIT considers Brazilian inflation to be a key risk, but believes it has mitigated this risk by structuring the payments due under the Brazilian leases indexed to inflation, annually over the term of the leases. The REIT also believes that it is subject to risks involving currency fluctuations, which it attempts to mitigate through obtaining Brazilian domiciled debt on the assets. Further, Portuguese is the primary language in which business is conducted in Brazil, however the majority of the REIT's service providers (legal, audit and tax) are fluent in English. The REIT's local Brazilian consultants are fluent in Portuguese and English. Language risk is mitigated through requiring all material documentation to be translated into English. Further, all material correspondence with management and the Board of Trustees in Canada is provided in both English and Portuguese.

The REIT's trustees retain effective control over the REIT's Brazilian operations through the REIT's corporate structure. The REIT's Brazilian assets are all owned by Brazilian domiciled entities, which in turn are all indirectly wholly-owned by NWI LP. The REIT's Brazilian subsidiaries are all corporate entities under Brazilian law, meaning they must conduct business at the highest governance levels and adhere to applicable regulatory requirements that include annual filings, disclosures and preparation of audited financial statements.

Because the REIT's Brazilian subsidiaries are wholly-owned, the REIT controls the operations of these entities. Among other things:

- The REIT can remove or replace any of the directors or officers of its Brazilian subsidiaries at any time pursuant to director or shareholder resolutions, as applicable.
- The REIT maintains complete control over the books and records of its Brazilian subsidiaries.
- The REIT can transfer funds from its Brazilian subsidiaries to Canada at any time, subject to compliance with applicable withholding tax laws and regulatory requirements of the central bank of Brazil.

The REIT also maintains stringent controls over cash and banking that mitigate risk on its Brazil operations. All payments follow normal accounts payable process, which includes adequate segregation of duties from approvals to payment and all wires and cheques are fully traceable.

The REIT's officers and trustees believe that the REIT's Brazilian operational structure represents a proper discharge of their stewardship responsibilities. Management updates the REIT's trustees on a regular basis on the regulatory, business and operating environment of the REIT's business in Brazil.

The REIT and its staff have extensive experience conducting business in Brazil. As a result, the REIT has developed a deep familiarity with Brazil's real estate industry, regulatory environment, operating environment, financial markets, and culture and business practices and key relationships with its tenants and local advisors. The REIT's management team also relies on the expertise of reputable third party advisors with respect to legal, regulatory, tax and other matters in Brazil.

The REIT has adopted several formal procedures to address risks faced by the REIT, including certain risks related to Brazil. For example, the REIT has adopted a Code of Business Conduct and Ethics policy which requires all personnel to comply with applicable laws and explicitly prohibits improper payments to domestic and foreign officials. The REIT also requires all significant contracts to be translated into English by a reputable legal translator prior to execution. Lastly, as a matter of practice, all material Brazilian-based transactions are approved by the REIT's Trustees, with input from the REIT's management team and Brazilian personnel as appropriate.

Price

The REIT is subject to fluctuations in the market price of its own securities as well as the market price of the Vital Trust Units. Price risk is the risk that changes in market prices for the REIT's securities may impact the REIT's ability to access capital, and that changes in the market prices of the units underlying the REIT's equity investments may impact the value of its investments. The market price for the Units, the Convertible Debentures and the units of Vital Trust may be volatile and subject to wide fluctuations in response to numerous factors, many of which may be beyond the REIT's control including general market sentiment. The market price of the REIT's securities and investments may decline even if the REIT's operating results, underlying asset values, or prospects have not changed. A decrease in the Unit price impacts the cost of raising new capital. A decline in the market price of the units of Vital Trust may impact the value of the REIT's investments which may result in impairment losses.

Ownership by NWVP

According to an early warning report dated October 19, 2023, NWVP and its affiliates beneficially owned 22,469,387 Units and 1,710,000 Class B LP Units as of such date. On January 16, 2024, NWVP redeemed 1,710,000 Class B LP Units for 1,710,000 Units. Assuming NWVP has not sold or acquired any other Units subsequent to October 19, 2023, NWVP's ownership represents less than a 10% ownership interest in the REIT as of March 14, 2024.

For so long as NWVP maintains a 10% interest in the REIT, NWVP has the right to appoint trustees to the board of the REIT (with such appointment rights varying based on the level of NWVP's ownership interest). For so long as NWVP maintains a 5% interest in the REIT, NWVP has pre-emptive rights to participate in future financings and other issuances of securities of the REIT in order to maintain its pro rata ownership interest in the REIT and other contractual entitlements. See "Relationship with NWVP".

As a result of its contractual rights, NWVP can influence many matters affecting the REIT. If NWVP exceeds certain ownership thresholds, it can prevent certain fundamental transactions. NWVP's interest in the REIT may discourage transactions involving a change of control of the REIT, including transactions in which a holder of Units might otherwise receive a premium over the then-current market price.

No prediction can be made as to the effect, if any, that a future sale of Units by NWVP will have on the market price of the Units prevailing from time to time. However, the future sale of a substantial number of Units currently owned by NWVP, or the perception that such sale could occur, could adversely affect prevailing market prices for the Units.

Potential Conflicts of Interest

The REIT will be subject to various potential conflicts of interest because of the fact that its officers and Trustees are engaged in a wide range of business activities, including real estate property management, acquisition, development and ownership.

In addition, the REIT may also become involved in other transactions which conflict with the interests of its Trustees and the officers who may from time to time deal with persons, firms, institutions or corporations with which the REIT may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the REIT. In addition, from time to time, these persons may be competing with the REIT for available investment opportunities. The Declaration of Trust contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters.

Limitations on Enforcement of Certain Civil Judgments by Canadian Investors

Many of the REIT's subsidiaries are organized in foreign jurisdictions and are governed by foreign law. A significant portion of the REIT's assets are currently located outside of Canada. As a result, it may be difficult or impossible for investors to effect service within Canada upon the REIT's subsidiaries or their respective directors and officers who are not residents of Canada or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws.

RISKS RELATING TO THE STRUCTURE OF THE REIT

Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of Non-Residents, except in limited circumstances. The Declaration of Trust permits the trustees to further amend the Declaration of Trust to limit the ownership of a particular holder (together with persons with which it does not deal at arm's length) to 20%, if desirable for foreign tax purposes. The Trustees have various powers that can be used for the purpose of monitoring and controlling the applicable ownership limitations. The ownership limitation may negatively affect the REIT's ability to raise financing for future acquisitions or operations. In addition, the ownership limitation could negatively impact the liquidity of the Units and the market price at which Units can be sold.

Taxation of Mutual Fund Trusts

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting mutual fund trusts will not be changed in a manner that adversely affects Unitholders. Should the REIT cease to qualify as a mutual fund trust under the Tax Act, there could be material and adverse tax consequences to the REIT and Unitholders.

REIT Exception

The REIT Exception is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. The REIT expects to qualify for the REIT Exception in 2024 and subsequent taxation years. However, subsequent investments or activities undertaken by the REIT and/or fluctuations in asset values could result in the REIT failing to qualify for the REIT Exception. In addition, the REIT owns a minority interest in certain of its foreign subsidiaries. No assurances can be given that the REIT's subsidiaries will satisfy the tests contained in the REIT Exception. In these circumstances, the REIT may not satisfy the REIT Exception. NWI LP will not be subject to the SIFT Rules provided it is an "excluded subsidiary entity", which among other things, requires that only specified persons own units of NWI LP. No assurances can be given that NWI LP will be exempt from the SIFT Rules, which could have a material adverse effect on the REIT and Unitholders. The likely effect of the SIFT Rules on the market for Units, and on the REIT's ability to finance future acquisitions through the issue of Units or other securities, is unclear. If the SIFT Rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

FAPI

FAPI earned by CFAs of NWI LP must be included in computing the income of NWI LP for the fiscal year of NWI LP in which the taxation year of such CFA ends, subject to a deduction for grossed-up "foreign accrual tax" as computed in accordance with the Tax Act, and less certain amounts that are otherwise included in income. The deduction for grossed-up "foreign accrual tax" may not fully offset the FAPI realized by NWI LP, thereby increasing the allocation of income by NWI LP to the REIT and, therefore, the allocation of income by the REIT to Unitholders. The Canadian tax legislation was amended to address certain foreign tax credit generator transactions (the "**Foreign Tax Credit Generator Rules**"). The Foreign Tax Credit Generator Rules may limit the REIT's ability to deduct grossed-up "foreign accrual tax". In addition, as FAPI generally must be computed in accordance with Part I of the Tax Act (in Canadian currency) as though the CFA were a resident of Canada (subject to the detailed rules contained in the Tax Act), income or transactions may be taxed differently under foreign tax rules as compared to the FAPI rules and, accordingly, may result in additional income being allocated to Unitholders, including as a result of fluctuations in foreign exchange rates.

Change of Tax Law

There can be no assurance that Canadian or foreign income tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the REIT or its affiliates or the administrative and assessing practices and policies of the CRA, the Department of Finance (Canada) and any other tax authority or tax policy agency will not be changed in a manner that adversely affects the REIT, its affiliates or Unitholders. Any such change could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

Non-Residents of Canada

The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. The tax consequences under the Tax Act to Non-Residents may be more adverse than the consequences to other Unitholders. Non-Resident Unitholders should consult their own tax advisors.

Foreign Tax Credits and Deductions

Foreign taxes paid by NWI LP will be allocated pursuant to its limited partnership agreement. Each Unitholder's share of the "business-income tax" and "non-business-income tax" paid in a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed rules contained in the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise.

Under the Foreign Tax Credit Generator Rules, the foreign "business income tax" or "non-business-income tax", each as defined in the Tax Act, for any taxation year may be limited in certain circumstances. No assurances can be given that the Foreign Tax Credit Generator Rules will not apply to any Unitholder. If the Foreign Tax Credit Generator Rules apply, a Unitholder's foreign tax credits will be limited.

No assurances can be given that the REIT or its subsidiaries will be entitled to a foreign tax credit or deduction in Canada in respect of foreign taxes paid by its subsidiaries.

General Taxation

Although the REIT and its subsidiaries have been structured with the objective of maximizing after-tax distributions, taxes (including corporate, withholding, land transfer, and other taxes) in the various jurisdictions in which the REIT invests will reduce the amount of cash available for distribution to the REIT by its subsidiaries and, therefore, reduce the amount of cash available for distribution by the REIT to Unitholders. No assurance can be given as to the future level of taxation suffered by the REIT or its subsidiaries. In addition, certain tax positions adopted by the REIT and its subsidiaries may be challenged by the CRA or another taxing authority. Any such challenge could materially increase taxes payable by the REIT and its subsidiaries, and thereby adversely affect the REIT's financial position and cash available for distribution to Unitholders.

Accrued Gains

The REIT has indirectly acquired certain assets on a fully or partially tax-deferred basis, as determined by the transferor. Accordingly, the adjusted cost base of such assets may be less than their fair market value when they were acquired, such that subsidiaries of the REIT may realize the deferred gain on a future disposition of those assets.

EIFEL Rules

The Department of Finance (Canada) released proposed amendments to the Tax Act (the "**EIFEL Rules**") that are intended to limit the deduction of interest and other financing expenses to protect the Canadian tax base from erosion due to excessive debt and related expenses. If enacted as proposed, the EIFEL Rules generally are effective for the REIT for taxation years ending on or after January 1, 2024. Management is currently considering the impact of the EIFEL Rules on the REIT. If the EIFEL Rules apply to limit the REIT's (or any subsidiary's) deduction of interest or other financing expenses in its computation of income or loss for the purposes of the Tax Act, the amount of taxable income allocated by the REIT to Unitholders may increase. Unitholders are advised to consult their personal tax advisors.

RISKS RELATING TO THE TRUST UNITS

Cash Distributions are Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the REIT. The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the REIT's properties and capital expenditure requirements. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Availability of Cash Flow

AFFO may exceed actual cash available to the REIT from time to time because of items such as principal repayments, and tenant allowances, leasing costs and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of AFFO and redemptions of Units, if any. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. The REIT anticipates temporarily funding such items, if necessary, through the Revolving Credit Facility in expectation of refinancing long-term debt on its maturity.

Structural Subordination of Units

In the event of bankruptcy, liquidation or reorganization of the REIT's subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the REIT or holders of Units. The Units are effectively subordinated to the debt and other obligations of the REIT's subsidiaries. The REIT's subsidiaries generate all of the REIT's cash available for distribution and hold substantially all of the REIT's assets.

Potential Volatility of Unit Prices

The market price for Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT's control, including the following: (i) actual or anticipated fluctuations in the REIT's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (iv) addition or departure of the REIT's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; (viii) news reports relating to trends, concerns, competitive developments, regulatory changes and other related issues in the REIT's industry or target markets; (ix) limited trading in the Units; (x) adverse market reaction to any increased indebtedness the REIT incurs in the future; (xi) actions by significant Unitholders or lenders; (xii) changes in the market value of the REIT's properties; (xiii) speculation in the press or investment community; (xiv) short-selling activity; and (xv) the financial performance and health of the REIT's tenants.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the REIT's securities may decline even if the REIT's operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the REIT's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the REIT's securities by those institutions, which could adversely affect the trading price of the REIT's securities. There can be no assurance that an active trading market will exist or that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil exist for a protracted period of time, the REIT's operations could be adversely impacted and the trading price of the REIT's securities may be adversely affected.

Nature of Investment

A holder of a Unit of the REIT does not hold a share of a body corporate. As holders of Units of the REIT, the Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the CBCA which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada) and thus the treatment of Unitholders upon an insolvency is uncertain.

Sustainability and Growth of Distributions

The REIT has stated that one of its objectives is to provide predictable and growing cash distributions per Unit. The REIT has historically paid distributions in excess of the total of cash flows from operating activities and distributions earned from its strategic investment in Vital Trust, representing an economic return of capital to investors. The REIT may not achieve the objective of growing cash distributions or be able to sustain distributions at current levels without realizing increases in cash flow from operations or receiving increased distributions from Vital Trust. Such cash flow growth is dependent on the REIT's ability to execute on its business plan to drive accretive growth over time, as well as the ability of Vital Trust to grow future distributions, both of which cannot be assured.

Dilution

The number of Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units or securities convertible or exchangeable into Units from time to time subject to the rules of any applicable stock exchange on which the Units are then listed. The REIT intends to complete acquisitions in the future that will be financed in part by issuance of additional Units which will result in issuances of significant numbers of Units at market price. Additionally, the REIT will issue securities under the REIT's equity incentive plan or additional units can be issued upon the conversion of the Convertible Debentures. The issuance of any additional Units may have a dilutive effect on the interests of holders of Units.

Restrictions on Redemptions

The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed $50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date for more than five trading days during the 10 day trading period commencing immediately after the redemption date; and (iv) the redemption of the Units must not result in the delisting of the Units on the principal stock exchange on which the Units are listed.

Unitholder Liability

The Declaration of Trust provides that no holders of Units shall be held to have any personal liability as such, and no resort shall be had to his, her or its private property (including, without limitation, any property consisting of or arising from a distribution of any kind or nature by the REIT) for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the REIT or of the Trustees or any obligation which a Unitholder would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such, but rather the assets of the REIT only are intended to be liable and subject to levy or execution for such satisfaction. In addition, legislation has been enacted in the Province of Ontario and certain other provinces that is intended to provide holders of Units in those provinces with limited liability. However, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a holder of Units could be held personally liable for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. The affairs of the REIT are conducted in a manner to seek to minimize such risk wherever possible.

RISKS RELATED TO THE CONVERTIBLE DEBENTURES

Ability to Satisfy Payments of Interest and Principal on the Convertible Debentures

There is no guarantee that the REIT will have sufficient cash available to make interest and principal payments on the Convertible Debentures on a timely basis or at all. The likelihood that purchasers will receive the payments owing to them in connection with the Convertible Debentures will be dependent upon the financial health and creditworthiness of the REIT and the ability of the REIT to earn revenues.

Market for the Convertible Debentures

There can be no assurance that a secondary market for trading in the Convertible Debentures will develop or that any secondary market which does develop will continue. Also, there can be no assurance that any such secondary market will be active. To the extent that an active trading market for the Convertible Debentures does not develop, the liquidity and the trading prices for the Convertible Debentures may be adversely affected.

Absence of Covenant Protection

The Indenture does not restrict the REIT or any of its subsidiaries from incurring additional indebtedness for borrowed money or otherwise from mortgaging, pledging or charging their real or personal property or properties to secure any indebtedness or other financing. The Indenture does not contain any provisions specifically intended to protect holders of the Convertible Debentures in the event of a future leveraged transaction involving the REIT or any of its subsidiaries.

Redemption Prior to Maturity

The Convertible Debentures may be redeemed at the REIT's option, subject to certain conditions prior to the respective maturity date of each Convertible Debenture in whole or in part, at a redemption price equal to the principal amount thereof, together with any accrued and unpaid interest. Holders of Convertible Debentures should assume that this redemption option will be exercised if the REIT is able to refinance at a lower interest rate or it is otherwise in the interest of the REIT to redeem the Convertible Debentures.

Conversion Following Certain Transactions

In the event of certain transactions, pursuant to the terms of the Indenture, each Convertible Debenture will become convertible into securities, cash or property receivable by a Unitholder in such transactions. This change could substantially reduce or eliminate any potential future value of the conversion privilege associated with the Convertible Debentures.

Subordination of Convertible Debentures

The Convertible Debentures are unsecured obligations of the REIT and are subordinate in right of payment to all of the REIT's existing and future senior indebtedness. The Convertible Debentures will also be effectively subordinate to claims of the creditors of the REIT's subsidiaries relating to all indebtedness, liabilities and obligations of the REIT or its subsidiaries for the payment of which the REIT is responsible or liable, whether absolutely or contingently. This subordination may significantly reduce the possibilities for purchasers of obtaining payment of the amounts owed under the Convertible Debentures. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the REIT, the assets of the REIT would be made available to satisfy the obligations of the creditors of such Senior Indebtedness, whether those obligations are secured or unsecured, before being available to pay the REIT's obligations to holders of Convertible Debentures. Accordingly, all or a substantial portion of the REIT's assets could be unavailable to satisfy the claims of the Convertible Debentures.

Dilution Upon Redemption of Convertible Debentures

The REIT may determine to redeem any outstanding Convertible Debentures for Units or to repay outstanding principal amounts thereunder at maturity of the Convertible Debentures by issuing additional Units. The issuance of additional Units may have a dilutive effect on the REIT's Unitholders and an adverse impact on the price of Units.

Limitation in the REIT's Ability to Finance Purchase of Convertible Debentures

The REIT is required to make an offer to holders of the Convertible Debentures to purchase all or a portion of their Convertible Debentures for cash in the event of a Change of Control (as defined in the Indenture). The REIT cannot assure holders of Convertible Debentures that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Convertible Debentures in cash. The REIT's ability to purchase the Convertible Debentures in such an event may be limited by law, by the Indenture, by the terms of other present or future agreements relating to the REIT's credit facilities and other indebtedness and agreements that the REIT may enter into in the future which may replace, supplement or amend the REIT's future debt. The REIT's future credit agreements or other agreements may contain provisions that could prohibit the purchase by the REIT of the Convertible Debentures without the consent of the lenders or other parties thereunder. If the REIT's obligation to offer to purchase the Convertible Debentures arises at a time when the REIT is prohibited from purchasing or redeeming the Convertible Debentures, the REIT could seek the consent of lenders to purchase the Convertible Debentures or could attempt to refinance the borrowings that contain this prohibition. If the REIT does not obtain consent or refinance these borrowings, the REIT could remain prohibited from purchasing the Convertible Debentures under its offer.

The REIT's failure to purchase the Convertible Debentures would constitute an event of default under the Indenture, which might constitute a default under the terms of the REIT's other indebtedness at that time.

Market Price of the Convertible Debentures

The market price of the Convertible Debentures is based on a number of factors, including: (a) the prevailing interest rates being paid by borrowers similar to the REIT; (b) the overall condition of the financial and credit markets; (c) prevailing interest rates and interest rate volatility; (d) the markets for similar securities; (e) the financial condition, results of operation and prospects of the REIT; (f) the publication of earnings estimates or other research reports and speculation in the press or investment community; (g) the market price and volatility of the Units; (h) changes in the industry and competition affecting the REIT; and (i) general market and economic conditions.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Convertible Debentures.

Volatility of Market Price of Units and Convertible Debentures

The market price of the Units and Convertible Debentures may be volatile. The volatility may affect the ability of holders of Convertible Debentures to sell the Convertible Debentures at a favourable price. Additionally, volatility in the market price of Units may result in greater volatility in the market price of the Convertible Debentures than would be expected for nonconvertible debt securities. Market price fluctuations in the Units and Convertible Debentures may be due to the REIT's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the REIT or its competitors, along with a variety of additional factors. Fluctuations in trading prices may be unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Convertible Debentures and the Units.

Restriction on Ownership of Debentures

Pursuant to the terms of the Declaration of Trust, the REIT must not be established or maintained primarily for the benefit of Non-Residents. As a result, the Indenture contains provisions limiting the ownership of Convertible Debentures by Non-Residents. These restrictions may limit or remove the rights of certain holders of Convertible Debentures, including Non-Residents. As a result, these restrictions may limit the demand for Convertible Debentures and thereby adversely affect the liquidity and market value of the Convertible Debentures.

Ability to Satisfy Payments of Interest and Principal on the Convertible Debentures

There is no guarantee that the REIT will have sufficient cash available to make interest and principal payments on the Convertible Debentures on a timely basis or at all. The likelihood that purchasers will receive the payments owing to them in connection with the Convertible Debentures will be dependent upon the financial health and creditworthiness of the REIT and the ability of the REIT to earn revenues.

Market for the Convertible Debentures

There can be no assurance that a secondary market for trading in the Convertible Debentures will develop or that any secondary market which does develop will continue. Also, there can be no assurance that any such secondary market will be active. To the extent that an active trading market for the Convertible Debentures does not develop, the liquidity and the trading prices for the Convertible Debentures may be adversely affected.

Absence of Covenant Protection

The Indenture does not restrict the REIT or any of its subsidiaries from incurring additional indebtedness for borrowed money or otherwise from mortgaging, pledging or charging their real or personal property or properties to secure any indebtedness or other financing. The Indenture does not contain any provisions specifically intended to protect holders of the Convertible Debentures in the event of a future leveraged transaction involving the REIT or any of its subsidiaries.

Redemption Prior to Maturity

The Convertible Debentures may be redeemed at the REIT's option, subject to certain conditions prior to the respective maturity date of each Convertible Debenture in whole or in part, at a redemption price equal to the principal amount thereof, together with any accrued and unpaid interest. Holders of Convertible Debentures should assume that this redemption option will be exercised if the REIT is able to refinance at a lower interest rate or it is otherwise in the interest of the REIT to redeem the Convertible Debentures.

Conversion Following Certain Transactions

In the event of certain transactions, pursuant to the terms of the Indenture, each Convertible Debenture will become convertible into securities, cash or property receivable by a Unitholder in such transactions. This change could substantially reduce or eliminate any potential future value of the conversion privilege associated with the Convertible Debentures.

Subordination of Convertible Debentures

The Convertible Debentures are unsecured obligations of the REIT and are subordinate in right of payment to all of the REIT's existing and future senior indebtedness. The Convertible Debentures will also be effectively subordinate to claims of the creditors of the REIT's subsidiaries relating to all indebtedness, liabilities and obligations of the REIT or its subsidiaries for the payment of which the REIT is responsible or liable, whether absolutely or contingently. This subordination may significantly reduce the possibilities for purchasers of obtaining payment of the amounts owed under the Convertible Debentures. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the REIT, the assets of the REIT would be made available to satisfy the obligations of the creditors of such Senior Indebtedness, whether those obligations are secured or unsecured, before being available to pay the REIT's obligations to holders of Convertible Debentures. Accordingly, all or a substantial portion of the REIT's assets could be unavailable to satisfy the claims of the Convertible Debentures.

Dilution Upon Redemption of Convertible Debentures

The REIT may determine to redeem any outstanding Convertible Debentures for Units or to repay outstanding principal amounts thereunder at maturity of the Convertible Debentures by issuing additional Units. The issuance of additional Units may have a dilutive effect on the REIT's Unitholders and an adverse impact on the price of Units.

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PART VIII – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The REIT's Chief Executive Officer and Interim 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 year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

PART IX – NET ASSET VALUE

			Q4 2023			Q4 2022
Total Assets		**$**	**7,628,615**		**$**	**8,514,000**
less Total Liabilities			(4,543,347)			(4,772,025)
less Non-controlling interests			(1,090,956)			(1,285,128)
Unitholders' equity			**1,994,312**			**2,456,847**
Add/(deduct):						
Goodwill			(38,566)			(39,612)
Unit-based compensation liabilities			15,161			23,837
Deferred tax liability	409,269			443,935		
less NCI	(91,490)		317,779	(109,584)		334,351
Financial instruments - net	(19,483)			(38,124)		
less NCI	5,524		(13,959)	13,624		(24,500)
Exchangeable Units			8,721			16,245
Global Manager valuation adjustment			378,220			576,318
Net Asset Value ("NAV")		**$**	**2,661,668**		**$**	**3,343,486**
Adjusted Units Outstanding (000s) - period end [(1)]			245,002			242,358
NAV per Unit		**$**	**10.86**		**$**	**13.80**

(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.

Global Manager Valuation

The REIT determined the value of the Global Manager by utilizing the discount cash flow approach which includes significant valuation assumptions such as forecast of management fees, operating expenses, discount rates, capitalization rates, inflation rates, interest rates, taxation rates, foreign currency exchange rates and earnings multiples.

CORPORATE INFORMATION

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Stock Exchange Listing
Toronto Stock Exchange (TSX)
Listing symbols:
- REIT Trust Units - NWH.UN
- 10.00% convertible debentures - NWH.DB.G
- 6.25% convertible debentures - NWH.DB.H
- 7.75% convertible debentures - NWH.DB.I

Distribution Reinvestment Plan

On June 7, 2023, the REIT announced that it has suspended its DRIP until further notice. Commencing with the June 2023 distribution (payable on or about July 15, 2023), unitholders enrolled in the DRIP will receive distribution payments in cash. The REIT reinstated the DRIP on December 15, 2023 (December 2023 distribution, January 15, 2024 payment date).

northwest

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