northwest

2024 First Quarter

Condensed Consolidated Interim Financial Statements

Northwest Healthcare Properties
Real Estate Investment Trust

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Balance Sheet
(in thousands of Canadian dollars)
Unaudited

As at	Note		March 31, 2024		December 31, 2023
Assets					
Investment properties	3	$	6,665,026	$	6,874,660
Equity accounted investments	5		358,642		362,340
Intangible asset			48,174		43,780
Goodwill			37,298		38,566
Deferred tax assets			1,459		9,177
Financial instruments	6		31,319		26,057
Other assets	7		113,729		124,173
Accounts receivable			26,915		21,800
Assets held for sale	4		30,229		55,972
Cash, cash equivalents, and restricted cash	14		70,810		72,090
Total assets		$	7,383,601	$	7,628,615
Liabilities					
Mortgages and loans payable	8	$	3,486,171	$	3,597,618
Convertible debentures	9		326,829		320,854
Unit-based compensation liabilities	10		16,731		15,161
Class B exchangeable units	11		—		8,721
Deferred tax liabilities			401,309		418,446
Financial instruments	6		2,369		6,574
Income taxes payable			12,529		21,440
Accounts payable and accrued liabilities			146,864		128,749
Distributions payable			6,675		7,299
Liabilities related to assets held for sale	4		13,380		18,485
Total liabilities		$	4,412,857	$	4,543,347
Unitholders' Equity					
Unitholders' equity	11		1,907,752		1,994,312
Non-controlling interests	12		1,062,992		1,090,956
Total liabilities and unitholders' equity		$	7,383,601	$	7,628,615

Commitments and Contingencies (note 16) and Subsequent Events (notes 4, and 20)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(in thousands of Canadian dollars)
Unaudited

For the three months ended March 31,	Note		2024		2023
Net Property Operating Income					
Revenue from investment properties	13	$	133,545	$	135,324
Property operating costs			38,093		39,903
		$	95,452	$	95,421
Other Income (loss)					
Interest and other	7		3,403		4,116
Management fees			3,850		10,725
Share of profit (loss) of equity accounted investments	5		3,315		3,988
		$	10,568	$	18,829
Expenses and other					
Mortgage and loan interest expense			55,433		51,648
General and administrative expenses			15,537		13,036
Transaction costs			2,367		5,020
Foreign exchange (gain) loss			(13,730)		(7,216)
		$	59,607	$	62,488
Income before finance costs, net gain (loss) on financial instruments, net gain (loss) on dispositions, and fair value adjustments		$	46,413	$	51,762
Finance income (expense)					
Amortization of financing costs	8		(5,180)		(2,970)
Class B exchangeable unit distributions			63		(342)
Fair value adjustment of Class B exchangeable units			(205)		1,761
Accretion of financial liabilities	8		(4,008)		(5,043)
Fair value adjustment of convertible debentures	9		(5,975)		3,198
Convertible debenture issuance costs			(27)		(21)
Net gain (loss) on financial instruments	6		5,612		(17,192)
Fair value adjustment of investment properties	3, 4		(71,703)		(151,561)
Loss on disposition of investment properties	4		(5,192)		—
Fair value adjustment of unit based compensation liabilities	10		355		3,303
Income (loss) before taxes		$	(39,847)	$	(117,105)
Current tax expense			2,766		6,996
Deferred tax expense (recovery)			(3,996)		(34,946)
Income tax expense (recovery)		$	(1,230)	$	(27,950)
Net income (loss)		$	(38,617)	$	(89,155)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss) (cont.)

(in thousands of Canadian dollars)

Unaudited

For the three months ended March 31,		**2024**		2023
Net income (loss) attributable to:				
Unitholders	**$**	**(47,607)**	$	(97,486)
Non-controlling interests		**8,990**		8,331
	$	**(38,617)**	$	(89,155)
Other comprehensive income (loss) ("OCI"):				
Items that have been or may be reclassified subsequently to income (loss):				
Foreign currency translation adjustments		**(57,533)**		(886)
Other comprehensive loss, net of tax	**$**	**(57,533)**	$	(886)
Comprehensive income (loss)	**$**	**(96,150)**	$	(90,041)
Comprehensive income (loss) attributable to:				
Unitholders	**$**	**(76,703)**	$	(77,528)
Non-controlling interests		**(19,447)**		(12,513)
	$	**(96,150)**	$	(90,041)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST
Condensed Consolidated Interim Statements of Unitholders' Equity
(in thousands of Canadian dollars)
Unaudited

	Note	Unitholders' Equity	Contributed Surplus	Cumulative Distributions	Accumulated OCI	Retained Earnings	**Total Unitholders' Equity**	Non-Controlling Interests (note 12)	**Total Equity**
Balance, December 31, 2023		$ 2,525,040	$ 39,724	$ (1,017,018)	$ (293,415)	$ 739,981	**$ 1,994,312**	$ 1,090,956	**$ 3,085,268**
Units issued through distribution reinvestment plan	**11**	2,065	—	—	—	—	**2,065**	1,402	**3,467**
Units issued on exercise of unit-based compensation	**10**	1,244	—	—	—	—	**1,244**	—	**1,244**
Conversion of Class B exchangeable units	**11**	8,926	—	—	—	—	**8,926**	—	**8,926**
Distributions		—	—	(22,094)	—	—	**(22,094)**	(9,917)	**(32,011)**
Foreign currency translation adjustments		—	—	—	(29,094)	—	**(29,094)**	(28,439)	**(57,533)**
Net income (loss)		—	—	—	—	(47,607)	**(47,607)**	8,990	**(38,617)**
Balance, March 31, 2024		$ 2,537,275	$ 39,724	$ (1,039,112)	$ (322,509)	$ 692,374	**$ 1,907,752**	$ 1,062,992	**$ 2,970,744**

	Note	Unitholders' Equity	Contributed Surplus	Cumulative Distributions	Accumulated OCI	Retained Earnings	**Total Unitholders' Equity**	Non-Controlling Interests (note 12)	**Total Equity**
Balance, December 31, 2022		$ 2,503,875	$ 39,724	$ (858,645)	$ (315,777)	$ 1,087,671	$ 2,456,848	$ 1,285,128	$ 3,741,976
Public offering of units	**11**	(72)	—	—	—	—	(72)	—	(72)
Units issued through distribution reinvestment plan	**11**	9,210	—	—	—	—	9,210	3,146	12,356
Distributions		—	—	(48,264)	—	—	(48,264)	(9,982)	(58,246)
Foreign currency translation adjustments		—	—	—	19,959	—	19,959	(20,845)	(886)
Net income (loss)		—	—	—	—	(97,486)	(97,486)	8,331	(89,155)
Balance, March 31, 2023		$ 2,513,013	$ 39,724	$ (906,909)	$ (295,818)	$ 990,185	$ 2,340,195	$ 1,265,778	$ 3,605,973

The accompanying notes are an integral part of these condensed consolidated interim financial statements

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST
Condensed Consolidated Interim Statements of Cash Flows
(in thousands of Canadian dollars)
Unaudited

For the three months ended March 31,	Note		2024		2023
Operating activities					
Net income (loss)		$	(38,617)	$	(89,155)
Adjustments for:					
Income tax expense (recovery)			(1,230)		(27,950)
Income taxes paid			(10,250)		(7,631)
Amortization of other assets			1,804		328
Mortgage and loan interest expense			55,433		51,648
Mortgage and loan interest paid			(58,236)		(50,016)
Finance expense (income), net	14		15,332		3,417
Interest income			(2,232)		(4,116)
Share of (profit) loss of equity accounted investments			(3,315)		(3,988)
Unrealized foreign exchange loss (gain)			(13,765)		(6,756)
Fair value adjustment of investment properties	3, 4		71,703		151,561
Fair value loss (gain) on financial instruments	6		(5,612)		17,192
Transaction costs			2,367		5,020
Loss on disposition of investment properties			5,192		—
Fair value adjustment of unit-based compensation liabilities	10		(355)		(3,303)
Unit-based compensation expense	10		2,549		2,346
Redemption of units issued under deferred unit plan			(388)		(325)
Changes in non-cash working capital balances	14		2,756		(17,100)
Cash provided by operating activities		$	23,136	$	21,172
Investing activities					
Proceeds on disposal of investment properties, net of disposition costs	4		160,034		—
Net investment in financial instruments	6, 7		13,831		(2,007)
Distribution income	5, 7		1,955		6,054
Receipts (payments) from foreign exchange contracts, net			86		184
Additions to investment properties	3		(56,097)		(53,462)
Transaction costs			(2,842)		(5,460)
Additions to furniture and fixtures			(242)		(42)
Cash interest received			521		839
Contributions in equity accounted investments			—		(842)
Acquisitions of investment properties			—		(4,019)
Cash provided by (used in) investing activities		$	117,246	$	(58,755)
Financing activities					
Proceeds from mortgages and loans	8		185,430		208,723
Repayments of mortgages and loans	8		(287,361)		(130,927)
Distributions paid on REIT units			(19,892)		(38,988)
Distributions paid to non-controlling interests			(8,515)		(6,836)
Financing fees paid	8		(5,249)		(5,772)
Unit issuance costs			(51)		(72)
Convertible debenture issuance costs	9		(27)		(21)
Distributions paid on Class B exchangeable units			—		(342)
Cash provided by (used in) financing activities		$	(135,665)	$	25,765
Net change in cash and cash equivalents		$	4,717	$	(11,818)
Effect of foreign currency translation			(5,997)		(1)
Net change in cash and cash equivalents		$	(1,280)	$	(11,819)
Cash and cash equivalents, beginning of period			72,090		87,987
Cash and cash equivalents, end of period	14	$	70,810	$	76,168

The accompanying notes are an integral part of these condensed consolidated interim financial statements

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.

1. Statement of Compliance and Basis of Preparation

(a) Statement of compliance

The REIT's unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), specifically International Accounting Standard ("IAS") 34: Interim Financial Reporting as issued by the IASB. Certain information and note disclosures included in the annual consolidated financial statements based on accounting policies and practices in accordance with IFRS have been omitted in these unaudited condensed consolidated interim financial statements.

The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the REIT's annual consolidated financial statements for the year ended December 31, 2023. These unaudited condensed consolidated interim financial statements were approved by the Board of Trustees of the REIT on May 14, 2024.

(b) Going concern and basis of presentation and measurement

(i) Going concern basis

The consolidated financial statements have been prepared on a going concern basis, which assumes that the REIT will be able to meet its obligations and satisfy its liabilities, including scheduled repayments of mortgages and loans as disclosed in note 8, and commitments in the normal course of business.

On August 8, 2023, the REIT announced the formation of a Strategic Review Committee (the “Committee") of the Board of Trustees (the "Board") to undertake a strategic review, for which it has also retained financial advisors.

In 2023, central banks globally increased interest rates seeking to reduce inflationary pressures. This has increased financing costs, as a significant portion of the REIT’s credit facilities, term debt and other borrowings are contractually exposed to variable interest rates. The REIT's debt arrangements also require continuous compliance with certain financial covenants, which, if breached, may result in significant changes to the underlying terms and conditions, including the requirement for immediate repayment. The REIT has completed future cash flow projections, which involve a significant degree of judgment taking into consideration current and projected macro-economic conditions, the REIT's projected operating performance, proceeds and timing of investment property sales, forecasted debt service costs, and forecasted compliance with covenant requirements of debt agreements. Due to the significant degree of judgment applied and changing macro-economic conditions, there is a risk that the cash flow projections may not be achieved as forecasted resulting in the present terms and conditions no longer being available to the REIT on part or all of the debt that matures in 2024 and into the first quarter of 2025. During 2024 and into the first quarter of 2025, the REIT has approximately $761.8 million of debt maturing.

During the three months ended March 31, 2024, and during the subsequent event period, the REIT has taken steps to address the aforementioned liquidity risks, including repayment of debt and extending the maturity on debt coming due in 2024, amending its debt agreements with certain of its lenders to modify specific financial covenants such as the debt service ratio, minimum equity tests and distribution of net proceeds on asset sales to pay down principal on debts. These amendments are to position the REIT for ongoing compliance and provide liquidity for operations. The REIT is also pursuing various actions to reduce debt, including strategic sales of certain investment properties and investments in unlisted securities. The REIT may also generate liquidity from a mix of (i) existing cash balances, (ii) new mortgages secured by investment properties, (iii) issuance of equity and convertible/unsecured debentures, and (iv) reductions to capital and leasing expenditures, general and administrative expenses, and/or cash distributions to unitholders.

Based on the assessment of cash flow projections, related risks, and strategic options available to address those risks, management believes that the REIT has sufficient liquidity to meet its financial obligations as they come due and there are no material uncertainties related to events or conditions that may cast significant doubt on the REIT's ability to continue as a going concern.

Refer to note 8 Mortgages and Loans Payable, as well as notes 17, 18 and 19 for disclosure related to fair value changes, management of capital and the risks relevant to the REIT's operations and the potential impact of market conditions could have on future results.

(ii) Basis of preparation and measurement

The consolidated financial statements are presented in thousands of Canadian dollars, except in respect of units and per unit amounts. The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the REIT's management to exercise judgment in applying accounting policies.

These consolidated financial statements have been prepared on a historical cost basis except for:

- Investment properties and assets held for sale, which are measured at fair value; and
- Financial assets and financial liabilities classified as fair value through profit and loss ("FVTPL"), derivative financial instruments, and the REIT's unit-based compensation liabilities, which are collectively measured at fair value.

The consolidated financial statements are presented in Canadian dollars, which is the REIT's functional currency.

2. Material Accounting Policies

All material accounting policies have been applied on a basis consistent with those stated and applied in the most recent annual consolidated financial statements of the REIT for the year ended December 31, 2023.

Changes to Operating Segments

The REIT has re-assessed its reporting segments based on a change in the Chief Operating Decision Maker's ("CODM") performance measures and resource allocation in accordance with IFRS 8 Operating Segments. The REIT had previously defined its reporting segments as follows: Americas (Canada, United States, Brazil, Corporate), Europe (UK, Germany, Netherlands), and Australasia (Australia, New Zealand).

During the first quarter of fiscal 2024, the REIT has revised its reporting segments as follows: North America (Canada, United States), Brazil, Europe (UK, Germany, Netherlands), Australasia (Australia, New Zealand, including investment in Vital Trust), and Corporate. Relevant comparative periods in these consolidated financial statements have been amended and restated to reflect the change in the composition of the REIT's segments for this purpose.

Accounting Changes

In January 2020 and October 2022, the IASB issued narrow scope amendments to IAS 1 – Classification of Liabilities as Current or Non-Current to specify the requirements for the classification of liabilities as either current or non-current, effective January 1, 2024. The amendments clarified the following:

- Right to defer settlement – that if an entity's right to defer settlement is subject to compliance with future covenants, the entity has a right to defer settlement of the liability regardless of compliance with such covenants at the end of the reporting period.
- Expected deferrals – that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer the settlement of the liability for at least twelve months following the reporting period even if settlement occurs prior to the authorization of the issuance of the financial statements.

(in thousands of Canadian dollars, unless otherwise stated)

- Settlement by way of own instruments – that settlement by way of an entity's own equity instruments is considered settlement for classification purposes with the exception of a conversion option that itself is classified as an equity instrument.

The amendments also provide for additional disclosures surrounding non-current liabilities for which a right to defer settlement is subject to compliance with future covenants within twelve months. The REIT adopted the amendments as of January 1, 2024 and applied retrospectively and thus $326.8 million and $320.9 million of convertible debentures (note 9), $1.0 million and $2.0 million of fully vested unit-based compensation liabilities (note 10), and $nil and $8.7 million of Class B units have been disclosed as current as at March 31, 2024 and December 31, 2023, respectively.

Future Accounting Changes

The IASB is expected to issue IFRS 18 - Presentation and Disclosure in Financial Statements in 2024, effective January 1, 2027. The new standard is expected to:

- Define the structure for the statements of income (loss) to include subtotals for operating, investing, and financing activities;
- Require financial statement note disclosure of management-defined, or non-IFRS, performance measures; and
- Provide enhanced guidance on the grouping of aggregated or disaggregated information.

The REIT is evaluating the impact of IFRS 18, and continues to monitor changes to IFRS accounting standards and implement applicable IASB changes to standards, new interpretations, and annual improvements.

3. Investment Properties

As at		**March 31, 2024**		December 31, 2023
Balance, beginning of period	**$**	**6,874,660**	$	6,612,535
Acquisition of investment properties(1)		**—**		14,636
Dispositions of investment properties(2)		**(120,441)**		(23,241)
Additions to investment properties(3)		**56,097**		258,625
Increase in straight line rents		**2,046**		7,144
Reclassified (to)/from assets held for sale (note 4)		**(20,488)**		445,325
Fair value adjustments, net		**(70,293)**		(412,700)
Foreign currency translation		**(56,555)**		(27,664)
Balance, end of period	**$**	**6,665,026**	$	6,874,660

(1) Acquisitions include purchases of land and buildings, and capitalized costs directly attributable to the transaction activity.
(2) Dispositions in 2024 are related to sales of investment properties from the North America segment (note 4).
(3) Additions include leasing costs, capital and development expenditures, and new right-of-use assets.

Investment properties are measured at their estimated fair values. The investment properties are re-measured to fair value at each reporting date. Capitalized transaction costs include an internal allocation of payroll and costs attributable to investment resources deemed to be directly attributable to acquiring investment property assets.

The estimated fair values of the REIT's investment properties are based on the following valuation methodologies:

i. Discounted cash flow analysis based on future cash inflows and outflows related to projected annual operating cash flows reflecting market conditions at the end of reporting period, utilizing appropriate discount rates and terminal capitalization rates which are generally over a minimum term of 10 years; and

ii. Direct capitalization method which calculates an estimate of fair value by applying a capitalization rate to future cash flows based on a forecast or expectation of stabilized net operating income.

The estimated fair values of the investment properties as at March 31, 2024 and December 31, 2023 were determined using internal valuation models or the results of valuations performed by independent third party appraisers. Significant inputs, and assumptions are used by the REIT in determining the estimated fair values of its investment properties, including capitalization rates, terminal capitalization rates, discount rates and future cash flows that incorporate inflation rates, vacancy rates, market rents, property level capital expenditures, and net operating income. Additionally, the REIT may dispose of investment properties at amounts different than the estimated fair value at March 31, 2024. This difference could be material in the current macro-economic environment.

The key valuation metrics for investment properties, excluding those held for sale and accounted for as party of the REIT's equity accounted investments, by segment are set out in the following table:

As at March 31, 2024	North America	Brazil	Europe	Australasia
Discount rate - range	6.50% - 9.75%	7.50% - 8.75%	6.00% - 8.75%	5.75% - 8.50%
Discount rate - weighted average	7.74%	8.10%	7.00%	6.75%
Terminal capitalization rate - range	6.00% - 8.75%	6.75% - 7.75%	5.25% - 8.50%	4.75% - 7.50%
Terminal capitalization rate - weighted average	6.94%	7.14%	6.38%	5.47%
Overall capitalization rate - range	3.39% - 9.88%	7.04% - 8.15%	5.14% - 8.34%	4.44% - 10.88%
Overall capitalization rate - weighted average	6.70%	7.53%	6.32%	5.23%

As at December 31, 2023	North America	Brazil	Europe	Australasia
Discount rate - range	6.50% - 9.67%	7.25% - 8.50%	6.00% - 8.80%	5.25% - 9.00%
Discount rate - weighted average	7.79%	7.85%	7.07%	6.59%
Terminal capitalization rate - range	6.00% - 8.65%	6.50% - 7.50%	5.25% - 9.75%	4.50% - 8.25%
Terminal capitalization rate - weighted average	7.00%	6.89%	5.81%	5.35%
Overall capitalization rate - range	4.44% - 9.95%	6.79% - 7.90%	4.47% - 7.62%	4.43% - 10.88%
Overall capitalization rate - weighted average	6.68%	7.28%	6.04%	5.20%

The fair value sensitivity for the investment properties most sensitive to changes in capitalization rates is summarized in the following table:

Capitalization rate sensitivity increase/ (decrease)	Weighted average overall capitalization rate	Estimated fair value of investment properties (in millions)	Fair value variance (in millions)	% Change
(0.75)%	5.22%	$7,647	$982	15.00%
(0.50)%	5.47%	$7,288	$623	9.00%
(0.25)%	5.72%	$6,962	$297	4.00%
—%	5.97%	$6,665	$—	—%
0.25%	6.22%	$6,392	$(273)	(4.00)%
0.50%	6.47%	$6,142	$(524)	(8.00)%
0.75%	6.72%	$5,910	$(755)	(11.00)%

The REIT engages independent third-party appraisers such that approximately one-third of the portfolio of income producing properties is independently appraised annually and each income producing property is appraised at least once over a five-year period. The REIT's internal valuation models consider and incorporate the results of the external valuations. During the three months ended March 31, 2024, income producing properties with an aggregate estimated fair value of $66.0 million, representing approximately 1% of the portfolio, were valued by independent third-party appraisers (As at December 31, 2023 - $131.5 million and 2%).

(in thousands of Canadian dollars, unless otherwise stated)

4. Assets Held for Sale and Disposition of Investment Properties

As at		**March 31, 2024**		December 31, 2023
Balance, beginning of period	**$**	**55,972**	$	983,430
Dispositions of assets held for sale		**(44,785)**		(337,483)
Additions to assets held for sale		**—**		1,133
Increase (decrease) in straight-line rents		**24**		(7)
Reclassified from (to) Investment Properties (note 3)		**20,488**		(445,325)
Fair value adjustments		**(1,410)**		(159,060)
Foreign currency translation		**(60)**		13,284
Balance, end of period	**$**	**30,229**	$	55,972

As at March 31, 2024, the REIT had two income producing properties totaling $30.2 million (December 31, 2023 - $56.0 million) classified as assets held for sale and $13.4 million (December 31, 2023 - $18.5 million) of directly associated property level debt expected to be part of the sale transaction classified as liabilities related to assets held for sale. The associated debt is secured by the underlying investment properties.

During the three months ended March 31, 2024, the REIT disposed of investment properties, inclusive of assets that were not previously classified as held for sale. The REIT incurred $5.2 million loss on disposition of investment properties attributable to related costs incurred.

Region		**Gross Proceeds**		**Property specific debt settled or sold**
North America	**$**	**163,444**	**$**	**18,370**
Australasia		**1,782**		—
	$	**165,226**	**$**	**18,370**

Subsequent to March 31, 2024, the REIT sold a property classified as held-for-sale, at a fair value of $20.5 million. The proceeds from the sale were used to repay debt.

(in thousands of Canadian dollars, unless otherwise stated)

5. Equity Accounted Investments

The REIT enters into joint venture arrangements with third parties for the purpose of jointly owning, developing and operating investment properties. In each arrangement, the co-owners are equally entitled to their proportionate share of income (loss) attributable to each co-owners' equity ownership percentage.

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

The REIT's investments in its Australian JV arrangements, where capital funding has been deployed to fund the acquisition of investment properties, were all governed under the same investment framework as at March 31, 2024. The investment framework included sharing a common third-party joint venture partner, owning assets that are in similar asset classes and geographical regions, and have similarly structured investment management terms. The carrying value of the REIT's equity accounted investments by location is as follows:

March 31, 2024	**Australia**	**Europe**	**Total**
Balance, beginning of period	**$ 273,600**	**$ 88,738**	**$ 362,338**
Contributions	**—**	**475**	**475**
Share of net income (loss) for the period	**2,711**	**604**	**3,315**
Distributions	**(1,800)**	**—**	**(1,800)**
Foreign currency translation	**(6,631)**	**945**	**(5,686)**
Balance, end of period	**$ 267,880**	**$ 90,762**	**$ 358,642**

December 31, 2023	**Australia**	**Europe**	**Total**
Balance, beginning of period	$ 299,873	$ 95,524	$ 395,397
Contributions	—	2,277	2,277
Share of net income (loss) for the period	(9,514)	(9,718)	(19,232)
Distributions	(8,692)	—	(8,692)
Foreign currency translation	(8,065)	655	(7,410)
Balance, end of year	$ 273,602	$ 88,738	$ 362,340

The summarized financial information of the REIT's equity accounted investments is as follows:

As at March 31,	**2024**			2023		
	Australia	**Europe**	**Total**	Australia	Europe	Total
Total assets[1]	**$2,074,702**	**$ 591,214**	**$2,665,916**	$2,194,326	$ 630,808	$2,825,134
Total liabilities	**1,127,319**	**305,379**	**1,432,698**	1,155,464	322,650	1,478,114
Net assets	**947,383**	**285,835**	**1,233,218**	1,038,862	308,158	1,347,020
Less: Non-controlling interests ("NCI")	**55,359**	**7,160**	**62,519**	58,349	—	58,349
Net assets less NCI	**892,024**	**278,675**	**1,170,699**	980,513	308,158	1,288,671
Weighted average ownership interest[2]	**30 %**	**30% to 33.57%**	**30% to 33.57%**	30.0%	30% to 33.57%	30% to 33.57%
REIT's share of net assets	**267,607**	**83,602**	**351,209**	294,433	97,739	392,172
Acquisition costs and goodwill	**273**	**—**	**273**	279	—	279
Equity Accounted Investments	**$267,880**	**$ 90,762**	**$ 358,642**	$ 294,712	$ 97,739	$ 392,451

(1) Included in total assets is cash of $18.1 million and $6.2 million in Australia and Europe, respectively (2023 - $18.9 million and $10.0 million, respectively) to which the REIT has rights up to its ownership interest.

(in thousands of Canadian dollars, unless otherwise stated)

(2) For certain investment properties located in Germany, held by the REIT's European joint venture, the REIT holds a direct 5% share. As a result, the effective interest in the entities that hold the subject investment properties is 33.57%.

For the three months ended March 31,	**2024**			2023		
	Australia	**Europe**	**Total**	**Australia**	**Europe**	Total
Revenue	**$ 27,525**	**$ 10,900**	**$ 38,425**	27,268	10,857	$ 38,125
Interest income	**1,735**	**109**	**1,844**	1,748	33	1,781
Total revenue	**$ 29,260**	**$ 11,009**	**$ 40,269**	$ 29,016	$ 10,890	$ 39,906
Expenses, fair value adjustments, and income tax						
Operating costs	**$ 3,687**	**$ 2,183**	**$ 5,870**	$ 3,108	$ 2,509	$ 5,617
Mortgage and loan interest expense	**14,991**	**6,212**	**21,203**	12,738	5,991	18,729
General and administrative expenses	**2,379**	**445**	**2,824**	2,526	1,464	3,990
Other	**308**	**145**	**453**	179	—	179
Fair value (gain) loss attributable to investment properties	**(1,924)**	**(918)**	**(2,842)**	(3,140)	585	(2,555)
Income tax (recovery) expense	**—**	**1,075**	**1,075**	—	102	102
Net income (loss)	**$ 9,819**	**$ 1,867**	**$ 11,686**	$ 13,605	$ 239	$ 13,844
Non-controlling interests	**(781)**	**(63)**	**(844)**	660	—	660
Net income (loss) attributable to owners	**$ 9,038**	**$ 1,930**	**$ 12,530**	$ 12,945	$ 239	$ 13,184
Weighted average share[1]	**30.0%**	**30% to 33.57%**	**30% to 33.57%**	30.0%	30% to 33.57%	30% to 33.57%
Share of net income (loss)	**$ 2,711**	**$ 604**	**$ 3,315**	$ 3,883	$ 105	$ 3,988

(1) For certain investment properties located in Germany, held by the REIT's European joint venture, the REIT holds a direct 5% share. As a result, the effective interest in the entities that hold the subject investment properties is 33.57%.

The fair value movements of investment properties in the JVs have been determined using the same valuation methodologies as the REIT (see note 3).

For the three months ended March 31, 2024, included in the REIT's share of income (loss) on a gross basis is $2.0 million of interest expense related to loan balances outstanding between the REIT and the European JVs, (three months ended March 31, 2023 - $1.4 million) and $0.5 million of management fee expenses relating to management services provided by the REIT to the joint ventures (three months ended March 31, 2023 - $1.0 million).

(in thousands of Canadian dollars, unless otherwise stated)

6. Financial Instruments

Financial instruments consist of interest rate derivative contracts and foreign exchange contracts recorded at fair value through profit and loss. The following table illustrates the classification of the REIT's financial instruments that have been recorded at fair value:

Recurring measurements:		Level 1 Quoted prices in active markets for identical assets		Level 2 Significant other observable inputs		Level 3 Significant unobservable inputs		March 31, 2024		December 31, 2023
Financial assets:										
Interest rate derivatives		—	$	31,285		—	**$**	**31,285**		25,865
Foreign exchange contracts		—		34		—		**34**		192
Total financial assets	**$**	**—**	**$**	**31,319**	**$**	**—**	**$**	**31,319**	$	26,057
Financial liabilities:										
Interest rate derivatives		—	$	(2,288)		—	**$**	**(2,288)**		(6,564)
Foreign exchange contracts				(81)				**(81)**		(10)
Total financial liabilities	**$**	**—**	**$**	**(2,369)**	**$**	**—**	**$**	**(2,369)**	$	(6,574)

The REIT is party to interest rate derivative contracts with respect to certain variable rate mortgages and term debts related to and secured by its investment properties in Europe and North America, as well as portions of its credit facilities in Australasia. The total notional amount of the interest rate derivatives' related debt as at March 31, 2024 is $1.8 billion (December 31, 2023 - $1.9 billion).

The components of the gain (loss) attributable to financial instruments are as follows:

		For the three months ended March 31,		
For the three months ended March 31,		**2024**		2023
Fair value adjustment - interest rate derivatives	**$**	**8,285**	$	(17,352)
Receipts/(payments) under financial instruments		**—**		184
Fair value adjustment - foreign exchange contracts		**(154)**		—
Fair value adjustment - other financial instruments (1)		**(2,519)**		(24)
	$	**5,612**	$	(17,192)

(1) The REIT has a non-controlling investment interest in unlisted securities of an Australian healthcare fund that invests in and holds investment properties.

7. Other Assets

As at		March 31, 2024		December 31, 2023
Investment in unlisted securities (1)	**$**	**57,279**	$	76,774
Loan and mortgage receivable (2)		**17,320**		12,118
Prepaid expenses		**10,363**		7,667
Finance lease receivable (3)		**6,891**		7,001
Commodity taxes recoverable		**6,580**		5,034
Right-of-use lease assets		**5,627**		3,157
Furniture and office equipment		**4,761**		4,843
Acquisition and financing costs (4)		**4,171**		6,759
Other		**737**		820
	$	**113,729**	$	124,173

(1) The REIT has a non-controlling investment interest in unlisted securities of an Australian healthcare fund that invests in and holds investment properties. The REIT received distribution income of $0.6 million during the three months ended March 31, 2024 (March 31, 2023 - $2.2 million) which is recognized as part of interest and other income in the statement of net income (loss) and comprehensive income (loss). During the three months ended March 31, 2024, the REIT redeemed units in these unlisted securities at their carrying value of approximately $15.3 million.

(in thousands of Canadian dollars, unless otherwise stated)

(2) As at March 31, 2024, the loan and mortgage receivable includes an $6.7 million loan amortizing loan over 10 years for tenant fit out work related to Vital Trust, and a $4.5 million deferred settlement arrangement accruing interest will be maturing in December 2025.
(3) Finance lease receivable relates to a long-term land lease with a third party, which has a discount rate of 7.0% and a remaining lease term of 64 years.
(4) Acquisition and financing costs relate to potential acquisitions, property development planning, and debt refinancing which are currently undergoing due diligence and/or negotiation.

8. Mortgages and Loans Payable

As at		**March 31, 2024**		December 31, 2023
Mortgages payable, net of financing costs	**$**	**714,061**	$	733,934
Term debt, net of financing costs		**2,361,604**		2,417,423
Credit facilities, net of financing costs		**409,217**		450,376
Lease liabilities (1)		**14,669**		14,370
Total Mortgages and loans payable	**$**	**3,499,551**	$	3,616,103
financing costs		**13,380**		18,485
Mortgages and loans payable	**$**	**3,486,171**	$	3,597,618
Current portion of mortgages and loans payable		**794,040**		337,062
Non-current portion of mortgages and loans payable(2)	**$**	**2,692,131**	$	3,260,556
Total mortgages and loans payable	**$**	**3,486,171**	$	3,597,618

(1) Lease liabilities include a finance lease related to leased land on which one of the REIT's investment properties is built. The remaining term of the lease as at March 31, 2024 is 64 years.
(2) The REIT's credit facility, term loans, and mortgages are subject to financial and other customary covenants such as debt service coverage ratio, interest coverage ratio, unitholders' equity, valuation of investment properties, and market price of the REIT and Vital Trust units (see note 19). The REIT's classification of current and non-current mortgages and loans payable relies on covenants which are forecasted for periods after the reporting date. As at March 31, 2024, the REIT complied with the covenants, and expects to be able to comply with the applicable contractual requirements for at least 12 months after reporting for the mortgages and loan payable classified as non-current.

As at March 31, 2024, the scheduled principal repayments and debt maturities are as follows:

		Mortgages		Term Debts		Credit Facilities		Finance Lease		**Total**
2024	$	102,288	$	20,292	$	—	$	1,642	**$**	**124,222**
2025		167,606		928,391		199,062		1,983		**1,297,042**
2026		203,934		86,532		214,519		1,852		**506,837**
2027		88,772		665,115		—		1,444		**755,331**
2028		49,691		484,367		—		934		**534,992**
2029 & thereafter		104,399		195,250		—		6,814		**306,463**
	$	716,690	$	2,379,947	$	413,581	$	14,669	**$**	**3,524,887**
Financing costs		(2,629)		(18,343)		(4,364)		—		**(25,336)**
Liabilities related to assets held for sale		(13,380)		—		—		—		**(13,380)**
Total	$	700,681	$	2,361,604	$	409,217	$	14,669	**$**	**3,486,171**

(in thousands of Canadian dollars, unless otherwise stated)

The movements in the REIT's mortgages and loans before any reclassification from (to) liabilities related to assets held for sale, excluding finance leases, during the three months ended March 31, 2024 were as follows:

	Mortgages	Term Debts	Credit Facilities	**Total**
Balance, beginning of period	$ 733,934	$ 2,417,423	$ 450,376	**$ 3,601,733**
Principal amortization	(6,262)	(6,284)	—	**(12,546)**
Repayments	(67,299)	(128,637)	(78,880)	**(274,816)**
Advances and refinancing proceeds	53,871	94,561	36,998	**185,430**
Additional financing fees incurred	(320)	(4,181)	(748)	**(5,249)**
Amortization of finance fees	281	4,239	660	**5,180**
Accretion of financial liabilities	—	4,008	—	**4,008**
Foreign currency adjustment	(144)	(19,525)	811	**(18,858)**
Ending balance, March 31, 2024	$ 714,061	$ 2,361,604	$ 409,217	**$ 3,484,882**

As at March 31, 2024, the maturities and weighted average interest rates are as follows:

	Maturity	**Weighted Average Interest Rate**	**Carrying Value**	**Available to be Drawn**
Fixed rate				
Mortgages	June 2024 - August 2031	3.53 %	$ 479,510	$ —
Term debts	November 2027 - June 2031	4.41 %	168,520	—
Total fixed rate debt			$ 648,030	$ —
Variable Rate				
Mortgages	June 2024 - June 2030	6.15 %	237,180	—
Term debts	January 2025 - March 2029	7.19 %	2,211,427	95,652
Credit facilities	January 2025 - March 2026	8.71 %	413,581	42,781
Total variable rate debt			$ 2,862,188	$ 138,433
Total mortgages and loans payable, excluding the following:			$ 3,510,218	$ 138,433
Financing costs			(25,336)	—
Liabilities related to assets held for sale			(13,380)	—
Total mortgages and loans payable, excluding lease liabilities:			**$ 3,471,502**	**$ 138,433**
Lease liabilities		5.30 %	14,669	—
Total mortgages and loans payable			**$ 3,486,171**	**$ 138,433**

As at March 31, 2024, $1.8 billion of total variable rate debts are economically fixed using interest rate swaps and caps for a portion of the debt's term. $0.2 billion in mortgages are economically fixed at a weighted average interest rate of 2.37% and $1.6 billion of term debts with variable interest rates have been economically fixed at 5.66% (note 6 and note 19).

The maximum amount available to be drawn is $95.8 million as at March 31, 2024 in respect of Vital Trust's term debts which is subject to restrictions over the extent to which the REIT can access.

Mortgages

All mortgages are secured by first or second charges on specific investment properties in North America and Europe, with an estimated fair value of $1.2 billion as at March 31, 2024 (December 31, 2023 - $1.3 billion).

Term debt

As at March 31, 2024, the term debt balance, excluding financing costs, includes:

- North American term debt of $307.8 million (December 31, 2023 - $384.6 million), secured by a first charge on US investment properties with an estimated fair value of $509.0 million (December 31, 2023 - $620.7 million);

(in thousands of Canadian dollars, unless otherwise stated)

- Brazilian debt of $308.5 million (December 31, 2023 - $312.7 million) secured by related investment properties, and a pledge of equity over entities that indirectly own certain Brazilian investment properties with an estimated fair value of $704.0 million (December 31, 2023 - $719.1 million);
- Australasian term debt of $1.1 billion (December 31, 2023 - $1.1 billion), secured by related investment properties, and general security arrangements with an estimated fair value of $2.8 billion (December 31, 2023 - $2.8 billion);
- Australasian secured financing of $166.3 million (December 31, 2023 - $172.0 million) secured by 191,708,036 units (December 31, 2023 - 191,708,036 units) of Vital Trust held by the REIT, listed on the New Zealand Exchange; and
- European term debt of $454.3 million (December 31, 2023 - $448.5 million), secured by European investment properties with a total estimated fair value of $943.7 million (December 31, 2023 - $935.8 million).

Credit facilities

Certain revolving credit facilities with an outstanding balance of $214.5 million (December 31, 2023 - $231.4 million) are secured by a first or second charge on investment properties with an estimated fair value of $337.6 million (December 31, 2023 - $385.0 million).

Lease liabilities

Minimum payments and their present values are as follows:

As at		**March 31, 2024**		December 31, 2023
Minimum lease payments payable:				
Not later than one year	**$**	**2,304**	$	2,224
Later than one year and not later than five years		**6,798**		6,346
Later than five years		**29,485**		30,070
	$	**38,587**	$	38,640
Future finance charges		**(23,918)**		(24,270)
Present value of minimum lease payments	**$**	**14,669**	$	14,370
Present value of minimum lease payments:				
Not later than one year	**$**	**2,282**	$	2,170
Later than one year and not later than five years		**5,741**		5,411
Later than five years		**6,646**		6,789
	$	**14,669**	$	14,370

9. Convertible Debentures

The movements in fair value of convertible debentures were as follows:

As at		**March 31, 2024**		December 31, 2023
Balance, beginning of period	**$**	**320,854**	$	275,270
Issuance of convertible debentures		**—**		86,250
Change in fair value of convertible debentures		**5,975**		(40,666)
Balance, end of period	**$**	**326,829**	$	320,854

The fair values of convertible debentures outstanding, determined on the basis of the closing market price as at the reporting date, are as follows:

As at		**March 31, 2024**		December 31, 2023
NWH.DB.G	**$**	**124,875**	$	124,688
NWH.DB.H		**128,858**		125,442
NWH.DB.I		**73,096**		70,724
Fair Value	**$**	**326,829**	$	320,854

(in thousands of Canadian dollars, unless otherwise stated)

Consistent with amendments to IAS 1 (note 2), the REIT has classified all convertible debentures as current liabilities as a result of the holders' ability to convert to REIT units at any time. The contractual maturities and conversion price of the convertible debentures are as follows:

Debentures Series	Conversion price per Unit ($)	Maturity	Interest rate	Interest payment	Interest payment dates
NWH.DB.G	$7.25	March 31, 2025	10.00%	Semi-annual	June 30 and December 31
NWH.DB.H	$16.00	August 31, 2027	6.25%	Semi-annual	February 28 and August 31
NWH.DB.I	$10.55	April 30, 2028	7.75%	Semi-annual	April 30 and October 31

10. Unit-Based Compensation

Under the Equity Incentive Plan ("EIP") that was approved in 2022, together with the previous Deferred Unit Plan ("DUP"), a maximum of 9,000,000 of the REIT's trust units are authorized to be issued.

The related activity and fair value estimates of the unit-based compensation liabilities are as follows:

As at		March 31, 2024		December 31, 2023
Balance, beginning of period	**$**	**15,161**	$	23,837
Unit based compensation expense		**2,751**		6,684
Exercised and paid in cash		**—**		(1,573)
Exercised and settled in Trust Units		**(1,244)**		(2,943)
Distribution entitlement		**418**		—
Fair value adjustment		**(355)**		(10,814)
Foreign exchange		**—**		(30)
Balance, end of period	**$**	**16,731**	$	15,161

The REIT has three separate unit-based incentive plan award types currently in place:

Deferred Units

The deferred units granted in 2022 under the EIP and the previous DUP are administered by the Compensation, Governance and Nominating Committee of the REIT's Board of Trustees. The deferred units can be settled at the holder's 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 determined upon grant based on the service commencement date and the fair market value of a REIT unit or Vital Trust unit, as applicable, and amortized over the vesting period of five years. As at March 31, 2024, 2,000,797 unvested deferred units with a fair value of $9.4 million are expected to vest between 2024 and 2026. Unit-based compensation is classified as a liability. The awards are re-measured at fair value each reporting period, based on the fair market value of a REIT unit or Vital Trust unit, as applicable, and the change in fair value is recognized as part of compensation expense for the period.

Units outstanding under the DUP as at March 31, 2024 are as follows.

As at March 31, 2024	REIT	Vital Trust
Balance, beginning of period	**2,281,535**	**193,615**
Granted	**72,323**	**—**
Exercised and paid in REIT units	**(274,939)**	**—**
Distribution entitlement	**44,847**	**—**
Balance, as at March 31, 2024	**2,123,766**	**193,615**
Units vested	**134,532**	**182,052**

(in thousands of Canadian dollars, unless otherwise stated)

Restricted Units

The REIT grants restricted units ("RUs") under the EIP. The RUs granted vest 100% generally over 5 years from 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.

RU's are recognized based on the grant date fair value and re-measured at each reporting date. The grant agreements provide that the awards will be satisfied upon vesting for: (i) trust units issued from REIT treasury, or (ii) a cash payment as determined by the REIT, with the result that the awards are classified as cash-settled unit-based payments and presented and classified as liabilities.

The restricted units may, if specified at the time of grant, accrue distributions during the vesting period and accrued distributions will be paid by the REIT when the applicable units vest.

As at	March 31, 2024		December 31, 2023	
	Number of RUs	Weighted Average Grant Date Fair Value per unit	Number of RUs	Weighted Average Grant Date Fair Value per unit
RUs outstanding, beginning of year	**940,129**	**$ 7.70**	196,758	$ 12.08
New grants and distributions	**9,654**	**4.49**	821,077	6.60
Forfeited	**(120)**	**5.04**	(49,654)	7.66
Exercised and paid in cash	**—**	**—**	(28,052)	6.32
Distribution entitlement	**20,258**	**5.04**	—	—
RUs outstanding	**969,921**	**$ 7.61**	940,129	$ 7.70

The fair value of the outstanding RUs was $0.9 million as at March 31, 2024 is based on the market price of the REIT's unit. The fair value is adjusted for changes in the market price of the REIT's units and recorded as a liability with a corresponding impact on compensation expense included as part of general and administrative expenses in the period in which the change occurs.

Performance Units

The REIT grants performance units ("PUs") under the EIP with a three-year vesting 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.

As at	March 31, 2024		December 31, 2023	
	Number of PUs	Weighted Average Grant Date Fair Value per unit	Number of PUs	Weighted Average Grant Date Fair Value per unit
PUs outstanding, beginning of year	**739,190**	**$ 9.60**	706,758	12.12
New grants and distributions	**9,654**	**4.49**	1,200,803	8.11
Forfeited	**(120)**	**5.04**	(1,168,371)	9.59
Distribution entitlement	**16,362**	**$ 5.04**	—	$ —
PUs outstanding	**765,086**	**$ 9.44**	739,190	$ 9.60

The performance units may, if specified at the time of grant, accrue distributions during the vesting period and accrued distributions will be paid by the REIT in cash or units when the applicable units vest.

The estimated fair value of the outstanding PU liability was $0.5 million as at March 31, 2024 and is subject to both market and non-market performance measures.

Grant date	July 4, 2022	April 14, 2023
Weighted average remaining term to vesting	1.3	2.3
Average volatility rate	26.8 %	26.8 %
Weighted average risk free interest rate	4.6 %	5.7 %

The accompanying notes are an integral part of these condensed consolidated interim financial statements

(in thousands of Canadian dollars, unless otherwise stated)

The REIT's unit-based compensation expense (recovery) recognized as part of general and administrative expense and fair value adjustment was:

For the three months ended March 31,		**2024**		2023
Deferred Units	**$**	**1,474**	$	1,491
Restricted Units		**511**		117
Performance Units		**766**		738
Unit-based compensation expense	**$**	**2,751**	$	2,346
Fair value remeasurement:				
Deferred Units	**$**	**—**	$	(2,614)
Restricted Units		**(125)**		(66)
Performance Units		**(230)**		(623)
Total fair value remeasurement	**$**	**(355)**	$	(3,303)
Total expense (recovery)	**$**	**2,396**	$	(957)

11. Unitholders' Equity

The REIT is authorized to issue two categories of equity: (a) REIT units; and (b) special voting units attached to the exchangeable Class B exchangeable units of NWI LP, a subsidiary of the REIT.

The REIT is authorized to issue an unlimited number of REIT units without par value. Each unit represents a single vote at any meeting of unitholders and entitles the unitholder to receive a pro rata share of all distributions. The unitholders have the right to require the REIT to redeem their units on demand. Upon receipt of the redemption notice by the REIT, all rights to and under the units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per unit ("Redemption Price"), as determined by a market formula.

The Redemption Price will be paid in accordance with the conditions provided for in the Declaration of Trust.

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. 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 REIT's Trustees have discretion in declaring distributions.

The following table shows the changes in REIT units during the three months ended March 31, 2024:

	REIT units		**Amount**
Balance, December 31, 2023	**243,292,126**	**$**	**2,525,040**
Units issued through distribution reinvestment plan[1]	481,560		2,065
Units issued under deferred unit plan (note 10)	274,939		1,244
Units issued pursuant to conversion of Class B units[2]	1,710,000		8,926
Balance, March 31, 2024	**245,758,625**	**$**	**2,537,275**

(1) The REIT has established a distribution reinvestment plan ("DRIP") for its unitholders, which allows participants to reinvest their monthly cash distributions in additional REIT units at an effective discount that is determined by applying 3% to the REIT's weighted average unit trading value for the five trading days immediately preceding the relevant distribution date. For the three months ended March 31, 2024, The REIT's DRIP participation rate was 10.29% (March 31, 2023 - 18.94%).

(2) On January 15, 2024, 1,710,000 Class B units were redeemed for trust units.

(in thousands of Canadian dollars, unless otherwise stated)

12. Non-Controlling Interests

The following tables present summarized accounts for Vital Trust and the investment property Fritz-Lang-Platz 6, held by a subsidiary of the REIT, NWI Gesundheitsimmobilien GmbH & Co. KG, where non-controlling or partial interests are owned by a third party.

The net assets and income (loss) attributable to the non-controlling interests and the REIT are as follows:

As at March 31, 2024	Vital Trust	Fritz-Lang-Platz 6	Total
REIT's ownership interest	28.6%	94.9%	
Total assets	$ 2,756,065	$ 23,431	$ 2,779,496
Total liabilities	1,244,686	19,084	1,263,770
Net assets	$ 1,511,379	$ 4,347	$ 1,515,726
Attributable to:			
Unitholders of the REIT	$ 449,576	$ 3,158	$ 452,734
Non-controlling interests	1,061,803	1,189	1,062,992
	$ 1,511,379	$ 4,347	$ 1,515,726

	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Vital Trust	Fritz-Lang-Platz 6	Total	Vital Trust	Fritz-Lang-Platz 6	Total
Revenue from investment properties	$ 34,663	$ 493	$ 35,156	$ 132,644	$ 474	$ 133,118
Net income (loss) attributable to:						
Unitholders of the REIT	2,259	(1,601)	658	3,816	(636)	3,180
Non-controlling interests	9,071	(81)	8,990	8,319	12	8,331
Net income (loss)	$ 11,330	$ (1,682)	$ 9,648	$ 12,135	$ (624)	$ 11,511
Total comprehensive income (loss) attributable to:						
Unitholders of the REIT	(6,328)	(1,604)	(7,932)	(4,410)	(252)	(4,662)
Non-controlling interests	(19,366)	(81)	(19,447)	(12,544)	31	(12,513)
Total comprehensive income (loss)	$ (25,694)	$ (1,685)	$ (27,379)	$ (16,954)	$ (221)	$ (17,175)
Distributions attributable to non-controlling interests	$ 9,917	$ —	$ 9,917	$ 9,982	$ —	$ 9,982

The difference between the net income (loss) and total comprehensive income (loss) is attributable to the foreign currency translation of accounts related to the REIT's net investments in Vital Trust and Fritz-Lang-Platz 6, being foreign operations of the REIT.

(in thousands of Canadian dollars, unless otherwise stated)

The cash flows attributable to the non-controlling interests and the REIT are as follows:

	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Vital Trust	**Fritz-Lang-Platz 6**	**Total**	Vital Trust	Fritz-Lang-Platz 6	Total
Cash flows from (used in):						
Operating	**$ 16,051**	**$ 1,806**	**$ 17,857**	$ (1,044)	$ (2,034)	$ (3,078)
Investing	**(50,205)**	**(363)**	**(50,568)**	(41,378)	$ 852	(40,526)
Financing	**40,842**	**129**	**40,971**	38,492	$ (1,857)	36,635
Effect of foreign currency translation	**(1,655)**	**(2)**	**(1,657)**	350	$ (45)	305
Net change in cash	**$ 5,033**	**$ 1,570**	**$ 6,603**	$ (3,580)	$ (3,084)	$ (6,664)
Cash balance at period end	**$ 11,254**	**$ 146**	**$ 11,400**	$ 7,106	$ 228	$ 7,334

The REIT is subject to restrictions over the extent to which it can access cash of Vital Trust and Fritz-Lang-Platz 6 in the form of cash distributions, or use of assets and access to debt and credit facilities as a result of borrowing arrangements, regulatory restrictions and the REIT's economic interests in Vital Trust and Fritz-Lang-Platz 6, being limited to the REIT's ownership interests of 28.6% and 94.9%, respectively. Similarly, the REIT is not subject to recourse over Vital Trust's borrowings and as a result, Vital Trust is restricted over the extent to which it can access the REIT's assets, debt and credit facilities.

For the three months ended March 31, 2024, The REIT generated management fees of $3.9 million relating to management services provided (three months ended March 31, 2023 - $10.7 million). Management fees from Vital Trust are eliminated on consolidation as inter-company transactions but the REIT receives the economic benefit of approximately 71% of the fees; representing the non-controlling interest - ownership in Vital Trust.

13. Rental Revenue

The components of rental revenue are as follows:

For the three months ended March 31,	**2024**	2023
Rental income	**$ 98,039**	$ 100,534
Operating cost recoveries	**15,004**	19,444
Property tax and insurance recoveries	**18,467**	5,682
Other revenue	**2,035**	9,664
Rental revenue	**$ 133,545**	$ 135,324

14. Supplemental Cash Flow Information

Cash, Cash Equivalents, and Restricted Cash

As at	**March 31, 2024**	December 31, 2023
Cash and cash equivalents	**$ 70,299**	$ 72,030
Restricted cash (1)	**511**	60
Total cash, cash equivalents and restricted cash	**$ 70,810**	$ 72,090

(1) Restricted cash represents cash held in the REIT's designated bank accounts pledged as collateral for the Brazil term debt (note 8).

The accompanying notes are an integral part of these condensed consolidated interim financial statements

(in thousands of Canadian dollars, unless otherwise stated)

Changes in Non-Cash Working Capital Balances

For the three months ended March 31,		2024		2023
Accounts receivable	$	(6,917)	$	(19,478)
Other assets		(14,411)		(4,594)
Accounts payable and accrued liabilities		24,084		6,972
Changes in non-cash working capital balances	$	2,756	$	(17,100)

Non-Cash Financing and Investing Activities

For the three months ended March 31,		2024		2023
Non-cash distributions to unitholders under the DRIP (note 11)	$	2,065	$	9,210
Non-cash conversion of Class B exchangeable units (note 11)		8,926		—
Units issued under unit-based compensation plan (note 10)		1,244		—
Total non-cash financing and investing activities	$	12,235	$	9,210

Finance expense (income)

For the three months ended March 31,		2024		2023
Amortization of deferred financing costs	$	5,180	$	2,970
Amortization of marked to market adjustment		—		—
Distributions on Exchangeable Units		(63)		342
Fair value adjustment of Class B exchangeable units		205		(1,761)
Accretion of financial liabilities		4,008		5,043
Fair value adjustment of Convertible Debentures		5,975		(3,198)
Convertible Debenture issuance costs		27		21
Total finance expense (income), net	$	15,332	$	3,417

15. Segmented Information

The REIT operates in one industry segment being the healthcare real estate industry; however the REIT monitors and operates its North American, Brazilian, European, Australasian, and Corporate operations separately. The CEO assesses the performance of each of these operating segments based on a measure of operating income (loss). The material accounting policies for each of the segments are the same as those for the REIT.

During the three months ended March 31, 2024, one tenant in Brazil accounted for 10% (for the three months ended March 31, 2023 -11%) of the total revenue from investment properties on a consolidated basis.

As at March 31, 2024	North America	Brazil	Europe	Australasia	Corporate	Total
Investment properties	$ 1,544,018	$ 793,309	$1,528,565	$ 2,799,134	$ —	$6,665,026
Mortgages and loans payable	690,382	300,453	773,967	1,144,705	576,664	3,486,171

As at December 31, 2023	North America	Brazil	Europe	Australasia	Corporate	Total
Investment properties	$ 1,646,758	$ 818,170	$ 1,587,530	$ 2,822,202	$ —	$ 6,874,660
Mortgages and loans payable	764,952	305,106	782,853	1,122,344	622,362	3,597,617

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2024	North America	Brazil	Europe	Australasia	Corporate	Total
Operating Income						
Revenue from investment properties	$ 52,880	$ 16,474	$ 27,024	$ 37,167	$ —	$ 133,545
Property operating costs	26,465	1,704	5,335	4,589	—	38,093
Net property operating income	$ 26,415	$ 14,770	$ 21,689	$ 32,578	$ —	$ 95,452
Other Income						
Interest and other	87	116	85	1,884	1,231	3,403
Management fees	20	—	703	3,127	—	3,850
Share of income (loss) from equity accounted investment	—	—	604	2,711	—	3,315
	$ 107	$ 116	$ 1,392	$ 7,722	$ 1,231	$ 10,568
Mortgage and loan interest expense	9,820	5,893	9,301	10,075	20,344	55,433
General and administrative expenses	1,353	470	2,966	4,522	6,226	15,537
Transaction costs	469	303	244	642	709	2,367
Foreign exchange (gain) loss	—	(3,076)	1	315	(10,970)	(13,730)
	$ 11,642	$ 3,590	$ 12,512	$ 15,554	$ 16,309	$ 59,607
Operating income (loss)	$ 14,880	$ 11,296	$ 10,569	$ 24,746	$ (15,078)	$ 46,413

For the three months ended March 31, 2023	North America	Brazil	Europe	Australasia	Corporate	Total
Operating Income						
Revenue from investment properties	$ 53,904	$ 14,896	$ 25,021	$ 41,503	$ —	$ 135,324
Property operating costs	26,409	1,427	4,942	7,125	—	39,903
Net property operating income	$ 27,495	$ 13,469	$ 20,079	$ 34,378	$ —	$ 95,421
Other income						
Interest and other	—	142	273	2,484	1,217	4,116
Management fees	—	—	730	3,048	6,947	10,725
Share of income (loss) from equity accounted investment	—	—	105	3,883	—	3,988
	$ —	$ 142	$ 1,108	$ 9,415	$ 8,164	$ 18,829
Mortgage and loan interest expense	11,787	1,967	7,208	11,574	19,112	51,648
General and administrative expenses	1,088	520	2,297	4,278	4,853	13,036
Transaction costs	1	—	1,818	284	2,917	5,020
Foreign exchange (gain) loss	—	(53)	(5)	(617)	(6,541)	(7,216)
	$ 12,876	$ 2,434	$ 11,318	$ 15,519	$ 20,341	$ 62,488
Operating income (loss)	$ 14,619	$ 11,177	$ 9,869	$ 28,274	$ (12,177)	$ 51,762

16. Commitments and Contingencies

Letters of Credit

(a) The REIT obtains letters of credit to support its obligations with respect to construction work and additions to its investment properties and to satisfy mortgage financing requirements. As at March 31, 2024, the REIT has a total of $0.9 million (December 31, 2023 - $1.1 million) in outstanding letters of credit under the REIT's secured revolving floating rate credit facility, which forms part of the total Credit Facilities disclosed in note 8. The REIT does not expect any of these standby letters of credit to be drawn upon and, therefore, no corresponding liability has been recorded.

Development Commitments

(b) The REIT has entered into acquisition and construction agreements on certain development properties and is committed to associated costs of $190.0 million as at March 31, 2024 including $138.1 million in Vital Trust, where timing is discretionary (December 31, 2023 - $224.3 million).

Charitable Pledges

(c) In 2022, The REIT pledged a contribution of $5.0 million to the University of Toronto in support of research on impacts of the pandemic on health systems across the world. As at March 31, 2024, $2.3 million has been paid by the REIT. Contributions are expensed in the period the pledge is fulfilled and incurred.

Guarantees

(d) Pursuant to the disposition of an Australasian investment property in 2023, the REIT has entered into agreements to provide rental guarantees for up to $2.5 million, expiring between 2024 and 2028, which are activated if the sub-lease is terminated by reason of default of the sub-landlord. No such action has been taken or is expected and thus no provision has been recognized by the REIT.

Indemnities

(e) Pursuant to the sale and contribution of European investment properties by the REIT to the European JV in 2020, the REIT has indemnified its joint venture partner for potential tax liabilities related to these investment properties. Given that the eventual disposition of properties is dependent on uncertain future events not within the control of the REIT, and that the taxable outcome of the disposition is not estimable due to the variables involved, the REIT has not recognized a provision related to the indemnification.

(f) Pursuant to the disposition of the REIT's 70% interest in AREIT units as part of the formation of a joint venture arrangement during the year ended December 31, 2020, the REIT indemnified the joint venture partner for potential tax liabilities related to AREIT's investment properties contributed to the joint venture. The indemnity expires if the properties are not sold within 15 years of settlement. Given that the disposition of properties is dependent on uncertain future events not within the control of the REIT, and that the taxable outcome of the disposition is not estimable due to the variables involved, the REIT has not recognized a provision related to the indemnification.

(g) The REIT indemnifies individuals who have acted at the REIT's request to be a trustee, director and/ or officer of the REIT (and/ or one or more of its direct and indirect subsidiaries), to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service. The claims covered by such indemnifications are subject to statutory and other legal limitation periods. The nature of the indemnification agreements prevents the REIT from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such indemnification agreements. As such, the REIT has not recognized a provision related to the indemnification.

Other

(h) The REIT is subject to legal and other claims in the normal course of business. Management and the REIT's legal counsel evaluate all claims. In the opinion of management, these claims are generally covered by the REIT's insurance policies and any liability from such claims would not have a significant effect on the REIT's consolidated financial statements.

(in thousands of Canadian dollars, unless otherwise stated)

17. Fair Values

Estimated fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The REIT uses a hierarchy to categorize the inputs used in valuation techniques for assets and liabilities measured at fair value. The classifications are as follows: the use of quoted market prices for identical assets or liabilities (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3).

In accordance with IFRS 13, if an asset or liability measured at fair value has a bid and ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The REIT has chosen to use closing market price (Level 2) as a practical expedient for fair value measurement for certain unit-based liabilities.

The carrying values of the REIT's financial assets, which include accounts receivable, other assets, and cash and restricted cash, as well as financial liabilities, which includes accounts payable and accrued liabilities, distributions payable approximate their recorded fair values due to their short-term nature.

The fair value hierarchy, by level of assets and liabilities measured at fair value in these condensed consolidated financial statements or disclosed in the notes herein as at March 31, 2024 are as follows:

		Fair Value		
	Carrying value	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:				
Investment properties [(1)]	**$ 6,665,026**	$ —	$ —	$6,665,026
Financial instruments [(2)]	**31,319**	—	31,319	—
Investment in unlisted securities [(3)]	**57,279**	—	—	57,279
Assets held for sale	**30,229**	—	—	30,229
Assets recorded at amortized cost:				
Loans receivable	**17,320**	—	—	17,320
Liabilities measured at fair value:				
Financial instruments [(2)]	**2,369**	—	2,369	—
Convertible debentures [(4)]	**326,829**	326,829	—	—
Unit-based compensation liabilities	**16,731**	—	16,237	494
Financial liabilities recorded at amortized cost:				
Mortgages and loans payable [(5)]	**3,486,171**	—	3,471,180	—
Liabilities related to assets held for sale	**13,380**	—	13,380	—

(1) The REIT determined the estimated fair value of each investment property, with the exception of certain properties under development, using the discounted cash flow method and direct capitalization method.
(2) Certain derivative instruments are valued using valuation techniques with market-observable inputs and include the forward contracts and interest rate swaps. The most frequently applied valuation technique includes forward pricing models, using present value calculations. The models incorporate various inputs including forward rates and interest rate curves.
(3) The investment in unlisted securities is valued using internal models using observable and unobservable inputs, reflecting assumptions that market participants would use when pricing the assets.
(4) The fair value of the REIT's convertible debentures is derived using unadjusted quoted market prices obtained from an active market.
(5) The fair values of the REIT's mortgages and loans payable are determined using present value calculations based on market-observable interest rates for mortgages and loans with similar terms and conditions.

(in thousands of Canadian dollars, unless otherwise stated)

18. Capital Management

Capital is comprised of the REIT's unitholders' equity, and mortgages and loans payable. The REIT is free to determine the appropriate level of capital based on with its cash flow requirements, overall business risks and potential business opportunities while adhering to the Declaration of Trust. As a result of this, the REIT will make adjustments to its capital based on its investment strategies and changes to economic conditions.

The REIT's capital management strategy is also driven by policies as set out in the Declaration of Trust. The requirements of the REIT's operating policies as outlined in the Declaration of Trust include the requirement that the REIT will not incur or assume indebtedness which would cause the total indebtedness of the REIT to exceed 65% of Gross Book Value as defined. Indebtedness as defined in the Declaration of Trust excludes deferred revenue, and unsecured debt which includes convertible debentures.

As at March 31, 2024, the REIT is in compliance with its debt to gross book value ratio of the Declaration of Trust at 47.7% (December 31, 2023 - 47.7%).

As at	**March 31, 2024**	December 31, 2023
Debt		
Gross value of debt excluding convertible debentures[1]	**$ 3,524,886**	$ 3,641,465
Gross value of total debt[2]	**3,851,715**	3,962,319
Gross Book Value of Assets		
Total assets	**$ 7,383,601**	$ 7,628,615
Debt-to-Gross Book Value (Declaration of Trust)	**47.7 %**	47.7 %
Debt-to-Gross Book Value including convertible debentures	**52.2 %**	51.9 %

(1) Gross value of debt excluding convertible debentures represents the principal balance of mortgages, credit facilities, term debt, and finance leases.
(2) Includes convertible debentures at fair value.

As at March 31, 2024, the REIT is in compliance with all such financial covenants in respect of the loans and mortgages disclosed in note 8.

The REIT's debt service coverage ratio covenant is sensitive to the REIT's net income and adjusted EBITDA, as defined, and interest rates which impact the magnitude of debt service costs. Separately, the minimum equity covenant is sensitive to the REIT's net operating income and overall capitalization rates. These sensitivities impact the REIT's estimate of fair value in connection with its investment properties at period end. The REIT is monitoring these considerations and taking steps to address the risks as it relates to its compliance assessment in future periods.

19. Risk Management

The REIT's activities expose it to a variety of financial risks, including liquidity risk, interest rate risk, price risk, credit risk, and currency risk. The REIT's overall financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the REIT's financial performance.

Liquidity Risk

Liquidity risk arises from the possibility of not having sufficient debt and equity capital available to the REIT to fund future growth, refinance debts as they mature or meet the REIT's payment obligations as they arise.

The following table sets out the REIT's contractual cash flows, which include interest payments based on interest rates applicable as at March 31, 2024, on its mortgages and loans payable and convertible debentures:

(in thousands of Canadian dollars, unless otherwise stated)

	Carrying Amount	Contractual Cash Flows	2024	2025	2026	2027	2028	Thereafter
Accounts payable and accrued liabilities	$ 146,864	$ 146,863	$ 146,863	$ —	$ —	$ —	$ —	$ —
Income tax payable	12,529	12,529	12,529	—	—	—	—	—
Distributions payable	6,675	6,675	6,675	—	—	—	—	—
Liabilities related to AHFS	13,380	13,380	13,380	—	—	—	—	—
Mortgages and loans payable	3,471,502	3,496,838	121,392	1,282,088	505,420	754,232	534,057	299,649
Lease liabilities	14,669	14,669	1,642	1,983	1,852	1,444	934	6,814
Convertible debentures	326,829	366,500	—	125,000	—	155,250	86,250	—
	$3,992,448	$ 4,057,454	$ 302,481	$ 1,409,071	$ 507,272	$ 910,926	$ 621,241	$ 306,463

The REIT expects to repay or refinance all debts maturing over the next 12 months using existing liquidity, net proceeds from sales of investment properties classified as assets held for sale, strategic investment property sales, sale of investment in unlisted securities, and new financings or renewed financings.

There are no assurances that the timing, amounts and terms of any refinancing, or other efforts as described above will be favorable or satisfactory to the REIT's liquidity and ability to settle loans payable as they become due.

The REIT's financial condition and results of operations would be adversely affected if it is unable to obtain financing/refinancing or cost-effective financing/refinancing, or if it were unable to meet its other liquidity requirements from ongoing operating cash flows.

The REIT forecasts liquidity requirements to ensure it has the ability to meet operational needs by maintaining a sufficient and available combination of cash and debt capacity, and to ensure the REIT will meet its financial covenants related to debt agreements. Such forecasting involves a significant degree of judgment which takes into considerations current and projected macroeconomic conditions, the REIT's cash collection efforts, working capital management, debt financing plans, and covenant compliance required under the terms of the debt agreements. The REIT's financial condition and results of operations would be adversely affected if such forecasts may not be achieved and if the REIT were unable to obtain cost-effective financing/refinancing or if it were unable to meet its other liquidity requirements from ongoing operating cash flows, the continued declaration of inclusive of distributions, prospectively.

Interest Rate Risk

The REIT is exposed to interest rate risk on its borrowings. It minimizes this risk by obtaining long-term fixed interest rate debt where appropriate. A portion of the REIT's debts and credit facilities are subject to variable rates.

Currently, the REIT has interest rate swaps and cap contracts to mitigate some of the risks associated with its variable rate long-term debt. Premium payments and obligations under such contracts are reflected in the effective interest rates stated below. The terms of the contracts as at March 31, 2024, are:

Segment	Type	Notional Amount	Effective Date	Average Remaining Term (months)	Effective Interest Rate	Fair Value
Interest rate derivative assets						
North America	Swap	$ 392,787	February 2024	22	6.61%	$ 7,311
Europe (UK)	Swap	454,349	March 2024	19	6.19%	2,399
Europe	Caps	109,014	June 2021 - September 2022	34	2.24% - 3.50%	5,767
Europe	Swaps	100,980	April 2015 - September 2022	29	1.45%-3.82%	5,800
Australasia	Swap	626,176	December 2015 - March 2024	23	5.82%-7.24%	10,008
						$ 31,285
Interest rate derivatives liabilities						
Australasia	Swap	252,054	March 2023 - March 2027	45	6.15%-7.95%	$ (2,288)
						$ (2,288)

At March 31, 2024, $1.8 billion of the REIT's debt associated with investment properties is financed at variable rates (December 31, 2023 - $1.9 billion). Sensitivity to a 1.0% increase or decrease in the interest rate would impact net income (loss) and comprehensive income (loss) by $35.0 million annually with all mortgages and loans, being fixed and variable rate debts, held constant (March 31, 2023 - $39.1 million).

Price Risk

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 value derived from prices of the units underlying the REIT's investments in associates may impact the value of its investments and may also impact the amount available under related financings. The market price for the REIT's trust units, the REIT's convertible debentures, units of Vital Trust, and units in unlisted securities 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 REIT's Trust Unit price impacts the cost of raising new capital. A sustained decline in the market price of the units of Vital Trust and unlisted securities may impact the value of the REIT's investments which may result in impairment losses, and may require the REIT to repay amounts owing under its related financings. To adapt to an increasingly volatile macro environment, the REIT amended certain covenants during the period and subsequently to provide additional flexibility. Additionally, the REIT is subject to covenants in respect of its unitholders' equity balance. These covenants may be impacted by changes in investment property valuation or changes in the REIT's capital structure.

Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments resulting in the REIT incurring a financial loss. The REIT attempts to mitigate this risk by conducting credit assessments on new lessees, by ensuring that its tenant mix is diversified and by limiting its exposure to any one tenant. The REIT's credit risk is primarily attributable to cash and accounts receivable. Cash consists of cash on hand with reputable financial institutions which are closely monitored by management. Accounts receivable consists of rental income and other revenue receivables from its commercial tenant base for monthly rental charges and interest receivable from term deposits. Management believes that the potential loss from credit risk with respect to financial instruments included in cash and accounts receivable is minimal.

Credit risk also arises in the event that the joint venture partners default on amount owing in respect of the REIT's management fees charged, as well as the payment their proportionate share of liabilities associated with joint arrangements. The REIT is only liable for its proportionate share of the debt obligations of the joint arrangements in which it participates, except in limited circumstances. Management believes that the assets of its joint arrangements are sufficient for the purpose of satisfying any obligation of the REIT should the REIT's partner default.

Foreign Currency Exchange Risk

The REIT has exposure to currency risk as a result of Australasian secured financing under the term debt denominated in New Zealand dollars. The REIT’s Australasian secured facility balance and related interest are subject to fluctuations depending on exchange rates. The effects of such fluctuations are recognized in profit or loss in the period.

The REIT has operating subsidiaries in Europe, Brazil, US, Australia and New Zealand, and as a result has exposure to currency risk as a result of the REIT's net investments. There is significant exposure to foreign exchange translation risk on the consolidation of the REIT's investment in foreign subsidiaries.

Assets and liabilities of the REIT's foreign subsidiaries are translated at the period end exchange rate, and therefore have different values depending on exchange rate fluctuations and the effects of such fluctuations are recognized in other comprehensive income (loss). The statements of income and comprehensive income of the foreign subsidiaries are translated into Canadian dollars using the period's average exchange rate and, accordingly, exchange rate fluctuations impact revenue, net income (loss) and comprehensive income (loss), denominated in Canadian dollars.

The REIT monitors its foreign exchange exposure and its economic hedging strategy on an ongoing basis.

20. Subsequent Events

Subsequent events not otherwise disclosed in these financial statements include the following:

i. Subsequent to March 31, 2024, the REIT sold a property in the Europe segment classified as assets held for sale at its fair value of $20.5 million. The proceeds were used to pay directly attributable debt of $13.4 million, and the remaining proceeds were used to partially repay other corporate credit facilities.

ii. Subsequent to March 31, 2024, the REIT entered interest rate swaps in respect of its Australasian Secured term financing, which is secured by the REIT's investment in Vital Trust for total notional value of debt of NZ$50 million and term of 2 years. The economically hedged portion of the debt will bear weighted average fixed interest rate of 7.36%.

iii. On March 15, 2024, the REIT announced a distribution of $0.03 per unit to unitholders of record on March 28, 2024 and was paid on April 15, 2024.

iv. On April 15, 2024, the REIT announced a distribution of $0.03 per unit to unitholders of record on April 30, 2024 and will be paid on May 15, 2024.