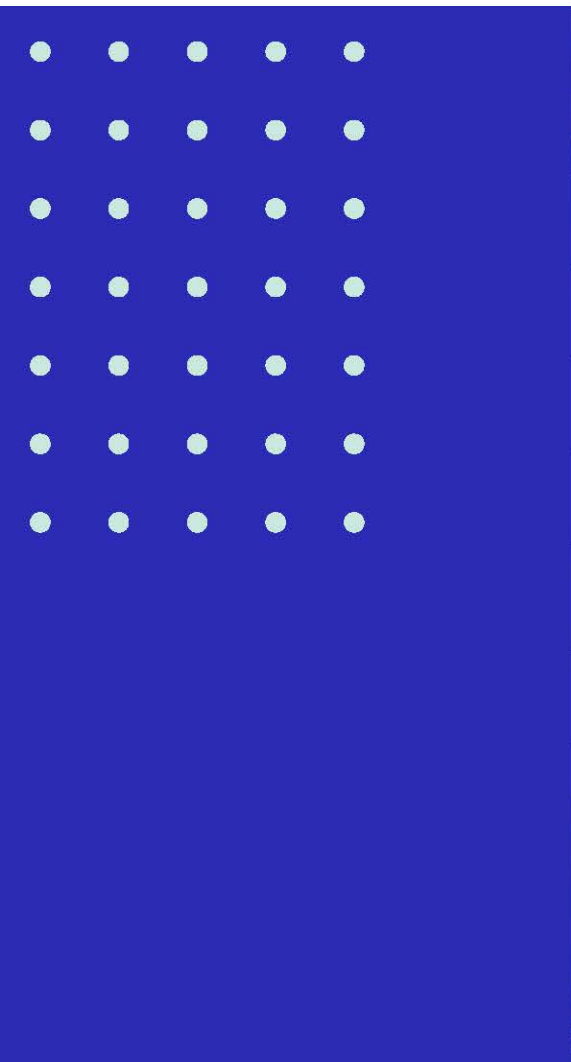




2024 First Quarter

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 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 210 hospitals, medical office buildings and healthcare facilities in Europe, the Americas and Australasia. The REIT manages \$9.6 billion of assets under management, of which \$3.8 billion is owned directly by the REIT and \$5.8 billion is owned jointly with third-party investors.

As an active manager, the REIT promotes value-add partnerships and demonstrates strong governance, deep expertise, and excellence in execution. 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 and investments.

As a developer, the REIT has a strong record of creating value through partnering with leading healthcare operators. 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 a market leader.

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 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.

Northwest is focused on strengthening the balance sheet and simplifying the business.

Current Business Environment and Outlook

Throughout the second half of 2023, and entering 2024, Canadian REIT investors anticipated multiple rate cuts in 2024, with some estimating that rates would drop as early as Q2 2024. As a result of these heightened expectations and reduced fears, the Canadian REIT market rallied in January and February of 2024, only to be disappointed as higher than expected inflation numbers were released in March and April.

The Bank of Canada ("BoC") expects the global economy to continue growing at around 3%, with inflation in most advanced economies easing gradually. The U.S. economy remains stronger than anticipated due to resilient consumption and robust business and government spending. Although U.S. GDP growth is

projected to slow in the second half of 2024, it is expected to remain stronger forecasted earlier in the year according to the BoC. The euro area is expected to gradually recover from current weak growth.

Growth in emerging-market economies and the rest of the world has also been revised upward due to resilient economic activity, easier financial conditions, and a stronger investment outlook. Overall, global output growth is now projected to be 0.3 percentage points higher in both 2024 and 2025.

In April 2024, the Bank of Canada held its policy rate at 5%. While inflation is still too high and risks remain, CPI and core inflation have eased further in recent months. The Bank of Canada will be looking for evidence that this downward momentum is sustained.

Northwest, based on its high-quality healthcare real estate portfolio, believes 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, expressed in thousands of Canadian dollars, except unit and per unit amounts:

FINANCIAL AND OPERATIONAL HIGHLIGHTS			
	As at		As at
	March 31, 2024		December 31, 2023
(unaudited)			
Operational Information ⁽¹⁾			
Number of Properties		210	219
Gross Leasable Area (sf)		17,399,185	17,736,521
Occupancy %		96.5 %	96.6 %
Weighted Average Lease Expiry ("WALE") (years)		13.2	13.3
Summary of Financial Information			
Assets Under Management ⁽²⁾	\$	9,602,095	\$ 9,901,036
Gross Book Value ⁽³⁾	\$	7,383,601	\$ 7,628,615
Debt - Declaration of Trust ⁽²⁾	\$	3,524,886	\$ 3,641,463
Debt to Gross Book Value - Declaration of Trust ⁽²⁾		47.7 %	47.7 %
Debt - Including Convertible Debentures ⁽²⁾	\$	3,851,715	\$ 3,962,317
Debt to Gross Book Value - Including Convertible Debentures ⁽²⁾		52.2 %	51.9 %
Effective Weighted Average Interest Rate ⁽⁴⁾		6.10 %	6.27 %
Net Asset Value ("NAV") per Unit ⁽²⁾	\$	10.36	\$ 10.86
Adjusted Units Outstanding - period end ⁽⁵⁾		245,758,625	245,002,126
		For the three months ended March 31, 2024	For the three months ended March 31, 2023
			For the three months ended December 31, 2023
Operating Results			
Revenue from investment properties	\$	133,545	\$ 135,324
Net Income / (Loss)	\$	(38,617)	\$ (89,155)
Net Operating Income ("NOI")	\$	95,452	\$ 95,421
Funds From Operations ("FFO") ⁽²⁾	\$	26,957	\$ 39,538
Adjusted Funds From Operations ("AFFO") ⁽²⁾	\$	27,679	\$ 40,129
Distributions ⁽⁶⁾	\$	22,031	\$ 48,606
Interest Coverage ⁽⁷⁾		1.79	2.07
Per Unit Amounts			
FFO per unit - Basic ⁽⁷⁾	\$	0.11	\$ 0.16
FFO per unit - diluted ⁽⁷⁾	\$	0.11	\$ 0.16
AFFO per unit - Basic ⁽⁷⁾	\$	0.11	\$ 0.17
AFFO per unit - diluted ⁽⁷⁾	\$	0.11	\$ 0.16
Distributions per unit ⁽⁸⁾	\$	0.09	\$ 0.20
AFFO Payout Ratio ⁽⁷⁾		80 %	121 %
AFFO Payout Ratio - diluted ⁽²⁾		80 %	123 %
Adjusted Weighted Average Units Outstanding ⁽⁵⁾			
Basic		245,381,166	242,870,623
Diluted		246,703,287	246,584,256

- (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) As defined in the Performance Measurement section included in this MD&A.
- (3) Gross Book Value is defined as total assets.
- (4) 68.5% (December 31, 2023 69.4%) of the REIT's debt is subject to fixed interest rates, including total debt of \$1.8 billion (December 31, 2023 - \$1.8 billion) that is economically fixed after taking into consideration the interest rate derivatives, but is contractually subject to a variable rate interest. Mortgages of \$0.2 billion are economically fixed at a weighted average interest rate of 2.37% and term debts of \$1.6 billion are economically fixed at 5.66%.
- (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 no Class B LP Units outstanding as at March 31, 2024 (December 31, 2023 - 1,710,000 Class B LP Units).
- (6) 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.
- (7) See Ratios and Covenants for the REIT's calculation of Interest Coverage.
- (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 a 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.

HIGHLIGHTS FOR THE QUARTER

Class B exchangeable units

On January 15, 2024, all 1,710,000 Class B exchangeable 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

The REIT has completed the following activities during the first quarter:

- The REIT sold eleven properties in North America and one property in Australasia at their fair value for total proceeds of \$165.2 million. The proceeds were used to pay directly attributable debt as well as balances outstanding on credit facilities.
- The REIT redeemed \$15.3 million of its investment in unlisted securities under the terms of an existing agreement. The proceeds were used towards repaying balances outstanding on credit facilities.

Refinancing Activity

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 2025 from November 2024.

The REIT refinanced the terms of its \$172.0 million Australasian secured term loan that bears interest of 9.0% to extend the maturity by two years to March 2027.

The REIT refinanced and amended mortgages in North America totaling of \$49.1 million, bearing weighted average interest rate of 4.95% with new mortgages of \$53.6 million, bearing weighted average interest rate of 6.91% with weighted average term to maturity extended by approximately 3 years. The REIT further amended a mortgage in Europe totaling \$12.4 million to extend the maturity date by 1 year.

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.

Management Changes

- i. Ms. Tracey Whittall was appointed as Chief Operating Officer effective February 26, 2024. Peter Riggan, the former COO, is transitioning into retirement and will remain with the REIT as an advisor until June 30, 2024.
- ii. Ms. Stephanie Karamarkovic was appointed as Chief Financial Officer effective April 15, 2024. Ms. Karamarkovic replaced Interim CFO, Karen Martin.

SUBSEQUENT EVENTS

Subsequent to March 31, 2024, the REIT sold a property in the Europe segment classified as assets held for sale at their 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.

Australasian Secured term financing interest rate swaps

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 notational value of debt of NZ\$50 million and term of 2 years. The hedged portion of the debt will bear weighted average fixed interest rate of 7.36%.

Other

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.

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.

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 unitholders.

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.

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	9
FORWARD-LOOKING INFORMATION ADVISORY	9
MARKET AND INDUSTRY DATA	10
PERFORMANCE MEASUREMENT	10
PART II – BUSINESS OVERVIEW	14
BUSINESS OVERVIEW AND STRATEGIC DIRECTION	14
PORTFOLIO PROFILE	15
PART III – RESULTS FROM OPERATIONS	19
NET INCOME (LOSS)	19
NET OPERATING INCOME	26
LEASING	27
PROPORTIONATE BASIS RESULTS FROM OPERATIONS	30
FUNDS FROM OPERATIONS (“FFO”)	31
ADJUSTED FUNDS FROM OPERATIONS (“AFFO”)	34
QUARTERLY PERFORMANCE	36
PART IV – DISTRIBUTIONS	38
PART V – BALANCE SHEET AND CAPITALIZATION	40
INVESTMENT PROPERTIES	40
DEVELOPMENT ACTIVITY	42
LEASING COSTS AND CAPITAL EXPENDITURES	43
CAPITAL STRUCTURE	44
FINANCIAL RATIOS	49
LIQUIDITY	49
FOREIGN EXCHANGE AND CURRENCY MANAGEMENT	51
PART VI – ACCOUNTING POLICIES AND ESTIMATES	52
PART VII – RISKS AND UNCERTAINTIES	52
PART VIII – CONTROLS AND PROCEDURES	52
PART IX – NET ASSET VALUE	53
CORPORATE INFORMATION	54

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 unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2024, 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 May 7, 2024 (the "**Circular**"). This MD&A is current as of May 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 ("**NWILP**"), 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.

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), and Corporate. Relevant comparative periods have been amended and restated to reflect the change in the composition of the REIT's segments for this purpose.

FORWARD-LOOKING INFORMATION ADVISORY

This MD&A may contain forward-looking statements with respect to the REIT, its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe", "normalized", "contracted", or "continue" or the negative thereof or similar variations. Examples of such statements in this MD&A may include statements concerning the REIT's position as a leading healthcare real estate asset manager globally, balance sheet optimization arrangements, and the REIT's pursuit of becoming an institutional quality REIT with a sustainable financial profile. The REIT's actual results and performance discussed herein could differ materially from those expressed or implied by such statements. The forward-looking statements contained in this MD&A are based on numerous assumptions which may prove incorrect and which could cause actual results or events to differ materially from the forward-looking statements. Such assumptions include, but are not limited to (i) assumptions relating to completion of anticipated dispositions and deleveraging transactions; (ii) the REIT's properties continuing to perform as they have recently, (iii) various general economic and market factors, including exchange rates remaining constant, local real estate conditions remaining strong, and interest rates remaining at current levels or decreasing; and (iv) the availability of equity and debt financing to the REIT. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transactions contemplated herein are completed. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described 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 and is available on SEDAR+ at www.sedarplus.ca.

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:

- (1) fair value adjustments on investment properties;
- (2) net loss on disposal of investment properties;
- (3) fair value adjustments and other effects of redeemable units classified as liabilities;
- (4) fair value adjustments on convertible debentures;
- (5) payments of premiums on derivative financial instruments;
- (6) fair value adjustment of unit-based liabilities;
- (7) revaluation adjustments of financial liabilities;

- (8) unrealized foreign exchange gains and losses;
- (9) deferred income tax expense;
- (10) transaction costs;
- (11) convertible debentures issuance costs;
- (12) internal leasing costs;
- (13) property taxes accounted for under IFRIC 21, Levies;
- (14) amortization on Right of Use ('ROU') assets, net of payments on leases where the REIT is a lessee;
- (15) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination;
- (16) results of discontinued operations; and including
- (17) 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,
- (18) all after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.
- (19) 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 include 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:

- (1) amortization of fair value mark-to-market adjustments on mortgages acquired;
- (2) amortization of transactional deferred financing charges;
- (3) differences, if any, resulting from recognizing property revenues on a straight line basis as opposed to contractual rental amounts;
- (4) stabilized amounts for tenant inducements, leasing costs, and sustaining capital expenditures;
- (5) compensation expense related to unit based incentive plans; and
- (6) 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.

"**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'.

The REIT uses the January 2022 REALPAC white papers in determining its FFO and AFFO definitions, with some exceptions, which are outlined in PART III - RESULTS FROM OPERATIONS.

"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.

"Proportionate Basis" is a non-IFRS measure which represents financial information adjusted to reflect the REIT's equity accounted joint ventures and subsidiaries where the REIT has control and consolidates at 100% with its non-controlling interest reflected in the statement of equity, on a proportionately consolidated basis at the REIT's ownership percentage of the related investments. Management believes is relevant in representing the REIT's incomes, expenses, assets and liabilities in proportion to its investment interest in entities otherwise consolidated or equity accounted under IFRS.

"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.

"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.

"Distributions" is a non-IFRS financial measure defined as 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.

"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.

"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.

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.

In 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;
- 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.

As at March 31, 2024, the REIT was in compliance with all investment guidelines and operating policies stipulated in the Declaration of Trust.

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.

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, and the continued strength of North American financial markets.

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.

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 210 income-producing properties and 17.4 million square feet of gross leasable area located throughout major markets in North America, Brazil, Europe, and Australasia.

The REIT's **North America** 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").

The REIT's **Brazil** platform consists of:

- 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.

The REIT's **Europe** platform consists of:

- 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.
- European portion of the REIT's global asset manager business, a fully integrated property management and asset management operation for the European JV.
- 30% interest in a joint venture ("European JV") with a third party institutional partner that 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%.

The REIT's **Australasia** platform consists of:

- Hospitals, medical centers, life sciences assets and aged care facilities in Australia and New Zealand which provide growing cash flows underpinned by tenancies of high quality hospital and healthcare operators with long-term, inflation-indexed leases.
- 30% interest in a joint venture ("Australian JV") with a third-party institutional investor.
- 28.6% interest in New Zealand Stock Exchange ("NZX") listed Vital Healthcare Properties Trust ("Vital Trust") which is 100% consolidated by the REIT for financial reporting purposes. The REIT manages Vital Trust and is its largest unitholder. Vital Trust is New Zealand's largest specialist and only listed landlord of healthcare real estate.
- Australasian portion of global asset manager business providing property management and asset management for the Australian JV and investment in Vital Trust.

Investments in Joint Ventures: As at March 31, 2024, Northwest had interests in joint ventures that it accounts for using the equity accounting method. The REIT's joint ventures are as follows:

Equity Investments	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 following summarizes the REIT's managed funds as at March 31, 2024:

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	\$2.5	\$0.5	\$0.3	30%	Perpetuity
Australian Core Hospital JV 2	2.1	—	—	2.1	30%	Perpetuity
Vital Trust	2.7	2.7	—	Open	28%	Perpetuity
European JV	2.9	0.6	—	2.3	30%	11 Years
Total	\$11.0	\$5.8	\$0.5	\$4.7		

The following table summarizes the REIT's assets by region as at March 31, 2024:

SUMMARY OF ASSETS					
	North America	Brazil	Europe ⁽¹⁾	Australasia ⁽²⁾⁽³⁾	Consolidated Total ⁽⁴⁾
Number of Properties	68	8	69	65	210
Asset Mix	79% MOB & 19% Hospitals & Healthcare Facilities & 2% Life Sciences	100% Hospitals	52% MOB & 46% Hospitals & Healthcare Facilities & 2% Life Sciences	20% MOB & 77% Hospitals & Healthcare Facilities & 3% Life Sciences	49% MOB & 49% Hospitals & Healthcare Facilities & 2% Life Sciences
Gross Leasable Area ("GLA") (million sf)	11.2	1.9	5.5	5.9	17.4
Total Assets (millions)	\$1,595	\$802	\$1,681	\$3,223	\$7,384
Occupancy	90.7%	100.0%	96.9%	99.1%	96.5%
WALE (years)	6.0	16.4	14.6	15.6	13.2
Average Building Age (years)	29	19	28	16	24
Weighted Average Implied Cap Rate	6.7%	7.5%	6.3%	5.2%	6.0%

(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.

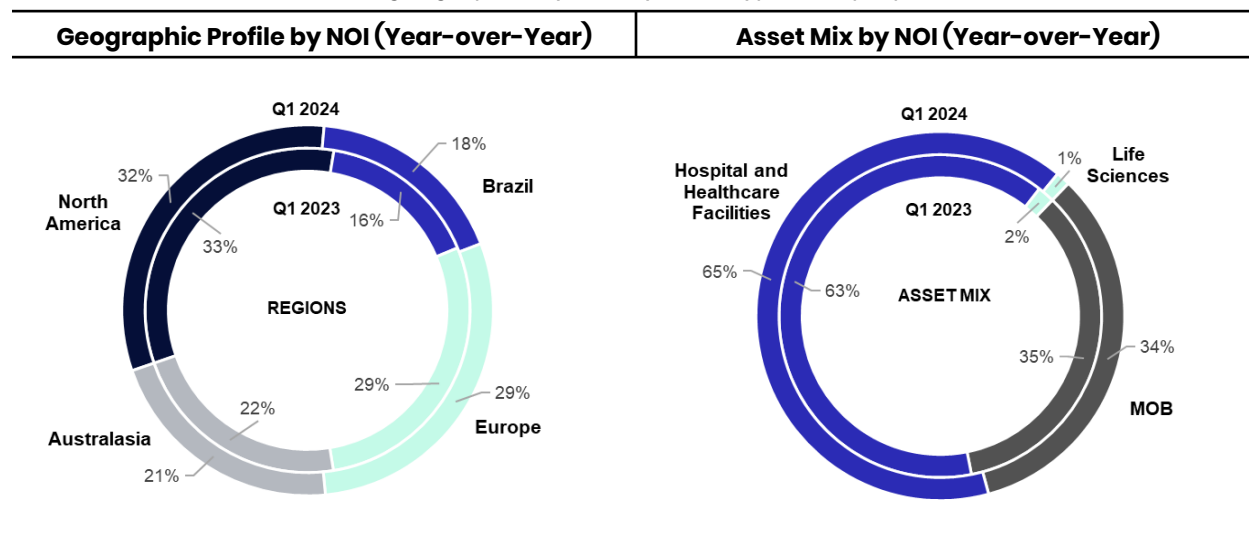
MOBs are similar to commercial office buildings, are typically multi-tenant properties and are primarily leased to necessity-based healthcare providers.

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.

Diversification of Assets

The REIT's assets are diversified geographically and by asset type on a proportionate basis as follows:



Tenant Mix

The following table summarizes the REIT's 10 largest tenants by percentage of proportionate revenue for the three months ended March 31, 2024:

10 LARGEST TENANTS BY PERCENTAGE OF RENT				
	Tenant	Region	%	# of locations
1	Rede D'Or	Brazil	9.7 %	7
2	Nuffield Health	Europe	5.0 %	6
3	Healthscope Limited ⁽ⁱ⁾	Australasia	3.5 %	12
4	Circle Health	Europe	2.5 %	6
5	Epworth Foundation ⁽ⁱ⁾	Australasia	2.0 %	10
6	Spire Healthcare Limited	Europe	1.8 %	2
7	Aurora Healthcare ⁽ⁱ⁾	Australasia	1.4 %	13
8	PrairieCare, LLC	USA	1.1 %	2
9	Healthe Care Surgical Pty Ltd ⁽ⁱ⁾	Australasia	1.0 %	4
10	Stichting Albert Schweitzer Ziekenhuis ⁽ⁱ⁾	Europe	1.0 %	4
			29.0 %	66

⁽ⁱ⁾ 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 reais (\$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 invests heavily in the latest technology and innovation, as well as nurse training facilities, which all assist it in attracting leading physicians and staff.

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 ended March 31, 2024, and 2023:

	Three months ended March 31,	
	2024	2023
Expressed in thousands of Canadian dollars		
Net Operating Income		
Revenue from investment properties	\$ 133,545	\$ 135,324
Property operating costs	(38,093)	(39,903)
Net Operating Income (NOI)	95,452	95,421
Other income		
Share of profit (loss) from equity accounted investments	3,315	3,988
Management fees	3,850	10,725
Interest and other	3,403	4,116
	10,568	18,829
	106,020	114,250
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)
Other finance (costs) income	(15,332)	(3,417)
Foreign exchange gain (loss)	13,730	7,216
Income (loss) before the under noted items	31,081	48,345
Fair value adjustment of Unit-Based Liability	355	3,303
Fair value adjustment of investment properties	(71,703)	(151,561)
Gain (loss) on financial instruments	5,612	(17,192)
Loss on disposal of investment properties	(5,192)	–
Income (loss) before taxes	(39,847)	(117,105)
Current tax expense	(2,766)	(6,996)
Deferred tax (expense) recovery	3,996	34,946
Net income (loss)	\$ (38,617)	\$ (89,155)
Net income (loss) attributable to:		
Unitholders	(47,607)	(97,486)
Non-controlling interests	8,990	8,331
	\$ (38,617)	\$ (89,155)

Revenue from investment properties

REVENUE FROM INVESTMENT PROPERTIES

	Three months ended March 31,	
	2024	2023
North America	52,880	53,904
Brazil	16,474	14,896
Europe	27,024	25,021
Australasia	37,167	41,503
Total revenue from investment properties	133,545	135,324

Revenue from investment properties for the three months ended March 31, 2024 was \$1.8 million lower than the comparative period, mainly due to \$4.3 million and \$1.0 million decreases in Australasia and North America, partially offset by increases in Europe and Brazil. The decreases related to disposition of non-core assets during 2023, and the increases were due to rent indexation and higher tenant recoveries.

Property operating costs

PROPERTY OPERATING COSTS

	Three months ended March 31,	
	2024	2023
North America	26,465	26,409
Brazil	1,704	1,427
Europe	5,335	4,942
Australasia	4,589	7,125
Total property operating costs	38,093	39,903

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 three months ended March 31, 2024, and 2023 were \$38.1 million and \$39.9 million, respectively. The \$1.8 million decrease for the three months ended March 31, 2024, was primarily the result of the impact of non-core asset sales in Australasia.

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 March 31,	2024			2023		
	Australasia	Europe	Total	Australasia	Europe	Total
Total revenues	\$ 29,260	\$ 11,009	\$ 40,269	\$ 29,016	\$ 10,890	\$ 39,906
Expenses						
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 adjustments and transaction costs	(1,924)	(918)	(2,842)	(3,140)	585	(2,555)
Income tax expense	—	1,075	1,075	—	102	102
Net income (loss)	9,819	1,867	11,686	13,605	239	13,844
Less: Non-controlling interest	(781)	(63)	(844)	(660)	—	(660)
Net profit attributable to unitholders	9,038	1,804	10,842	12,945	239	13,184
Weighted average share of profits (loss)	30 %	30% to 33.57%		30 %	30% to 33.57%	
REIT's share of income (loss)	\$ 2,711	\$ 604	\$ 3,315	\$ 3,883	\$ 105	\$ 3,988

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 \$0.7 million lower for the three months ended March 31, 2024 compared to the same period in 2023, attributable to 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

	Three months ended March 31,	
	2024	2023
Base fee	\$ 7,765	\$ 8,384
Incentive and performance fee	1,363	4,236
Project and Acquisition fees	1,053	5,375
Trustee fees	267	307
Other fees and cost reimbursements	194	3,470
Total Management Fees	\$ 10,642	21,772
less: inter-company elimination	(6,792)	(11,047)
Consolidated Management Fees	3,850	10,725
add: fees charged to non-controlling interests	4,729	7,805
Proportionate Management Fees	\$ 8,579	\$ 18,530

The REIT has established asset managers in Australasia and Europe to provide property management, acquisition and development management services to Vital Trust, and joint ventures, which are collectively referred to as the Global Asset Manager. In exchange for its services, the Global Asset Manager earns market-based asset management fees, activity-based fees for acquisitions and development, incentive/ performance fees and fees in respect of additional services. 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.

Consolidated management fees for the three months ended March 31, 2024, decreased by \$6.9 million, compared to the same period in 2023.

Project and acquisition fees for the three months ended March 31, 2024 decreased by \$4.3 million mainly due to an acquisition fee recorded in the comparative period in respect of joint venture arrangements that was not completed and is further negatively impacted by lower development activity in Vital Trust.

Other fees and cost reimbursements for the three months ended March 31, 2024 decreased by \$3.3 million as compared to the prior year period, primarily due to cost reimbursements recorded in the three months ended March 31, 2023 in respect of a joint venture arrangement that was not completed.

Incentive fees are calculated as a percentage of the average annual increase in Vital Trust's net tangible assets, over the respective 12 month period ending June 30, 2024, and the two preceding periods. Incentive fees for the three months ended March 31, 2024, decreased by \$2.9 million, driven by net tangible asset change at Vital Trust.

Mortgage and loan interest expense

	Three months ended March 31,	
	2024	2023
MORTGAGE AND LOAN INTEREST EXPENSE		
North America		
Mortgages and Term debts	9,819	12,064
Brazil		
Mortgages and Term debts	5,893	1,967
Europe		
Mortgages and Term debts	9,301	7,220
Australasia		
Term debts	15,971	15,835
Corporate		
Australasian Secured Financing	3,687	3,972
Corporate Credit Facilities	10,019	11,192
Convertible Debentures	7,183	4,088
	61,873	56,338
less: capitalized interest	(6,440)	(4,690)
Total mortgage and loan interest expense	55,433	51,648

The mortgage and loan interest expense for the three months ended March 31, 2024, was \$55.4 million, an increase of \$3.8 million over the prior year period. Interest expense includes the impact of interest rate derivatives that fix variable debt exposure, including \$6.7 million of premiums attributable to derivative financial instruments. The increase in interest expense is partially attributable to an overall increase in weighted average interest rates.

General and administrative expenses ("G&A")

	Three months ended March 31,	
	2024	2023
General and administrative expenses		
G&A excluding unit-based compensation expense	\$ 12,988	\$ 10,690
Unit-based compensation expense	2,549	2,346
General and administrative expenses	\$ 15,537	\$ 13,036

G&A expenses for the three months ended March 31, 2024 were \$15.5 million, compared to \$13.0 million in the prior year period, and included unit-based compensation of \$2.5 million (three months ended March 31, 2023 - \$2.3 million).

Transaction costs

For the three months ended March 31, 2024, the REIT incurred transaction costs of \$2.4 million (three months ended March 31, 2023 - \$5.0 million). Transaction costs included third party costs and internal allocations related to investment opportunities, capital raising initiatives, and the Board's Strategic Review Committee.

Net loss on disposal of investment properties

During the three months ended March 31, 2024, the REIT incurred net loss on disposal of investment properties of \$5.2 million (three months ended March 31, 2023 - nil) consisting of third party costs relating to disposition of investment properties.

Other finance costs

Other finance costs for the three months ended March 31, 2024 and 2023 consisted of the following:

	Three months ended March 31,	
	2024	2023
Fair value adjustment of Convertible Debentures	\$ 5,975	\$ (3,198)
Amortization of deferred financing costs	\$ 5,180	\$ 2,970
Loss (gain) on revaluation of financial liabilities	4,008	5,043
Fair value adjustment of Exchangeable Units	205	(1,761)
Convertible Debenture issuance costs	27	21
Distributions on Exchangeable Units	(63)	342
Total Finance Costs (Income)	\$ 15,332	\$ 3,417

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 ended March 31, 2024, accretion expense was \$4.0 million (for the three months ended March 31, 2023 - \$5.0 million). The decrease in accretion expense is related to lower inflation rate as of March 31, 2024 of 3.93% as compared to 4.65% as at March 31, 2023.

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						
	24-Mar	23-Dec	23-Sep	23-Jun	23-Mar	22-Dec
Month-end closing price (Canadian \$)						
NWH.DB.G	999	998	993	990	985	985
NWH.DB.H	830	808	853	913	959	980
NWH.DB.I	848	820	908	950	—	—

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 ended March 31, 2024, the REIT recorded a foreign exchange gain of \$13.7 million which included \$13.8 million unrealized foreign exchange gain relates 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 \$0.1 million mainly related to settlement of foreign currencies denominated debt.

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 valuation with respect to deferred units and restricted units is based on the market value of a REIT Trust Unit or Vital Trust unit at the reporting date, and the valuation with respect to preferred units is based on a Monte-Carlo simulation at the reporting date. The change in fair value of the Unit-Based Liability is recognized in income (loss).

The fair value adjustment on revaluation of the Unit-Based Liability for the three months ended March 31, 2024 was \$0.4 million (three months ended March 31, 2023 - \$3.3 million).

Fair value adjustment of investment properties

For the three months ended March 31, 2024, the REIT recorded a fair value loss on investment properties of \$71.7 million. The fair value loss was mainly attributable to change in valuation parameters, incorporating market evidence, when available and rent reviews.

See **Investment Properties**.

Gain/Loss on financial instruments

Gain/loss on financial instruments for the three months ended March 31, 2024 and 2023 consisted of the following:

	GAIN (LOSS) ON FINANCIAL INSTRUMENTS	
	Three months ended March 31,	
	2024	2023
North America		
Interest rate derivatives	\$ 4,410	\$ (5,282)
Europe		
Interest rate derivatives	3,533	(1,681)
Australasia		
Interest rate derivatives	34	(10,389)
Unlisted securities	(2,519)	(24)
Foreign exchange contracts	154	184
Total gain (loss) on financial instruments	\$ 5,612	\$ (17,192)

The REIT's interest derivative arrangements outstanding as at March 31, 2024 were as follows:

Segment	Type	Notional Amount	Effective Date	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	Swaps	626,176	December 2015 - March 2024	23	5.82%-7.24%	10,008
						\$ 31,285
Interest rate derivatives liabilities						
Australasia	Swaps	252,054	March 2023 - March 2027	45	6.15%-7.95%	\$ (2,288)
						\$ (2,288)

Income tax expense

The combined current tax and deferred tax recovery of the REIT for the three months ended March 31, 2024, was \$1.2 million.

For the three months ended March 31, 2024, the REIT recognized a current tax expense of \$2.8 million (for the three months ended March 31, 2023 - expense of \$7.0 million). The current taxes during the quarter primarily relate to normal course income tax expense on taxable earnings in Europe, and in Australasia, including Vital Trust, the Australian asset manager, and Australian withholding tax.

The REIT records deferred tax assets and liabilities arising from the difference between the carrying value for accounting purposes and the tax cost of its investment properties. The deferred tax recovery for the three months ended March 31, 2024, of \$4.0 million (for the three months ended March 31, 2023 - a recovery of \$34.9 million) 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.

The REIT's same property NOI for the three months ended March 31, 2024 and 2023 is summarized in the tables below in Canadian dollars and in constant currency:

	Three months ended March 31,		
	2024	2023	Var %
Same property NOI ⁽ⁱ⁾			
North America	\$ 21,252	\$ 20,069	5.9%
Brazil	14,763	14,090	4.8%
Europe	21,433	20,548	4.3%
Australasia	31,451	29,186	7.8%
Same property NOI ⁽ⁱ⁾	\$ 88,899	\$ 83,893	6.0%
Impact of foreign currency translation	—	(255)	
Straight-line rental revenue recognition	724	945	
Amortization of operating leases	(40)	(42)	
Lease termination fees	69	31	
Other transactions	(548)	(534)	
Developments	3,225	1,731	
Acquisitions	—	—	
Dispositions	2,632	9,063	
Intercompany/Elimination	491	590	
NOI	\$ 95,452	\$ 95,422	—%

(i) Same property NOI is a non-IFRS financial measure. See **Performance Measurement**.

Consolidated

The REIT's Same Property NOI for the three months ended March 31, 2024 increased by 6.0% over the comparable prior year periods mainly due to inflationary adjustments on rents, rentalised capital spend and improved recoveries reflecting a steady growth in our underlying lease rentals additionally supported by a long term WALE of 13.2 years.

North America

Same property NOI for the three months ended March 31, 2024 increased by 5.9% over the comparable prior year period mainly due to growth in rental revenue and inflationary adjustments on rents in the Canadian and the US portfolios, an increase in occupancy in the quarter and an increase in parking income in the Canadian portfolio.

Brazil

Same Property NOI for the three months ended March 31, 2024 increased by 4.8% over the comparable prior year period driven by inflationary adjustments.

Europe

Same Property NOI for the three months ended March 31, 2024 increased by 4.3% over the comparable prior year period reflecting growth in rental revenue from indexation increases, improved recoveries and higher parking traffic.

Australasia

Same Property NOI for the three months ended March 31, 2024 increased by 7.8% over the comparable prior year period driven by growth in rental revenue from indexation increases and rentalised 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 13.2 years as at March 31, 2024. Below is a table of the percentage of leases expiring by year by region.

	2024	2025	2026	2027	2028	2029	2030	2031	Thereafter	Total
North America	5.1 %	8.7 %	9.8 %	10.4 %	17.8 %	6.8 %	6.5 %	7.7 %	27.2 %	100.0 %
Brazil	8.4 %	— %	— %	— %	— %	— %	— %	— %	91.6 %	100.0 %
Europe ⁽¹⁾	1.6 %	7.0 %	5.5 %	2.0 %	2.7 %	2.7 %	2.7 %	8.5 %	67.3 %	100.0 %
Australasia ⁽²⁾	2.1 %	1.1 %	1.7 %	1.3 %	5.4 %	1.3 %	1.1 %	4.7 %	81.3 %	100.0 %
Total Portfolio	3.3 %	4.5 %	4.5 %	3.4 %	6.7 %	2.8 %	2.7 %	6.1 %	66.0 %	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 20.2 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 16.7 years and the Australian portfolio which has a WALE of 14.6 years.

The table below summarizes the REIT's WALE allocated by asset type as at March 31, 2024, on a proportionate basis and excluding development projects:

	Asset Mix			WALE (in years)			Total
	MOB	Hospitals & Healthcare Facilities	Life Sciences	MOB	Hospitals & Healthcare Facilities	Life Sciences	
North America	79%	19%	2%	4.9	10.0	19.7	6.0
Brazil	0%	100%	0%	0.0	16.4	0.0	16.4
Europe	52%	46%	2%	5.5	20.2	16.0	14.6
Australasia	20%	77%	3%	9.6	16.5	10.6	15.6
Total Portfolio	49%	49%	2%	5.6	17.2	12.7	13.2

Lease Indexation

As at March 31, 2024, over 84.6% of the REIT's rental income (97.6% 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	
	% of Revenue
North America	49.1%
Brazil	100.0%
Europe ⁽¹⁾	97.6%
Australasia ⁽²⁾	98.0%
Portfolio Weighted Average	84.6%

(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.

Leasing Activity

LEASING ACTIVITY					
Three months ended March 31, 2024					
in thousands of square feet	North America	Brazil	Europe⁽¹⁾	Australasia⁽²⁾	Total
Opening Occupancy	92%	100%	97%	99%	97%
Opening Balance	4,192	1,880	5,296	5,742	17,110
Disposition	(393)	—	—	—	(393)
Completed development	—	—	—	61	61
Expiries and Early Terminations	(97)	—	(134)	(43)	(274)
Renewal	81	—	108	43	232
New Leasing	10	—	18	2	30
Other ⁽³⁾	(8)	—	4	(2)	(6)
Closing Balance	3,785	1,880	5,292	5,803	16,760
Closing Occupancy	91%	100%	97%	99%	97%

(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.

North America

During the quarter, the REIT completed 80,818 square feet of renewal leasing representing a 85% renewal rate. The REIT completed renewals at an initial net rent of \$13.03 per square foot versus an expiring net rent per square foot of \$12.72 per square foot, an increase of 2.5%.

During the quarter, the REIT also completed 10,021 square feet of new leasing at an initial net rent of \$18.34 per square foot.

Expiring net rent for the Canadian portfolio increased to \$19.41 per square foot in the first quarter 2024, from \$19.23 per square foot in the fourth quarter of 2023. The increase was mainly attributable to renewals and expansions at higher net rent rates.

EXPIRING NET RENT	
	Canada
Month-to-Month	\$ 12.27
2024	\$ 16.41
2025	\$ 21.51
2026	\$ 19.35
2027	\$ 18.09
2028	\$ 18.39
2029+	\$ 20.44
Total	\$ 19.41

Brazil

The REIT's Brazil properties are subject to long term leases (portfolio WALE of 16.4 years).

Europe

During the quarter, the REIT completed 108,354 square feet of renewal leasing representing a 81% renewal rate. These renewals were completed at an initial net rent of €11.44 per square foot per year versus an expiring net rent per square foot of €11.31, an increase of 1.2%.

During the quarter, the REIT completed 18,174 square feet of same property new leasing at an initial net rent of €11.83.

EXPIRING NET RENT		
	Europe	
Month-to-Month	€	5.18
2024	€	13.05
2025	€	13.54
2026	€	14.40
2027	€	15.89
2028	€	14.62
2029+	€	10.16
Total	€	11.01

Australasia

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

During the quarter, the REIT completed 42,791 square feet of renewal leasing representing a 99% renewal rate. The renewals were a result of tenants exercising their renewal options and were completed at an initial net rent of NZ\$53.72 versus expiring net rent of NZ\$52.99, an increase of 1.4%.

During the quarter, the REIT completed 62,657 square feet of new leasing at an initial net rent of NZ\$67.33, with 60,994 square feet coming from properties transitioned from development.

PROPORTIONATE BASIS RESULTS FROM OPERATIONS

INCOME STATEMENT

For the three months ended,

	March 31, 2024			March 31, 2023		
	IFRS Basis	Adjustments ¹	Proportionate Basis	IFRS Basis	Adjustments ¹	Proportionate Basis
Net Property Operating Income						
Revenue from investment properties	\$133,545	\$ (13,376)	\$ 120,169	\$ 135,324	\$ (16,145)	\$ 119,179
Property operating costs ²	(38,093)	1,243	(36,850)	(39,903)	3,013	(36,890)
	95,452	(12,133)	83,319	95,421	(13,132)	82,289
Other Income						
Interest and other	3,403	195	3,598	4,116	376	4,492
Management fees ²	3,850	6,792	10,642	10,725	11,047	21,772
Share of profit of equity accounted investments	3,315	(3,315)	—	3,988	(3,988)	—
	10,568	3,672	14,240	18,829	7,435	26,264
Expenses and other						
Mortgage and loan interest expense	(55,433)	(430)	(55,863)	(51,648)	73	(51,575)
General and administrative expense ²	(15,537)	(1,848)	(17,385)	(13,036)	(3,177)	(16,213)
Transaction costs	(2,367)	(613)	(2,980)	(5,020)	2	(5,018)
Other finance (costs) income	(15,332)	152	(15,180)	(3,417)	197	(3,220)
Foreign exchange loss (gain)	13,730	298	14,028	7,216	(489)	6,727
Income (loss) before the under noted items	31,081	(10,902)	20,179	48,345	(9,091)	39,254
Net gain (loss) on financial instruments	5,612	363	5,975	(17,192)	7,303	(9,889)
Fair value adjustment of investment properties ²	(71,703)	(846)	(72,549)	(151,561)	(8,331)	(159,892)
Net loss on disposal of investment properties	(5,192)	788	(4,404)	—	—	—
Fair value adjustment of unit based compensation liabilities	355	—	355	3,303	—	3,303
Income (loss) before taxes	\$(39,847)	\$(10,597)	\$(50,444)	\$(117,105)	\$(10,119)	\$(127,224)
Income tax expense (recovery)	1,230	1,607	2,837	27,950	1,788	29,738
Total net income (loss)	(38,617)	(8,990)	(47,607)	(89,155)	(8,331)	(97,486)
Less: non-controlling interest	(8,990)	8,990	—	(8,331)	8,331	—
Total net income (loss) attributable to unitholders	\$(47,607)	—	\$(47,607)	\$(97,486)	—	\$(97,486)

(1) Proportionate basis results from operations is a non-IFRS based on certain adjustments to condensed consolidated interim statement of income (loss) adjusted to reflect share of net income (losses) from equity accounted joint ventures and fully consolidated Vital Trust on a proportionately consolidated basis at the REIT's ownership percentage of the related investments.

(2) Management fees under proportionate basis are presented gross of any inter-company eliminations. Accordingly, the REIT's property operating costs, general and administrative expense and fair value adjustment of investment properties are also presented gross of any inter-company eliminations that are required under IFRS in respect of the managements fees.

NOI from investment properties for the three months ended March 31, 2024 was \$83.3 million compared to \$82.3 million in the comparative period, primarily driven by rent indexation and higher tenant recoveries, partially offset by impact of non-core assets sales.

Net loss decrease to \$47.6 million for the three months ended March 31, 2024 compared to \$97.5 million in comparative period is primarily attributable to lower fair value loss of investment properties and improvements in NOI, partially offset by higher interest expense and net loss on disposal of investment properties.

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, with the exception that the REIT excludes the following adjustments: revaluation of financial liabilities, payments of premiums on derivative financial instruments, unrealized foreign exchange gains and losses, and certain transaction costs.

FUNDS FROM OPERATIONS (“FFO”)		
For the three months ended March 31,	2024	2023
Net income (loss) attributable to unitholders	\$ (47,607)	\$ (97,486)
Add / (Deduct): ⁽¹⁾		
Fair market value losses (gains) ⁽²⁾	79,124	163,525
Finance cost - Exchangeable Unit distributions	(63)	342
Revaluation of financial liabilities	4,008	5,043
Unrealized foreign exchange loss (gain)	(14,043)	(6,600)
Deferred taxes	(4,590)	(34,530)
Transaction costs	3,077	5,020
Net loss on disposal of investment properties	4,404	—
Convertible Debenture issuance costs	27	21
Internal leasing costs	358	494
Property taxes accounted for under IFRIC 21	135	401
Net adjustment for lease amortization	(125)	(82)
Other FFO adjustments	2,252	3,390
FFO ⁽²⁾	\$ 26,957	\$ 39,538
FFO per Unit - Basic	\$ 0.11	\$ 0.16
FFO per Unit - Diluted ⁽³⁾	\$ 0.11	\$ 0.16
Adjusted weighted average units outstanding ⁽⁴⁾		
Basic	245,381,166	242,870,623
Diluted ⁽³⁾	246,703,287	246,584,256

- (1) FFO is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. See **Performance Measurement**. The adjustments to determine FFO have been presented on a proportionate basis.
- (2) Included in FFO is \$6.7 million related to interest rate caps, the impact of which is \$0.02 per unit as at March 31, 2024 (March 31, 2023 - nil).
- (3) Diluted units include the impact of vested deferred trust units and the convertible debentures, that would have a dilutive effect upon conversion.
- (4) 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 Units in basic and diluted units outstanding/weighted average units outstanding. There were no Class B Units outstanding as at March 31, 2024 (March 31, 2023 - 1,710,000 Class B Units).

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

Fair market value losses (gains)

	Three months ended March 31,	
	2024	2023
Fair market value losses (gains)		
Fair value adjustment of Convertible Debentures	\$ 5,975	\$ (3,198)
Fair value adjustment of Exchangeable Units	205	(1,761)
Fair value adjustment of investment properties	72,549	159,892
Loss (Gain) on derivative financial instruments	(5,975)	9,889
Premiums on derivative financial instruments	6,725	2,006
Fair value adjustment of Unit-Based Liability	(355)	(3,303)
Total	\$ 79,124	\$ 163,525

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).

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).

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).

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).

Premiums on derivative financial instruments

For the three months ended March 31, 2024, premiums of \$6.7 million 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. During the three months ended March 31, 2024, the derivative financial instruments subject to these premiums have expired and no further adjustments are expected in subsequent reporting periods.

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). During the three months ended March 31, 2024, all of the Exchangeable Units were converted to REIT units (see **Highlights for the Quarter**).

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.

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.

Deferred taxes

Under IFRS, the REIT has recorded deferred taxes in Europe, Brazil, and Australasia 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).

Transaction costs

Under IFRS the REIT expenses transaction costs related to acquisitions which have been determined to be business combinations and business development costs. In accordance with the principles 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 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.

Net loss on disposal of investment properties

In compliance with REALPAC Guidance, the REIT added back to net income (loss) the net loss on disposal of investment properties, which includes third party costs relating to the disposition of investment properties.

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.

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.

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.

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.

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 March 31, 2024, other FFO adjustments included (a) \$1.0 million of financing costs incurred with respect to an investment in unlisted securities, net of distributions income generated by the securities (b) \$1.0 million G&A expenses related to strategic tenant inducements and charitable pledges, and (c) \$0.5 million of corporate financing costs related to short-term financing arrangements to fund the 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 transactional deferred financing charges, (ii) compensation expense related to unit based incentive plans, and (iii) net adjustments for equity accounted investments.

ADJUSTED FUNDS FROM OPERATIONS		
For the three months ended March 31,	2024	2023
FFO⁽¹⁾	\$ 26,957	\$ 39,538
Add / (Deduct):		
Amortization of transactional deferred financing charges	2,785	2,079
Unit-based compensation expense	2,549	2,346
Straight-line revenue	(1,186)	(647)
Leasing costs and non-recoverable maintenance capital expenditures	(3,426)	(3,187)
AFFO⁽¹⁾	\$ 27,679	\$ 40,129
AFFO per Unit - Basic	\$ 0.11	\$ 0.17
AFFO per Unit - diluted ⁽²⁾	\$ 0.11	\$ 0.16
Distributions per Unit - Basic	\$ 0.09	\$ 0.20
Adjusted weighted average units outstanding:⁽³⁾		
Basic	245,381,166	242,870,623
Diluted ⁽²⁾	246,703,287	246,584,256

- (1) FFO and AFFO are not measures recognized under IFRS and does not have standardized meanings prescribed by IFRS. See **Performance Measurement**. The adjustments to determine FFO and AFFO have been presented on a proportionate basis.
- (2) Diluted units include the impact of vested deferred trust units and the convertible debentures, that would have a dilutive effect upon conversion.
- (3) 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 Units in basic and diluted units outstanding/weighted average units outstanding. There were no Class B Units outstanding as at March 31, 2024 (March 31, 2023 - 1,710,000 Class B Units).

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

Amortization of transactional deferred financing charges

Under IFRS, the REIT has recorded amortization of deferred financing charges, which it considers to be a proxy for financing fees incurred over the term of the related debt. Thus AFFO is not adjusted for amortization financing charges, except for those 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.

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.

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.

Leasing costs and non-recoverable maintenance capital expenditures

In North America 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 North America and Europe when determining AFFO. In Brazil and Australasia, due to the long term, triple net nature of the leases in those regions the REIT uses actual leasing costs and non-recoverable maintenance capital expenditures when determining AFFO.

QUARTERLY PERFORMANCE

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

QUARTERLY PERFORMANCE								
	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
Summary Financial Information								
AUM	\$9,602,095	\$9,901,036	\$10,019,995	\$10,255,181	\$10,755,346	\$10,878,099	\$10,580,048	\$10,152,716
Gross Book Value	\$7,383,601	\$7,628,615	\$7,834,202	\$8,061,118	\$8,418,407	\$8,514,000	\$8,282,049	\$8,123,898
Debt - Declaration of Trust	\$3,524,886	\$3,641,463	\$3,704,028	\$3,745,216	\$3,933,906	\$3,855,247	\$3,675,759	\$3,641,959
Debt to Gross Book Value - Declaration of Trust	47.7 %	47.7 %	47.3 %	46.5 %	46.7 %	45.3 %	44.4 %	44.8 %
Debt - Including Convertible Debentures	\$3,851,715	\$3,962,317	\$4,038,756	\$4,092,556	\$4,205,978	\$4,130,517	\$3,953,342	\$3,769,459
Debt to Gross Book Value - Including Convertible Debentures	52.2 %	51.9 %	51.6 %	50.8 %	50.0 %	48.5 %	47.7 %	46.4 %
Operating Results								
Revenue from investment properties	\$ 133,545	\$ 123,986	\$ 122,182	\$ 126,504	\$ 135,324	\$ 118,546	\$ 115,780	\$ 112,363
Net income (loss)	\$ (38,617)	\$(188,900)	\$(95,270)	\$(107,411)	\$(89,155)	\$(135,519)	\$ 21,082	\$ 116,729
NOI	\$ 95,452	\$ 98,083	\$ 95,097	\$ 98,021	\$ 95,421	\$ 92,855	\$ 89,547	\$ 88,883
FFO	\$ 26,957	\$ 36,759	\$ 33,559	\$ 31,521	\$ 39,538	\$ 37,578	\$ 37,176	\$ 46,090
AFFO	\$ 27,679	\$ 32,835	\$ 32,879	\$ 31,913	\$ 40,130	\$ 41,440	\$ 36,960	\$ 46,814
Distributions	\$ 22,031	\$ 22,048	\$ 40,050	\$ 48,849	\$ 48,606	\$ 48,415	\$ 48,248	\$ 48,033
Per Unit Amounts								
FFO per unit - Basic	\$ 0.11	\$ 0.15	\$ 0.14	\$ 0.13	\$ 0.16	\$ 0.16	\$ 0.15	\$ 0.19
AFFO per unit - Basic	\$ 0.11	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.17	\$ 0.17	\$ 0.15	\$ 0.20
Distributions	\$ 0.09	\$ 0.09	\$ 0.16	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
Adjusted Weighted Average Units Outstanding								
Basic	245,381,166	244,959,959	244,782,614	244,036,797	242,870,623	241,928,826	241,119,245	239,660,302

The following tables provide a reconciliation of quarterly net income (loss) attributable to Unitholders to FFO and AFFO:

QUARTERLY FFO								
	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
Net income (loss) attributable to unitholders	\$ (47,607)	\$ (136,835)	\$ (81,276)	\$ (32,093)	\$ (97,486)	\$ (100,195)	\$ 6,611	\$ 69,625
Add / (Deduct):								
Fair market value losses (gains)	79,124	129,299	99,327	39,587	163,525	116,689	4,303	(43,211)
Finance cost - Exchangeable Unit distributions	(63)	154	342	342	342	342	342	342
Revaluation of financial liabilities	4,008	2,556	814	745	5,043	3,200	2,003	1,473
Unrealized foreign exchange loss (gain)	(14,043)	9,881	2,972	(2,732)	(6,600)	(7,559)	3,645	(4,202)
Deferred taxes	(4,590)	10,197	(5,730)	(2,125)	(34,530)	3,173	1,334	15,758
Net loss on disposal of investment properties	4,404	3,248	325	724	—	—	—	—
Non-recurring transaction costs	3,077	12,264	11,817	17,768	5,020	12,561	4,683	6,582
Convertible Debenture issuance costs	27	2,682	91	4,489	21	14	7,048	—
Internal leasing costs	358	462	510	466	494	524	538	544
Property taxes accounted for under IFRIC 21	135	—	174	271	401	—	—	—
Amortization	(125)	(185)	(91)	(84)	(82)	(53)	97	(70)
Other FFO adjustments	2,252	3,035	4,284	4,163	3,390	8,880	6,572	(750)
FFO	26,957	36,758	33,559	31,521	39,538	37,576	37,176	46,091
Per Unit Amounts								
FFO per unit - Basic	\$0.11	\$0.15	\$0.14	\$0.13	\$0.16	\$0.15	\$0.15	\$0.19
Adjusted Weighted Average Units Outstanding								
Basic	245,381,166	244,959,959	244,782,614	244,036,797	242,870,623	241,928,826	241,119,245	239,660,302
QUARTERLY AFFO								
	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
FFO	\$ 26,957	\$ 36,759	\$ 33,559	\$ 31,521	\$ 39,538	\$ 37,578	\$ 37,176	\$ 46,090
Add / (Deduct):								
Amortization of marked to market adjustment	—	—	—	—	—	—	(300)	(329)
Amortization of transactional deferred financing charges	2,785	1,489	1,465	1,673	2,079	2,946	1,868	1,640
Straight-line revenue	(1,186)	(1,402)	(701)	(910)	(647)	(723)	(917)	(874)
Leasing costs and non-recoverable maintenance capital expenditures	(3,426)	(3,315)	(3,327)	(3,522)	(3,187)	(3,007)	(2,889)	(3,270)
Unit-based compensation expense	2,549	(696)	1,883	3,151	2,346	4,646	2,023	3,557
AFFO	\$ 27,679	\$ 32,835	\$ 32,879	\$ 31,913	\$ 40,129	\$ 41,440	\$ 36,961	\$ 46,814
Per Unit Amounts								
AFFO per unit - Basic	\$ 0.11	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.17	\$ 0.17	\$ 0.15	\$ 0.20
Adjusted Weighted Average Units Outstanding								
Basic	245,381,166	244,959,959	244,782,614	244,036,797	242,870,623	241,928,826	241,119,245	239,660,302

PART IV – DISTRIBUTIONS

For the three months ended March 31, 2024, the REIT declared a total of \$22.0 million in distributions on Trust and Exchangeable Units (three months ended March 31, 2023 – \$48.6 million). These distributions reflect an annualized distribution rate of \$0.36 per unit per annum (three months ended March 31, 2023 – \$0.80 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 three months ended March 31, 2024, a total of 481,560 Trust Units were issued under the DRIP (three months ended March 31, 2023 – 987,254 Trust Units).

For the period ended March 31, 2024, the REIT's DRIP participation rate was 10.29% (period ended March 31, 2023 – 18.9%).

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:

	Three months ended March 31,	
	2024	2023
Net income (loss) attributable to unitholders	\$ (47,607)	\$ (97,486)
Add: Finance cost - Exchangeable Unit distributions	\$ (63)	342
Net income (loss) after the above adjustments	<u>\$ (47,670)</u>	<u>\$ (97,144)</u>
Cash flows from operating activities	\$ 23,136	\$ 21,172
Less: non-controlling interests	\$ (11,467)	(1,508)
Cash flows from operating activities attributable to unitholders	<u>\$ 11,669</u>	<u>\$ 19,664</u>
Distributions paid and payable		
Trust Units	\$ 22,094	\$ 48,264
Exchangeable Units	\$ (63)	342
	<u>\$ 22,031</u>	<u>\$ 48,606</u>
Surplus (shortfall) of adjusted net income (loss) attributable to unitholders over distributions paid and payable	<u>\$ (69,701)</u>	<u>\$ (145,750)</u>
Surplus (shortfall) of cash flows from operating activities attributable to unitholders over distributions paid and payable	<u>\$ (10,362)</u>	<u>\$ (25,926)</u>

During the three months ended March 31, 2024, there was a shortfall in cash flows from operating activities attributable to unitholders (a non-IFRS financial measure) over distributions paid and payable of \$10.4 million. The shortfall is mainly as result of timing differences in working capital, taxes paid and interest which are reported under cash flows from operating activities in the financial statements. 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 nature of the equity invested. Premiums paid on derivative financial instruments are viewed as investments in financial instruments. Remaining shortfall were partially financed by DRIP. As demonstrated in the table below, for the three months ended March 31, 2024, adjusted cash surplus from operating activities was \$1.6 million (for three months ended March 31, 2023 – shortfall of \$9.3 million):

ADJUSTED CASH SURPLUS (SHORTAGE) FROM OPERATING ACTIVITIES TO DISTRIBUTIONS

	Three months ended March 31,	
	2024	2023
Surplus (shortfall) of cash flows from operating activities attributable to unitholders over distributions paid and payable	\$ (10,362)	\$ (25,926)
Add: Value of REIT Units issued pursuant to the DRIP	2,065	9,210
Add: Distribution income from equity accounted associates	3,150	7,421
Add: Premiums paid on derivative financial instruments	6,725	—
Adjusted surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	<u>\$ 1,578</u>	<u>\$ (9,295)</u>

During the three months ended March 31, 2024, there was \$2.1 million in value of REIT units issued under the DRIP (three months ended March 31, 2023, there was \$9.2 million). While reducing the cash required to settle the REIT's distributions, the REIT Units issued, pursuant to the DRIP, may in future result in additional cash distributions, should the holders of these REIT Units opt out of the DRIP.

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 March 31,	
	2024	2023
Cash flows from operating activities	\$ 23,136	\$ 21,172
Add (deduct):		
Interest expense in excess (shortfall) of interest paid	9,528	375
Current tax expense (recovery) in excess of taxes paid	7,581	635
Changes in non-cash working capital balances	(2,756)	17,100
AFFO of equity accounted investments	(545)	(829)
Other FFO adjustments	2,498	3,971
Internal leasing costs	358	494
Property taxes accounted for under IFRIC 21	135	401
Amortization of recurring financing charges	(2,395)	(891)
Leasing costs and non-recoverable maintenance capital expenditures	(3,501)	(3,314)
Amortization of lease liabilities	(125)	(82)
Interest income and other	2,232	4,116
Straight-line revenue	(698)	715
Redemption of units issued under the unit-based incentive plans	388	325
Amortization of furniture and office equipment	(1,804)	(328)
Share of profit (loss) from equity accounted investments	3,315	3,988
AFFO attributable to non-controlling interests	(9,668)	(7,719)
	<u>4,543</u>	<u>18,957</u>
AFFO	<u>\$ 27,679</u>	<u>\$ 40,129</u>

PART V – BALANCE SHEET AND CAPITALIZATION

The following table reconciles the unaudited condensed balance sheets on an IFRS basis to a proportionate basis, a non-GAAP measure, as at March 31, 2024, and December 31, 2023:

	March 31, 2024			December 31, 2023		
	IFRS Basis	Adjustments ⁽ⁱ⁾	Proportionate Basis	IFRS Basis	Adjustments ⁽ⁱ⁾	Proportionate Basis
Assets						
Investment properties	\$ 6,665,026	\$ (1,136,349)	\$ 5,528,677	\$ 6,874,660	\$ (1,140,455)	\$ 5,734,205
Equity accounted investments	358,642	(358,642)	—	362,340	(362,340)	—
Intangible asset	48,174	—	48,174	43,780	—	43,780
Goodwill	37,298	—	37,298	38,566	—	38,566
Deferred tax assets	1,459	1,626	3,085	9,177	—	9,177
Financial Instruments	31,319	(6,995)	24,324	26,057	(7,801)	18,256
Assets held for sale	30,229	—	30,229	55,972	(1,160)	54,812
Cash, cash equivalents, and restricted cash	70,810	(5,160)	65,650	72,090	(5,973)	66,117
Other assets	140,644	(9,326)	131,318	145,973	(2,365)	143,608
Total assets	\$ 7,383,601	\$ (1,514,846)	\$ 5,868,755	\$ 7,628,615	\$ (1,520,094)	\$ 6,108,521
Liabilities						
Mortgages and loans payable	3,486,171	(344,595)	3,141,576	3,597,618	(320,371)	3,277,247
Convertible debentures	326,829	—	326,829	320,854	—	320,854
Class B exchangeable units	—	—	—	8,721	—	8,721
Deferred tax liabilities	401,309	(88,621)	312,688	418,446	(91,489)	326,957
Financial instruments	2,369	(980)	1,389	6,574	(1,527)	5,047
Liabilities related to assets held for sale	13,380	—	13,380	18,485	—	18,485
Other liabilities	182,799	(17,658)	165,141	172,649	(15,751)	156,898
Total liabilities	\$ 4,412,857	\$ (451,854)	\$ 3,961,003	\$ 4,543,347	\$ (429,138)	\$ 4,114,209
Unitholders' Equity						
Unitholders' equity	1,907,752	—	1,907,752	1,994,312	—	1,994,312
Non-controlling interests	1,062,992	(1,062,992)	—	1,090,956	(1,090,956)	—
Total liabilities and unitholders' equity	\$ 7,383,601	\$ (1,514,846)	\$ 5,868,755	\$ 7,628,615	\$ (1,520,094)	\$ 6,108,521

(i) Proportionate basis results from operations is a non-IFRS based on certain adjustments to condensed consolidated interim statement of income (loss) adjusted to reflect share of net income (losses) from equity accounted joint ventures and fully consolidated Vital Trust on a proportionately consolidated basis at the REIT's ownership percentage of the related investments.

INVESTMENT PROPERTIES

The estimated fair value of investment properties as at March 31, 2024 was \$6.7 billion (December 31, 2023 - \$6.9 billion) representing an implied weighted average capitalization rate of 6.0% (December 31, 2023 - 5.9%). The movements in the REIT's investment properties on a proportionate basis are as follows:

INVESTMENT PROPERTIES BY REGION

	Three months ended March 31, 2024				
	Income Producing Properties				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	\$ 1,629,881	\$ 818,170	\$ 1,567,647	\$ 2,431,040	\$ 6,446,738
Adjustments ⁽ⁱ⁾	—	—	178,426	(1,043,802)	(865,376)
Non-IFRS proportionate share balance, beginning of period	1,629,882	818,170	1,746,070	1,387,230	5,581,352
Dispositions	(120,254)	—	—	(51)	(120,305)
Additions	2,902	—	1,592	4,094	8,588
Increase in straight-line rents	1,416	—	—	618	2,034
Transfers from (to) properties under development	—	—	—	28,135	28,135
Transfers from (to) assets held for sale	—	—	(20,488)	—	(20,488)
Fair value gain (loss)	(38)	(16,002)	(50,644)	610	(66,074)
Foreign currency translation	13,210	(8,859)	13,033	(35,096)	(17,712)
Non-IFRS proportionate share closing balance	\$ 1,527,118	\$ 793,309	\$ 1,689,563	\$ 1,385,540	\$ 5,395,530
	Properties Under Development				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	\$ 16,877	\$ —	\$ 19,883	\$ 391,162	\$ 427,922
Adjustments ⁽ⁱ⁾	—	—	—	(275,081)	(275,081)
Non-IFRS proportionate share balance, beginning of period	16,877	—	19,883	116,081	152,841
Additions	51	—	1,090	12,297	13,438
Transfers from (to) income producing	—	—	—	(28,135)	(28,135)
Fair value gain (loss)	(28)	—	(2,767)	(1,001)	(3,796)
Foreign currency translation	—	—	(8)	(1,193)	(1,201)
Non-IFRS proportionate share closing balance	\$ 16,900	\$ —	\$ 18,198	\$ 98,049	\$ 133,147
	Total				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	\$ 1,646,758	\$ 818,170	\$ 1,587,530	\$ 2,822,202	\$ 6,874,660
Adjustments ⁽ⁱ⁾	—	—	178,426	(1,318,883)	(1,140,457)
Non-IFRS proportionate share balance, beginning of period	1,646,759	818,170	1,765,953	1,503,311	5,734,193
Dispositions	(120,254)	—	—	(51)	(120,305)
Additions	2,953	—	2,682	16,391	22,026
Increase in straight-line rents	1,416	—	—	618	2,034
Transfers from (to) assets held for sale	—	—	(20,488)	—	(20,488)
Fair value gain (loss)	(66)	(16,002)	(53,411)	(391)	(69,870)
Foreign currency translation	13,210	(8,859)	13,025	(36,289)	(18,913)
Non-IFRS proportionate share closing balance	\$ 1,544,018	\$ 793,309	\$ 1,707,761	\$ 1,483,589	\$ 5,528,677

(i) Proportionate basis results from operations is a non-IFRS based on certain adjustments to condensed consolidated interim statement of income (loss) adjusted to reflect share of net income (losses) from equity accounted joint ventures and fully consolidated Vital Trust on a proportionately consolidated basis at the REIT's ownership percentage of the related investments.

2024 Dispositions

During the three months ended March 31, 2024, the REIT disposed of investment properties for total proceeds of \$165.2 million, \$44.8 million of which had been reclassified as assets held for sale during the year.

DISPOSITIONS			
Region	Quarter	Disposition proceeds	Property specific debt
North America	Q1	163,444	18,370
Australasia	Q1	1,782	—
Total		165,226	18,370

Valuation of Investment Properties

The estimated fair values of the income producing properties at March 31, 2024 were determined either on internal valuation models incorporating available market evidence or on valuations performed by independent third party appraisers. 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 (three months ended March 31, 2023 - \$131.5 million and 2.0%).

DEVELOPMENT ACTIVITY

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	9	Q2 2024 - Q2 2026	\$ 408,357	\$ 188,045	66 %	5.6%
	9		\$ 408,357	\$ 188,045		

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 second quarter of 2024 to the second quarter of 2026. Projects include a mix of modernization and expansion projects at surgical and mental health facilities to meet the growing demand for services. The developments are expected to be funded through existing resources. Expansion projects are approximately 66% leased at premium yields. The REIT's share of Australasian development costs is \$117.2 million of which the estimated costs to complete is \$54.0 million.

Europe

Europe previously had one German property under development with scheduled completion in 2024. This project has been postponed indefinitely while the REIT reviews the property for a potential sale.

LEASING COSTS AND CAPITAL EXPENDITURES

	Three months ended March 31, 2024				
	North America	Brazil	Europe	Australasia	Total
Additions to investment properties					
Leasing costs ⁽¹⁾	\$ 275	\$ —	\$ —	\$ (616)	\$ (341)
Tenant improvements ⁽²⁾	969	—	480	3,520	4,969
Maintenance capital expenditures	535	—	644	119	1,298
Other capital expenditures	906	—	—	—	906
	2,685	—	1,124	3,023	6,832
Internal leasing costs expensed	328	—	30	—	358
	3,013	—	1,154	3,023	7,190
Less:					
Recoverable maintenance capital expenditures	(864)	—	(84)	—	(948)
Other value enhancing and non-recurring capital expenditures	(315)	—	(550)	(2,876)	(3,741)
Leasing costs and non-recoverable maintenance capital expenditures	1,834	—	520	147	2,501
AFFO adjustment for leasing costs and non-recoverable maintenance capital expenditures	2,565	—	789	147	3,501
Leasing costs and non-recoverable maintenance capital expenditures in excess of AFFO adjustment ⁽³⁾	\$ 2,687	\$ —	\$ (269)	\$ —	\$ 2,418

(1) Leasing costs exclude internal leasing department compensation costs, which have been expensed.

(2) Tenant improvements include tenant allowances and landlord work and maintenance activities.

(3) In North America 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 North America and in Europe when determining AFFO. In Brazil and US within North America 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.

North America

In North American 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 terms whenever possible, especially for primary medical tenancies, often non-recurring leasing costs are involved.

During the three months ended March 31, 2024, additions for the North America investment properties totaled \$3.0 million. During the quarter, leasing costs of \$1.0 million included costs attributable to six transactions in the Canadian portfolio, of which five were lease renewals and expansions with an aggregate WALE of 10 years.

Brazil

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 ended March 31, 2024 were \$1.1 million.

Included in the value enhancing and non-recurring capital expenditures for the three months ended March 31, 2024 were primarily (i) tenant fit-outs in Berlin, Lübeck and Leipzig 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 and construction defects in various other locations.

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 ended March 31, 2024, additions to the Australasian investment properties totaled \$3.0 million which were largely attributable to tenant improvements works and tenant incentives.

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 March 31, 2024 and December 31, 2023:

CAPITAL STRUCTURE	As at March 31, 2024		As at December 31, 2023	
Mortgages and loans payable ⁽¹⁾	\$	3,511,506	\$	3,622,978
Mortgages related to assets held for sale		13,380		18,485
Debt - Declaration of Trust		3,524,886		3,641,463
Convertible Debentures at Fair Value		326,829		320,854
Debt - Including Convertible Debentures		3,851,715		3,962,317
Mortgages and loans payable - unamortized financing costs		(25,336)		(25,360)
Total Debt		3,826,379		3,936,957
Unit-based Liabilities		16,731		15,161
Class B Exchangeable Units		—		8,721
Unitholders' equity		1,907,752		1,994,312
Total Capitalization	\$	5,750,862	\$	5,955,151

(1) Excluding deferred financing fees

Unitholders' Equity

The following table reconciles the movements in the units outstanding for the three months ended March 31, 2024:

UNITS OUTSTANDING	
Trust Units outstanding, December 31, 2023	243,292,126
Issuance of Trust Units under the DRIP	481,560
Issuance of Trust Units pursuant to conversion of Exchangeable Units	1,710,000
Issuance of Trust Units under the Unit-based incentive plans	274,939
Trust Units outstanding, March 31, 2024	245,758,625

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 considered the Exchangeable Units equity for capital management purposes.

During the three months ended March 31, 2024, all of the Exchangeable Units were converted to REIT units (see **Highlights for the Quarter**).

Debt

	As at March 31, 2024					
	Weighted Average Interest Rate	Outstanding Balance	Marked to Market	Unamortized Financing Costs	Balance	Maturity
North America debt	6.04 %	686,628	—	(2,337)	684,291	August 2024 - August 2031
Brazil debt	7.66 %	308,519	—	(8,193)	300,326	April 2025 - June 2031
Europe debt ⁽ⁱ⁾	6.09 %	792,230	—	(6,455)	785,775	June 2024 - June 2030
Australasia term loans	6.12 %	1,142,950	—	(4,853)	1,138,097	March 2026 - March 2029
Corporate debt	8.62 %	579,890	—	(3,498)	576,392	January 2025 - March 2026
	6.65 %	\$ 3,510,217	\$ —	\$ (25,336)	\$3,484,881	
Finance Lease	5.30 %	14,669	—	—	14,669	April 1, 2088
Total Debt excluding Convertible Debentures	6.64 %	\$3,524,886	\$ —	\$ (25,336)	\$3,499,550	
Corporate Debentures	7.88 %	366,500	(39,671)	—	326,829	March 2025 - April 2028
Total Debt	6.76 %	\$ 3,891,386	\$ (39,671)	\$ (25,336)	\$3,826,379	

(i) Debt in Europe of approximately \$13.4 million was classified as liabilities related to assets held for sale as at March 31, 2024.

Variable rate debt in the table above includes \$192.1 million in mortgages and \$1.6 billion in term debt that are economically fixed using interest rate derivative contracts. The economically fixed weighted average interest rates are 2.37% and 5.66%, respectively. The net effective weighted average interest rate is 6.10% as at March 31, 2024, excluding financing leases and including convertible debentures.

The table below summarizes the movements in the REIT's mortgages and loans (before reclassification as held for sale) during the three months ended March 31, 2024:

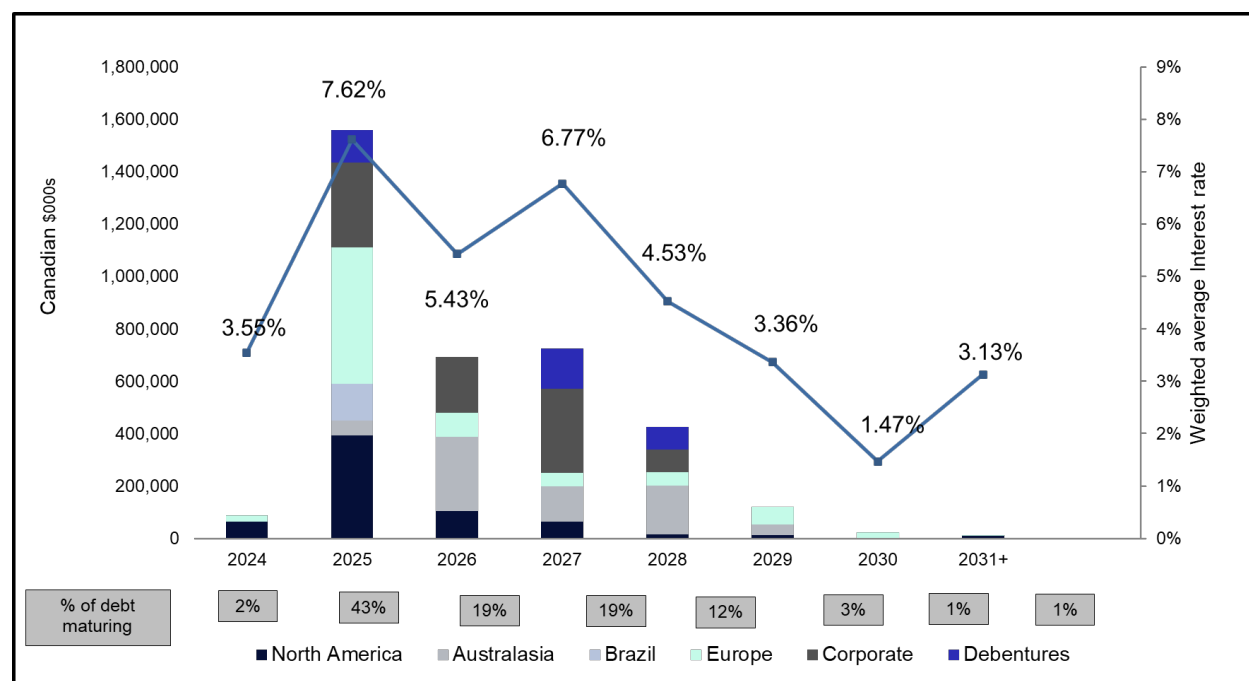
	North America Debt	Brazil Term Loans	Europe Mortgages and Term Loans	Australasia Term Loans	Corporate Debt	Total
Opening balance, January 1, 2024	\$ 777,266	\$ 304,950	\$ 782,708	\$ 1,114,739	\$ 622,069	\$ 3,601,732
Principal amortization	(3,085)	(6,284)	(3,177)	—	—	(12,546)
Repayments	(152,221)	—	—	(43,714)	(78,880)	(274,815)
Advances	53,871	—	—	94,561	36,998	185,430
Additional financing fees incurred	(481)	(2,800)	(337)	(843)	(788)	(5,249)
Amortization of finance fees	823	2,374	919	429	635	5,180
Inflation adjustment	—	4,008	—	—	—	4,008
Foreign exchange adjustment	8,118	(1,922)	5,662	(27,075)	(3,642)	(18,859)
Ending balance, March 31, 2024	\$ 684,291	\$ 300,326	\$ 785,775	\$ 1,138,097	\$ 576,392	\$ 3,484,881

The table below summarizes the REIT's total debt on a proportionate basis.

DEBT						
As at	March 31, 2024			December 31, 2023		
	IFRS Basis	Adjustments ¹	Proportionate Basis	IFRS Basis	Adjustments ¹	Proportionate Basis
Mortgage payable, net of financing costs	\$ 714,061	\$ 90,934	\$ 804,995	\$ 733,934	\$ 91,638	\$ 825,572
Term debt, net of financing costs	2,361,604	(435,526)	1,926,078	2,417,423	(412,009)	2,005,414
Credit facilities, net of financing costs	409,217	—	409,217	450,376	—	450,376
Lease liabilities	14,669	—	14,669	14,370	—	14,370
Total mortgages and loans payable	3,499,551	(344,592)	3,154,959	3,616,103	(320,371)	3,295,732
Less: Liabilities related to assets held for sale, net of financing costs	(13,380)	—	(13,380)	(18,485)	—	(18,485)
Mortgages and loans payable	\$3,486,171	\$ (344,592)	\$ 3,141,579	\$3,597,618	\$ (320,371)	\$ 3,277,247
Convertible Debentures	326,829	—	326,829	320,854	—	320,854
Total Debt	3,813,000	(344,592)	3,468,408	3,918,472	(320,371)	3,598,101

(i) Proportionate basis results from operations is a non-IFRS based on certain adjustments to condensed consolidated interim statement of income (loss) adjusted to reflect share of net income (losses) from equity accounted joint ventures and fully consolidated Vital Trust on a proportionately consolidated basis at the REIT's ownership percentage of the related investments.

The following chart summarizes, as at March 31, 2024, the REIT's debt maturities on a proportionate basis at their weighted average effective interest rate after taking into consideration the effective interest rate derivatives, and 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 payable, including convertible debentures, on a proportionate basis with economically effective interest rates after taking into consideration the effective interest rate derivatives are disclosed below. The proportional WAIR for the total portfolio is 6.19%.

DEBT MATURITIES

	North America		Brazil		Europe		Australasia		Corporate	
	Total debt payable	WAIR	Total debt payable	WAIR	Total debt payable	WAIR	Total debt payable	WAIR	Total debt payable	WAIR
2024	\$ 70,941	3.26 %	\$ 19,104	4.80 %	\$ 33,482	4.27 %	—	— %	—	— %
2025	402,163	6.17 %	166,634	10.50 %	530,499	5.91 %	56,599	5.34 %	324,062	9.87 %
2026	108,768	4.04 %	27,962	4.82 %	98,092	2.49 %	283,360	5.41 %	214,519	7.70 %
2027	66,575	5.87 %	26,390	4.67 %	55,882	3.71 %	135,086	5.02 %	321,560	7.37 %
2028	15,650	5.58 %	18,644	3.88 %	68,291	3.22 %	188,638	5.39 %	86,250	7.75 %
2029	12,737	5.70 %	19,354	3.88 %	69,005	1.89 %	41,565	5.02 %	—	— %
2030	452	— %	20,092	3.88 %	25,771	1.47 %	—	— %	—	— %
2031+	9,342	3.41 %	10,339	3.88 %	2,663	2.05 %	—	— %	—	— %
	\$ 686,628	5.44 %	\$ 308,519	7.66 %	\$ 883,685	4.67 %	\$ 705,248	5.30 %	\$ 946,391	8.34 %
Less liabilities related to assets held for sale	—	— %	—	— %	(13,380)	— %	—	— %	—	— %
Unamortized financing costs	(2,337)	— %	(8,193)	— %	(6,979)	— %	(2,676)	— %	(3,497)	— %
Total	\$ 684,291	5.44 %	\$ 300,326	7.66 %	\$ 863,326	4.67 %	\$ 702,572	5.30 %	\$ 942,894	8.34 %

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 March 31, 2024 was 64 years. There is no purchase option.

Convertible Debentures

The following table summarizes, as at March 31, 2024, the REIT's Convertible Debentures:

CONVERTIBLE DEBENTURES						
	Fair Value ⁽ⁱ⁾	Face Value	Interest Rate	Conversion Price per Unit	Maturity Date	Interest Payment Dates
Series NWH.DB.G	\$ 124,875	\$ 125,000	10.00 %	\$ 7.25	March 31, 2025	June 30 and December 31
Series NWH.DB.H	128,858	155,250	6.25 %	\$ 16.00	August 31, 2027	February 28 and August 31
Series NWH.DB.I	73,096	86,250	7.75 %	\$ 10.55	April 30, 2028	April 30 and October 31
	\$ 326,829	\$ 366,500				

(i) 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 March 31, 2024 the Unit-Based Liability is \$16.7 million (December 31, 2023 - \$15.2 million) representing 2,317,381 deferred units, 969,921 restricted units and 765,086 performance units accrued. (December 31, 2023 - 2,475,150 deferred units, 940,129 restricted units and 739,190 performance units accrued).

FINANCIAL RATIOS

Pursuant to the Declaration of Trust, the REIT shall not incur or assume any indebtedness, as defined, if the total indebtedness of the REIT would be more than 65% of gross book value. The following summarizes key performance ratios as at and for the three months ended March 31, 2024 and 2023, and as at December 31, 2023:

RATIOS		
As at	March 31, 2024	December 31, 2023
Gross book value	\$7,383,601	\$7,628,615
Debt - declaration of trust	\$3,524,886	\$3,641,463
Debt to Gross Book Value - Declaration of Trust	47.7 %	47.7%
Debt - including convertible debentures	\$3,851,715	\$3,962,317
Debt to Gross Book Value - Including Convertible Debentures	52.2 %	51.9%
	Three months ended March 31,	
	2024	2023
Income (Loss) before taxes	\$ (39,847)	\$ (117,105)
Add (deduct):		
Mortgage and loan interest expense	55,433	51,648
Distributions on Exchangeable Units	(63)	342
Amortization of deferred financing costs	5,180	2,970
EBITDA	\$ 20,703	\$ (62,145)
Loss on revaluation of financial liabilities	4,008	5,043
Fair market value losses (gains)	78,641	162,498
Unit-based compensation expense	2,549	2,346
Foreign exchange loss (gain)	(13,730)	(7,216)
Convertible debenture issuance costs	27	21
Transaction costs	2,367	5,020
Loss on disposal of investment properties	5,192	—
Less: share of (profit) loss of equity accounted investments	(3,315)	(3,988)
Add: distribution income from equity accounted investments	2,568	5,229
Adjusted EBITDA	\$ 99,010	\$ 106,808
Mortgage and loan interest expense	55,433	51,648
Adjusted mortgage and loan interest expense	\$ 55,433	\$ 51,648
Interest coverage	1.79	2.07

LIQUIDITY

Cash Resources

CASH RESOURCES		
	As at March 31, 2024	As at December 31, 2023
Cash and cash equivalents	\$ 70,299	\$ 72,030
Restricted Cash	511	60
Total	\$ 70,810	\$ 72,090

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 have sufficient liquidity from the following sources: cash flows from operating activities; distribution income received from investments in Vital Trust and JVs; financing available through both unsecured debt, and conventional mortgage debt secured by income producing properties; the issuance of new equity and debt securities; and strategic asset sales.

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 following table sets out the REIT's contractual cash flows as at March 31, 2024:

CONTRACTUAL CASH FLOWS									
	Carrying amount	Contractual cash flows	2024	2025	2026	2027	2028	Thereafter	
Accounts payable and accrued liabilities	\$ 146,864	\$ 146,863	\$ 146,863	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Distributions payable	6,675	6,675	6,675	—	—	—	—	—	—
Income tax payable	12,529	12,529	12,529	—	—	—	—	—	—
Liabilities associated with assets held for sale	13,380	13,380	13,380	—	—	—	—	—	—
Convertible debentures	326,829	366,500	—	125,000	—	155,250	86,250	—	—
Finance lease payable	14,669	14,669	1,642	1,983	1,852	1,444	934	6,814	—
Mortgages and loans payable	3,471,502	3,496,838	121,392	1,282,088	505,420	754,232	534,057	299,649	—
Total	\$3,992,448	\$ 4,057,454	\$ 302,481	\$1,409,071	\$ 507,272	\$ 910,926	\$ 621,241	\$ 306,463	—

As at March 31, 2024, the REIT's current liabilities of \$973.5 million, current assets of \$217.0 million (including assets held for sale), resulting in a difference of \$756.5 million.

Current liabilities include:

- Revolving credit facilities with balances outstanding of \$74.1 million and \$125.0 million maturing in January 2025 and March 2025, respectively. The REIT expects to either refinance the facilities or repay using proceeds from future asset sales.
- Convertible debentures series NWH.DB.G with fair value of \$124.9 million maturing March 2025. The REIT expects to repay the debenture series on or before their maturity.
- US Term loan with balances outstanding of \$384.6 million. The REIT expects to either refinance the facility or repay using proceeds from future asset sales. During the three months ended March 31, 2024, the REIT repaid \$84.9 million of the term loan using proceeds from sales completed during the quarter (see **Highlights for the Quarter**).
- Canadian mortgage maturities and scheduled principal repayments of \$73.3 million. The REIT currently expects the remaining balance of these mortgages to be refinanced on or before maturity or rolled into the revolving credit facility.
- European mortgage maturities and scheduled principal repayments of \$63.9 million. 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:

	Three months ended March 31,	
	2024	2023
NET CHANGE IN CASH		
Cash provided by / (used in):		
Operating activities	\$ 23,136	\$ 21,172
Investing activities	117,246	(58,755)
Financing activities	(135,665)	25,765
Net increase / (decrease) in cash during the period	4,717	(11,818)
Effect of foreign currency translation	(5,997)	(1)
Net increase / (decrease) in cash during the period	\$ (1,280)	\$ (11,819)

Operating activities

Cash generated by operating activities totaled \$23.1 million for the three months ended March 31, 2024, as compared to cash generated by operating activities of \$21.2 million for the three months ended March 31, 2023, an increase of \$2.0 million. This increase is primarily related to a positive working capital movement of \$20.5 million, partially offset by \$8.2 million increase in mortgage and loan interest paid, a \$2.6 million increase in income taxes paid, an increase of \$2.5 millions in general and administrative expenses and a decrease of \$6.9 million in management fees.

Investing activities

Cash generated by investing activities totaled \$117.2 million for the three months ended March 31, 2024, which is primarily related to \$160.0 million cash proceeds from the sale of investment properties, net of disposition costs, \$13.8 million from the redemption and sale of unlisted securities and distributions received from associates and unlisted securities of \$2.0 million, offset partially by \$56.1 million used for additions to investment properties, primarily on developments in Australasia, and \$2.8 million of transaction costs associated with strategic initiatives.

Financing activities

During the three months ended March 31, 2024 cash used by financing activities totaled \$135.7 million as compared to cash generated of \$25.8 million during the three months ended March 31, 2023. The financing activities during the three months ended March 31, 2024 include \$101.9 million of net repayment of mortgages, loans payable and credit facilities, \$5.2 million of refinancing costs and distributions paid to REIT unitholders and to non-controlling interests of \$28.4 million.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three months ended March 31, 2024, 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.

For the three months ended March 31, 2024, 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. Canadian dollar AFFO was a loss of \$7.3 million, while Canadian dollar distributions paid in cash totaled \$19.9 million. The

shortfall was funded from cash repatriated to Canada from US, Brazil, the UK, Europe, Australia, and New Zealand.

As at March 31, 2024, the REIT held approximately \$21.7 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.

PART VI – ACCOUNTING POLICIES AND ESTIMATES

All significant accounting policies have been applied on a basis consistent with those followed in the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2023, with the exception of the new and changes to accounting standards and policies implemented in 2024, which are described in note 2 of the REIT's condensed consolidated interim financial statements for the three months ended March 31, 2024.

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

PART VIII – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Changes in Internal Controls Over Financial Reporting

There were no significant changes made in internal controls over financial reporting during the three months ended March 31, 2024, that have materially affected, or are likely to materially affect, the REIT's internal controls over financial reporting.

PART IX – NET ASSET VALUE

	Q1 2024		Q4 2023	
Total Assets	\$ 7,383,601		\$ 7,628,615	
less Total Liabilities	(4,412,857)		(4,543,347)	
less Non-controlling interests	(1,062,992)		(1,090,956)	
Unitholders' equity	1,907,752		1,994,312	
Add/(deduct):				
Goodwill		(37,298)		(38,566)
Unit-based compensation liabilities		16,731		15,161
Deferred tax liability	399,850		409,269	
less NCI	(90,184)	309,666	(91,490)	317,779
Financial instruments - net	(28,950)		(19,483)	
less NCI	5,481	(23,469)	5,524	(13,959)
Exchangeable Units		—		8,721
Global manager valuation adjustment ⁽¹⁾		373,826		378,220
Net Asset Value ("NAV")	\$ 2,547,208		\$ 2,661,668	
Adjusted units outstanding ('000s) - period end ⁽²⁾		245,759		245,002
NAV per Unit	\$ 10.36		\$ 10.86	

(1) Global manager includes the European and Australasian asset management operations.

(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 per unit measure that includes the Class B LP Units in basic units outstanding/weighted average units outstanding.

Global manager valuation

The REIT utilized the discounted 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