

Consolidated Financial Statements

As at and for the years ended December 31, 2025
and December 31, 2024



Financial Statements

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Management's Statement of Responsibility for Financial Reporting

Management of Northwest Healthcare Properties Real Estate Investment Trust (the "REIT") is responsible for the preparation and fair presentation of the accompanying consolidated financial statements and Management's Discussion and Analysis ("MD&A"), as well as all other financial information contained in this Annual Report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Financial information included in the MD&A is consistent with the consolidated financial statements.

The preparation of the consolidated financial statements and MD&A requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

Management is responsible for establishing and maintaining appropriate internal controls over financial reporting to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are reliable for the preparation of financial statements in accordance with IFRS. In accordance with National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, the REIT's Chief Executive Officer and Chief Financial Officer have evaluated the design and effectiveness of internal control over financial reporting as at December 31, 2025.

The Board of Trustees oversees management's responsibilities for financial reporting through its Audit Committee, which is comprised entirely of independent Trustees. The Audit Committee reviews the consolidated financial statements and MD&A with management and the independent auditors prior to their approval by the Board of Trustees and recommends the appointment of the independent auditors to the Unitholders. The independent auditors have unrestricted access to the Audit Committee.

Deloitte LLP, the independent auditors appointed by the Unitholders, have audited the consolidated financial statements of the REIT as at and for the year ended December 31, 2025 and have expressed their opinion thereon in the accompanying report. The consolidated financial statements as at and for the year ended December 31, 2024 were audited by KPMG LLP.

Toronto, Ontario
February 24, 2026

[signed]
Zach Vaughan
Chief Executive Officer

[signed]
Stephanie Karamarkovic
Chief Financial Officer

Independent Auditor's Report

To the Unitholders and the Board of Trustees of
Northwest Healthcare Properties Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of Northwest Healthcare Properties Real Estate Investment Trust (the "REIT"), which comprise the consolidated balance sheet as at December 31, 2025, and the consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the REIT as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the REIT in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Fair Value of Investment Properties — Refer to Notes 2(g), 3(a) and 6 to the financial statements

Key Audit Matter Description

The REIT has elected the fair value model for all investment properties and, accordingly, measures its investment properties at fair value subsequent to initial recognition on the balance sheet. The REIT primarily uses the discounted cash flow method or the direct capitalization method to estimate the fair value of investment properties, which requires the REIT to make assumptions related to discount rates, terminal capitalization rates, capitalization rates and assumptions impacting future cash flows such as market rents, inflation rates and vacancy rates.

While there are several assumptions that are required to determine the fair value of investment properties, the assumptions with the highest degree of subjectivity and impact on fair values are the discount rates, terminal capitalization rates, and capitalization rates. Auditing these assumptions required a high degree of auditor judgment and resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the discount rates, terminal capitalization rates and capitalization rates used to determine the fair value of the investment properties included the following, among others:

- Evaluated the effectiveness of controls over management's process for determining the fair value of investment properties, including those over the determination of the discount rates, terminal capitalization rates and capitalization rates.
- With the assistance of fair value specialists, evaluated the reasonableness of management's discount rates, terminal capitalization rates and capitalization rates by considering recent market transactions and industry surveys.

Other Matter

The consolidated financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 10, 2025.

Other Information

Management is responsible for the other information. The other information comprises

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in Northwest Healthcare Properties REIT 2025 Annual Report (the "Annual Report").

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the REIT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the REIT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the REIT's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the REIT's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the REIT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if

such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the REIT to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the REIT as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Timothy Wilson.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
February 24, 2026

Northwest Healthcare Properties Real Estate Investment Trust
Consolidated Balance Sheets

(in thousands of Canadian dollars)	Note	As at December 31, 2025	As at December 31, 2024
Assets			
Investment properties	6	\$ 2,270,989	\$ 5,260,990
Equity accounted investments	8	650,540	325,965
Intangible assets	5	—	47,687
Goodwill	5	—	37,178
Deferred tax assets	14	2,668	2,450
Derivative financial instruments	9	3,854	16,185
Other assets	10	27,576	224,090
Accounts receivable	27	15,414	24,506
Assets held for sale	7	383,968	59,278
Cash and cash equivalents		94,081	51,247
Total assets		\$ 3,449,090	\$ 6,049,576
Liabilities			
Mortgages, term debt and credit facilities	11	\$ 613,487	\$ 2,635,545
Debentures	12	746,631	356,963
Lease liabilities		10,300	21,506
Unit-based compensation liabilities	13	12,699	9,929
Deferred tax liabilities	14	240,340	315,221
Derivative financial instruments	9	237	6,181
Income taxes payable	14	3,732	10,175
Accounts payable and accrued liabilities	15	86,254	105,108
Distributions payable		7,499	7,433
Liabilities related to assets held for sale	7	221,065	\$ —
Total liabilities		\$ 1,942,244	\$ 3,468,061
Equity			
Unitholders' equity		\$ 1,506,846	\$ 1,563,417
Non-controlling interests	18	—	1,018,098
Total equity		\$ 1,506,846	\$ 2,581,515
Total liabilities and equity		\$ 3,449,090	\$ 6,049,576

Commitments and Contingencies (Note 31) and Subsequent Events (Note 33)
See accompanying notes to the consolidated financial statements.

The consolidated financial statements were approved by the Board on February 24, 2026 and signed on its behalf by:

[signed]
Robert Julien
Chairman of the Board of Trustees

[signed]
Maureen O'Connell
Trustee, Chair of the Audit Committee

Northwest Healthcare Properties Real Estate Investment Trust
Consolidated Statements of Income (Loss)

(in thousands of Canadian dollars)	Note	For the year ended	
		December 31, 2025	December 31, 2024
Net property operating income			
Revenue from investment properties	19	\$ 422,525	\$ 462,403
Property operating costs	20	(110,387)	(112,995)
		312,138	349,408
Other income (expenses)			
Interest and other income	21	13,555	18,840
Management fees		15,095	15,150
Share of income (loss) from equity accounted investments	8	6,986	(30,725)
Finance costs	22	(137,041)	(213,256)
General and administrative expenses	23	(61,991)	(58,174)
Transaction costs	24	(18,697)	(16,693)
Foreign exchange gain (loss)		4,560	33,879
Accretion of financial liabilities	11	(6,817)	(7,245)
Fair value adjustment of convertible debentures	12	(17,346)	(36,109)
Fair value adjustment of financial instruments	25	37,983	(25,014)
Fair value adjustment of investment properties	6, 7	(61,868)	(368,791)
Loss on internalization of Vital Trust	5	(51,595)	—
Net loss on disposals of assets	7	(6,614)	(34,670)
Fair value adjustment of unit-based compensation liabilities	13	(1,066)	3,687
Income (loss) before taxes		27,282	(369,713)
Current income tax (expense) recovery		(13,427)	(21,143)
Deferred income tax (expense) recovery		7,366	70,652
Income tax (expense) recovery		(6,061)	49,509
Net income (loss)		\$ 21,221	\$ (320,204)
Net income (loss) attributable to:			
Unitholders		\$ (52,852)	\$ (299,757)
Non-controlling interests	18	74,073	(20,447)
		\$ 21,221	\$ (320,204)

See accompanying notes to the consolidated financial statements

Northwest Healthcare Properties Real Estate Investment Trust
Consolidated Statements of Comprehensive Income (Loss)

(in thousands of Canadian dollars)	Note	For the year ended	
		December 31, 2025	December 31, 2024
Net income (loss)		\$ 21,221	\$ (320,204)
Other comprehensive income (loss):			
Foreign currency translation adjustments		42,258	(79,552)
Accumulated OCI recognized on loss of control of Vital Trust	5	52,223	—
Change in relative interest of non-controlling interests		—	(505)
Other comprehensive income (loss)		\$ 94,481	\$ (80,057)
Comprehensive income (loss)		\$ 115,702	\$ (400,261)
Comprehensive income (loss) attributable to:			
Unitholders		\$ 41,657	\$ (364,336)
Non-controlling interests	18	74,045	(35,925)
		\$ 115,702	\$ (400,261)

See accompanying notes to the consolidated financial statements

Northwest Healthcare Properties Real Estate Investment Trust
Consolidated Statements of Changes in Equity

	Note	Trust Units	Contributed Surplus	Cumulative Distributions	Accumulated Other Comprehensive Loss	Cumulative Net Income	Total Unitholders' Equity	Non-Controlling Interests (Note 18)	Total Equity
(in thousands of Canadian dollars)									
Balance, December 31, 2024		\$ 2,547,239	\$ 39,724	\$ (1,105,774)	\$ (359,725)	\$ 441,953	\$ 1,563,417	\$ 1,018,098	\$ 2,581,515
Public offering of Vital Trust units		—	—	—	—	—	—	184,024	184,024
Units issued through distribution reinvestment plan	16	9,744	—	—	—	—	9,744	6,810	16,554
Units issued on exercise of unit-based compensation	13	631	—	—	—	—	631	—	631
Change in relative interest of non-controlling interests	18	—	—	—	—	(18,888)	(18,888)	18,888	—
Conversion of convertible debentures	16	10	—	—	—	—	10	—	10
Distributions		—	—	(89,725)	—	—	(89,725)	(38,748)	(128,473)
Loss of control of Vital Trust	5	—	—	—	52,223	—	52,223	(1,263,117)	(1,210,894)
Foreign currency translation adjustments		—	—	—	42,286	—	42,286	(28)	42,258
Net income (loss)		—	—	—	—	(52,852)	(52,852)	74,073	21,221
Balance, December 31, 2025		\$ 2,557,624	\$ 39,724	\$ (1,195,499)	\$ (265,216)	\$ 370,213	\$ 1,506,846	\$ —	\$ 1,506,846

	Note	Trust Units	Contributed Surplus	Cumulative Distributions	Accumulated Other Comprehensive Loss	Cumulative Net Income	Total Unitholders' Equity	Non-Controlling Interests (Note 18)	Total Equity
(in thousands of Canadian dollars)									
Balance, December 31, 2023		\$ 2,525,040	\$ 39,724	\$ (1,017,018)	\$ (293,415)	\$ 739,981	\$ 1,994,312	\$ 1,090,956	\$ 3,085,268
Units issued through distribution reinvestment plan		10,054	—	—	—	—	10,054	3,852	13,906
Units issued on exercise of unit-based compensation		3,219	—	—	—	—	3,219	—	3,219
Conversion of Class B LP exchangeable units		8,926	—	—	—	—	8,926	—	8,926
Change in relative interest of non-controlling interest	18	—	—	—	—	1,729	1,729	(2,234)	(505)
Distributions		—	—	(88,756)	—	—	(88,756)	(40,787)	(129,543)
Foreign currency translation adjustments		—	—	—	(66,310)	—	(66,310)	(13,242)	(79,552)
Net income (loss)		—	—	—	—	(299,757)	(299,757)	(20,447)	(320,204)
Balance, December 31, 2024		\$ 2,547,239	\$ 39,724	\$ (1,105,774)	\$ (359,725)	\$ 441,953	\$ 1,563,417	\$ 1,018,098	\$ 2,581,515

See accompanying notes to the consolidated financial statements

Northwest Healthcare Properties Real Estate Investment Trust
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Note	For the year ended	
		December 31, 2025	December 31, 2024
Operating activities			
Net income (loss)		\$ 21,221	\$ (320,204)
Income tax expense (recovery)		6,061	(49,509)
Income taxes paid		(20,727)	(28,942)
Finance costs	22	137,041	213,256
Finance costs paid		(129,856)	(190,612)
Accretion of financial liabilities	11	6,817	7,245
Interest and other income	21	(13,555)	(18,840)
Share of (profit) loss of equity accounted investments	8	(6,986)	30,725
Transaction costs	24	18,697	16,693
Net loss on disposal of assets	7	6,614	34,670
Loss on internalization of Vital Trust	5	51,595	—
Redemption of units issued under unit-based compensation plans and paid in cash	13	(5,972)	(2,735)
Items not affecting cash	29	48,165	401,726
Changes in non-cash working capital balances	29	31,914	(6,829)
Cash provided by operating activities		151,029	86,644
Investing activities			
Net proceeds on disposal of investment properties	7	179,709	454,661
Net proceeds from disposition of investments in real estate securities	6, 7	211,991	66,298
Distribution income	8, 10	7,267	14,825
Additions to investment properties	6, 7	(120,649)	(185,335)
Transaction costs paid	23	(19,117)	(16,604)
Additions to furniture and fixtures		(1,907)	(882)
Cash interest received		3,785	3,484
Contributions in equity accounted investments	8	(5,333)	(2,135)
Net proceeds from internalization of Vital and dispositions of subsidiaries, net of cash disposed	5, 10	(30,573)	206,799
Net decrease (increase) to restricted cash		2,269	(1,029)
Cash provided by (used in) investing activities		227,442	540,082
Financing activities			
Proceeds from mortgages and loans	11	593,545	532,677
Repayments of mortgages and loans	11	(1,381,251)	(1,054,469)
Distributions paid on REIT units		(77,023)	(78,426)
Distributions paid to non-controlling interests	18	(31,938)	(36,869)
Financing fees paid on mortgage and loans payable	11	(4,643)	(10,409)
Proceeds from issuance of units, net of issuance costs	5	184,024	(51)
Issuance of debentures, net of financing fees	12	496,721	(27)
Repayment of convertible debentures	12	(124,990)	—
Repayment of lease liabilities		(2,879)	(2,992)
Cash provided by (used in) financing activities		(348,434)	(650,566)
Change in cash and cash equivalents		30,037	(23,840)
Effect of foreign currency translation		12,797	3,057
Net change in cash and cash equivalents		42,834	(20,783)
Cash and cash equivalents, beginning of year		51,247	72,030
Cash and cash equivalents, end of year	29	\$ 94,081	\$ 51,247

Supplemental disclosure of non-cash operating activities (Note 29)
See accompanying notes to the consolidated financial statements

Note 1. Nature and Description of the Trust

Northwest Healthcare Properties Real Estate Investment Trust ("Northwest", the "REIT", or the "Trust"), is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Ontario. Established on January 1, 2010, the Trust operates pursuant to a third amended and restated Declaration of Trust dated September 15, 2020, as amended from time to time, most recently on May 14, 2025 (the "Declaration of Trust").

Northwest invests in healthcare real estate through a diversified portfolio of inpatient facilities, outpatient facilities, and other healthcare-related properties. The registered office of the Trust is 180 Dundas Street West, Suite 1100, Toronto, Ontario, M5G 1Z8. Northwest's trust units ("Trust Units" or "Units") are listed on the Toronto Stock Exchange ("TSX") under the symbol "NWH.UN".

Note 2. Summary of Material Accounting Policies

a. Statement of Compliance

The REIT's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and using the accounting policies described herein. The consolidated financial statements were authorized for issuance by the Board of Trustees of the REIT on February 24, 2026.

b. Basis of Preparation

The consolidated financial statements have been prepared in accordance with IFRS and are presented in thousands of Canadian dollars, which is the REIT's functional currency. They have been prepared on a historical cost basis, except for certain items that are measured at fair value, including investment properties, assets held for sale, financial instruments classified as fair value through profit or loss, derivative financial instruments, and unit-based compensation liabilities. The consolidated financial statements have been prepared on a going concern basis.

The REIT presents its consolidated balance sheet using the liquidity method, whereby all assets and liabilities are presented in ascending order of liquidity, while the accompanying notes distinguish between current and non-current classifications. Management believes this presentation provides reliable and relevant information given the nature of the REIT's operations and the underlying characteristics of its asset base.

c. Basis of Consolidation

The consolidated financial statements include the accounts of the REIT and its subsidiaries, which are entities controlled by the REIT. The REIT controls an entity when it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date control is obtained and continue to be consolidated until the date control ceases, which generally occurs when the REIT disposes of its controlling interest in the entity or otherwise loses the ability to direct the relevant activities of the entity.

The financial information of all subsidiaries is prepared for the same reporting period as the REIT and using consistent accounting policies. All intercompany balances, transactions, income and expenses are eliminated in full on consolidation. Unrealized gains and losses on transactions with equity-accounted investees are eliminated against the investment to the extent of the REIT's interest, unless the unrealized loss provides evidence of impairment.

Where the REIT consolidates a subsidiary in which it does not hold 100% ownership, the non-controlling interest is presented separately within equity. Changes in the REIT's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, with any difference between the consideration transferred and the adjustment to non-controlling interests recognized directly in unitholders' equity.

When the REIT loses control of a subsidiary, it derecognizes the assets, liabilities and any associated non-controlling interests, and recognizes any retained interest at its fair value at the date control is lost. Any resulting gain or loss is recognized in profit or loss. Where applicable, this includes the derecognition of any goodwill or intangible assets allocated to the subsidiary (Note 5). Subsequent accounting for any retained interest is determined by reference to the applicable IFRS guidance based on the nature of that interest.

d. Functional and Presentation Currency

Foreign operations

The REIT's functional and presentation currency is the Canadian dollar. The assets and liabilities of subsidiaries, associates and joint ventures with functional currencies other than the Canadian dollar are translated at the exchange rate in effect at the reporting date. Revenue and expenses are translated at average rates for the period, unless those rates do not reasonably approximate the rates on the transaction dates, in which case the transaction-date rates are used. Resulting translation differences are recognized in other comprehensive income ("OCI") and accumulated in equity as foreign currency translation adjustments.

On disposal of a foreign operation, the cumulative amount of related translation differences recognized in accumulated OCI is reclassified to profit or loss as part of the gain or loss on disposal.

Intercompany monetary items for which settlement is neither planned nor likely to occur in the foreseeable future are considered to form part of the REIT's net investment in the foreign operation. Foreign exchange gains and losses arising on these balances are recognized in OCI and accumulated in foreign currency translation adjustments. Repayment of such long-term balances is not considered a partial disposal of the REIT's net investment unless it results in a change in the REIT's relative ownership interest.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the REIT or the applicable subsidiary using the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the reporting date, with resulting foreign exchange gains and losses recognized in profit or loss, except to the extent they relate to monetary items that form part of the REIT's net investment in a foreign operation, which are recognized in OCI.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rate in effect on the date the fair value is determined, with translation differences recognized consistently with the underlying fair-value measurement.

e. Business Combinations and Asset Acquisitions

The REIT evaluates each acquisition of real estate or an interest in an entity holding real estate to determine whether it represents a business combination or an asset acquisition.

An acquisition is accounted for as a business combination when the acquired set of activities and assets includes inputs and substantive processes that together are capable of producing outputs. The REIT applies a concentration test on a consistent basis; when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar assets, the transaction is concluded to be an asset acquisition.

For business combinations, the acquisition method is applied. Identifiable assets acquired and liabilities assumed are recognized at their fair values at the acquisition date, and the consideration transferred is measured at fair value. Acquisition-related costs are expensed as incurred. Any excess of the consideration transferred over the fair value of the identifiable net assets acquired is recognized as goodwill, while any shortfall is recognized immediately in profit or loss. Contingent consideration is measured at fair value on the acquisition date, with subsequent changes generally recognized in profit or loss.

Acquisitions that do not meet the definition of a business are accounted for as asset acquisitions. The consideration transferred, including transaction costs, is allocated to the identifiable assets acquired and liabilities assumed on a relative fair-value basis, and no goodwill is recognized.

f. Joint Arrangements

A joint arrangement exists when two or more parties have joint control, meaning that decisions about the arrangement's relevant activities require the unanimous consent of the parties sharing control. Joint arrangements are classified as either joint ventures or joint operations based on the REIT's rights and obligations, which are assessed by considering the arrangement's contractual terms, structure and legal form.

Joint Ventures

A joint venture is a joint arrangement in which the parties have rights to the net assets of the arrangement. The REIT accounts for its interests in joint ventures using the equity method. Under this method, the investment is initially recognized at cost and is subsequently adjusted to reflect the REIT's share of the joint venture's profit or loss and other comprehensive income. These amounts are recognized in the consolidated statements of income (loss) and the consolidated statements of comprehensive income (loss).

The financial information of joint ventures is prepared for the same reporting period as the REIT. Where necessary, adjustments are made to ensure that the accounting policies applied by the joint ventures are consistent with those of the REIT.

The REIT assesses its joint venture investments for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indicators exist, the recoverable amount is estimated and an impairment loss is recognized if the carrying amount exceeds that recoverable amount.

Investments in Associates

An associate is an entity over which the REIT has significant influence but neither control nor joint control, generally evidenced by an ownership interest of 20% or more and representation on the investee's board of directors or equivalent governing body. Investments in associates are accounted for using the equity method, consistent with the policy described above for joint ventures. The investment is initially recognized at cost and is subsequently adjusted to reflect the REIT's share of the associate's profit or loss and other comprehensive income, which are recognized in the consolidated statements of income and comprehensive income.

Joint Operations

A joint operation is a joint arrangement in which the parties have rights to the assets and obligations for the liabilities of the arrangement. The REIT recognizes its proportionate share of the joint operation's assets, liabilities, revenues and expenses in the consolidated financial statements, consistent with the terms of the arrangement. The financial information of joint operations is prepared for the same reporting period as the REIT, and accounting policies are aligned where required.

g. Investment Properties

Investment properties include income-producing properties and properties under development that are held to earn rental income, for capital appreciation, or both. These properties are initially measured at cost, which includes the purchase price and directly attributable expenditures such as legal fees, appraisal costs, land transfer taxes and other acquisition-related costs. After initial recognition, investment properties are measured at fair value at each reporting date, with fair value changes recognized in profit or loss.

Fair values are determined by management using internal valuation models, supported by available market evidence and, where available and appropriate, valuation inputs or benchmarking information provided by independent third-party appraisers. Certain right-of-use assets that meet the definition of investment property are included within investment properties and measured at fair value, consistent with the REIT's accounting policy for investment properties. The REIT's valuation methodology, key assumptions and governance processes are described in Note 6.

Income-Producing Properties

Income-producing properties ("IPP") represent completed and operating real estate assets held to generate rental income. IPP are carried at fair value each reporting period, with any resulting gains or losses recognized in profit or loss. The REIT capitalizes expenditures that improve a property's ability to generate future economic benefits or extend its useful life, such as building improvements or structural upgrades, while expenditures that maintain the property's existing condition are expensed as incurred.

IPP are derecognized upon disposal or when they are permanently withdrawn from use with no future economic benefit expected. Immediately before derecognition, the carrying amount of the property is updated to its fair value, and any difference between that fair value and the net proceeds on disposal is recognized in profit or loss.

Properties Under Development

Properties under development ("PUD") include construction, redevelopment and intensification projects that are intended to become income-producing properties once complete. PUD are initially measured at cost and subsequently measured at fair value, consistent with the treatment of IPP, with any changes in fair value recognized in profit or loss.

Capitalized development costs include direct construction expenditures, development management fees, professional fees, permitting costs and other expenditures directly attributable to preparing the asset for its intended use. These costs continue to be capitalized until fair value becomes reliably measurable or until the project reaches practical completion, whichever occurs earlier. Practical completion is considered to occur when the property is capable of operating in the manner intended by management, which generally corresponds to substantial completion of construction and receipt of required occupancy or operating permits. Upon practical completion, the property is transferred to income-producing properties at its fair value.

Borrowing costs that are directly attributable to the acquisition, construction or development of properties under development or other qualifying assets are capitalized as part of the project cost. Capitalization begins when expenditures are underway and ceases when the asset is substantially complete and ready for its intended use.

h. Assets and Liabilities Related to Assets Held for Sale

Assets are classified as held for sale when their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use, and when management has committed to a plan to sell, the asset is available for immediate sale in its present condition, is being actively marketed at a price reasonable relative to current fair value, and sale is highly probable within one year.

When these conditions are met for a disposal group, the related assets and directly associated liabilities are classified as held for sale and presented separately on the consolidated balance sheet.

For investment properties, measurement continues at fair value with fair value changes recognized in profit or loss in accordance with the REIT's accounting policy. Other assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Liabilities classified as held for sale continue to be measured under the accounting policies applicable to those liabilities.

If the held-for-sale criteria are no longer met, the asset or disposal group is reclassified to its previous category and measured at fair value at the date of the change.

i. Financial Instruments

Financial instruments are recognized when the REIT becomes a party to the contractual provisions of the instrument. They are initially measured at fair value. For instruments not classified at fair value through profit or loss ("FVTPL"), transaction costs directly attributable to the acquisition or issuance are added to or deducted from the initial carrying amount. A financial asset is derecognized when the contractual rights to receive cash flows expire or when substantially all risks and rewards of ownership are transferred. A financial liability is derecognized when the related obligation is discharged, cancelled or expires. Financial assets and financial liabilities are offset and presented on a net basis only when the REIT has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis.

Classification and Measurement

Financial assets and financial liabilities are classified based on the REIT's business model for managing the instruments and the nature of their contractual cash flows. Financial assets measured at amortized cost must have contractual cash flows that represent solely payments of principal and interest ("SPPI") and are held to collect those cash flows. The REIT does not hold financial assets classified as fair value through other comprehensive income ("FVOCI").

The following table summarizes the classification of the REIT's significant financial instruments:

Asset/Liability	Classification and Measurement Basis
Loans and mortgages receivable	Amortized cost
Accounts receivable	Amortized cost
Cash and cash equivalents	Amortized cost
Lease liabilities	Amortized cost
Mortgages payable	Amortized cost
Term loans	Amortized cost
Credit facilities	Amortized cost
Senior unsecured debentures	Amortized cost
Convertible debentures	FVTPL
Unit-based compensation liabilities	FVTPL
Derivative financial instruments	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Convertible Debentures

The REIT's convertible debentures are hybrid instruments that provide holders with the option to convert the debentures into Trust Units. Because the Trust Units are classified as financial liabilities, the embedded conversion option cannot be classified as equity. Accordingly, the REIT designates the entire debenture at FVTPL. The debentures are remeasured at fair value each reporting period, with changes recognized in finance costs.

Financial Assets and Impairment

Financial assets measured at amortized cost, primarily tenant receivables and other receivables, are assessed for impairment using the expected credit loss ("ECL") model. For tenant receivables, the REIT applies the simplified approach and recognizes lifetime ECLs. For other receivables, the REIT applies a 12-month ECL unless credit risk has increased significantly. Loss allowances are recognized in profit or loss and reassessed at each reporting date. The ECL approach applied to mortgages and loans receivable is described under "Mortgages and Loans Receivable" below.

Notes to the Consolidated Financial Statements

Financial Liabilities

Financial liabilities classified at amortized cost are subsequently measured using the effective interest method, while those classified at FVTPL are remeasured at fair value at each reporting date with changes recognized in profit or loss. Further details on fair value measurement are provided in Note 26.

Derivatives

The REIT uses derivative financial instruments, including interest rate swaps, interest rate caps and foreign exchange contracts, to manage exposure to fluctuations in interest rates and foreign currency exchange rates. Derivatives are recognized at fair value on the date the contract is entered into and are remeasured at fair value at each reporting date. Because the REIT does not apply hedge accounting, all fair value changes are recorded directly in profit or loss. Derivative assets and liabilities are presented on the consolidated balance sheet based on their relative liquidity.

j. Fair Value Measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The REIT uses valuation techniques that reflect market participant assumptions and classifies fair-value measurements within a three-level hierarchy depending on the observability of inputs.

The REIT applies a fair value hierarchy that categorizes inputs used in valuation techniques as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability, reflecting the REIT's own assumptions about the inputs that market participants would use.

The level within the hierarchy is determined based on the lowest-level input that is significant to the fair value measurement. Observable inputs are used whenever available and appropriate.

Valuation Approaches for Financial Instruments

The REIT uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The following table summarizes the valuation approaches applied to the REIT's significant financial instruments:

Type of Instrument	Valuation Approach
Financial instruments measured at FVTPL	
Derivative financial instruments	Fair value is measured using model-based valuation techniques that incorporate observable market inputs such as forward interest rates, yield curves and foreign exchange rates.
Convertible debentures	Measured using quoted market prices when available; otherwise fair value is estimated using market-based pricing or discounted cash flow techniques reflecting current yields and credit spreads.
Unit-based compensation liabilities	Measured using the quoted market price of a REIT unit at the reporting date, adjusted for award-specific terms and expected vesting conditions.
Financial instruments measured at amortized cost	
Mortgages and loans receivable	Fair value is estimated using discounted cash flows based on market interest rates for similar loans with comparable credit risk.
Mortgages, term debt and credit facilities, senior unsecured debentures	For fixed-rate debt, fair value is estimated using discounted cash flow models incorporating current market interest rates for similar borrowings. For variable-rate debt, carrying value generally approximates fair value because interest rates reset to market terms.
Financial instruments for which carrying amounts approximate fair value	
Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities	Carrying value approximates fair value due to the short-term maturity of these instruments.

k. Mortgages and Loans Receivable

Mortgages and loans receivable are financial assets that the REIT holds to collect contractual cash flows. Because these cash flows represent solely payments of principal and interest ("SPPI"), the receivables are classified and measured at amortized cost using the effective interest method. Interest income is recognized using the effective interest method.

At each reporting date, mortgages and loans receivable are assessed for impairment using the ECL approach described above, with particular consideration given to the borrower's financial condition, payment history, the value of any underlying security and relevant forward-looking information.

If the REIT determines that the present value of expected future cash flows, discounted at the receivable's original effective interest rate, is less than its carrying amount, an impairment loss is recognized for the difference. In situations where future cash flows cannot be reliably estimated, the REIT may also consider the fair value of collateral (net of realization costs) or observable market pricing for similar loans in assessing impairment.

l. Goodwill

Goodwill represents the excess of the consideration transferred in a business combination over the fair value of the identifiable net assets acquired. Goodwill is allocated to the cash-generating unit ("CGU") or group of CGUs expected to benefit from the business combination and is tested for impairment at least annually, or more frequently if events or circumstances indicate that its carrying amount may not be recoverable. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is not amortized and is written down if its carrying value exceeds its recoverable amount.

Goodwill previously allocated to Vital Healthcare Property Trust ("Vital Trust") was derecognized in 2025 when control was lost (Note 5). The REIT has no remaining goodwill.

m. Intangible Assets

Intangible assets acquired in a business combination are recognized at their fair value on the acquisition date. Intangible assets with finite useful lives are amortized over their estimated useful lives. Intangible assets assessed as having an indefinite useful life are not amortized but are tested for impairment annually, or more frequently if indicators of impairment arise. An impairment loss is recognized when the carrying amount of an intangible asset exceeds its recoverable amount, and such losses may be reversed if the recoverable amount increases.

The REIT's former management-rights intangible related to Vital Trust was derecognized in 2025 when control was lost (Note 5). The REIT has no indefinite-life intangible assets.

n. Leases

Leases – REIT as lessor

When the REIT enters into a lease as a lessor, it assesses at the commencement date whether the lease is a finance lease or an operating lease. A lease is classified as a finance lease when it transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases. In making this assessment, the REIT considers indicators such as whether the lease term covers the major part of the asset's economic life or whether the present value of lease payments is substantially all of the asset's fair value.

The vast majority of the REIT's leases are operating leases. Rental revenue from these leases is recognized on a straight-line basis over the lease term, unless another pattern better reflects how the benefits of the leased asset are consumed. Variable lease payments, such as operating cost recoveries, are recognized as earned.

For any lease classified as a finance lease, the REIT recognizes a lease receivable at the commencement date based on the net investment in the lease, measured at the present value of the lease payments to be received over the lease term. Right-of-use assets arising from head leases that relate to properties subleased to tenants and that meet the definition of investment property are presented within investment properties and measured at fair value.

Leases – REIT as lessee

When the REIT enters into a lease as a lessee, it recognizes a right-of-use asset and a corresponding lease liability at the commencement date. The lease liability is initially measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or the REIT's incremental borrowing rate when that rate cannot be readily determined.

Lease payments are allocated between finance costs and a reduction of the lease liability using the effective interest method. Short-term leases and leases of low-value assets are expensed as incurred. The right-of-use asset is initially measured at the initial lease liability value plus any upfront lease payments or direct costs and is subsequently depreciated over the shorter of the asset's useful life and the lease term, and is adjusted for any remeasurement of the lease liability. Right-of-use assets are also subject to impairment consistent with the REIT's policy for non-financial assets. Variable lease payments not included in the lease liability are recognized in profit or loss as incurred. Where elected, the REIT does not separate lease and non-lease components for certain property leases, accounting for them as a single lease component.

o. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Restricted cash represents amounts that are subject to contractual or legal restrictions on use but are otherwise readily convertible to cash and is presented as part of Other Assets.

p. Trust Units

The REIT's Trust Units are redeemable at the option of the holder and therefore meet the definition of a financial liability under IAS 32, "Financial Instruments: Presentation" ("IAS 32"). However, Trust Units qualify for the limited exemption that permits certain puttable instruments to be classified as equity when specific criteria are met. As the Trust Units meet these criteria, they are presented as equity in the consolidated financial statements.

Trust Units are recorded at the proceeds received, net of directly attributable issue costs. Distributions on Trust Units are recognized as a reduction of unitholders' equity. Because the Trust Units are puttable financial instruments, they are not considered equity instruments for the purposes of calculating earnings per unit under IAS 33, Earnings Per Share. Accordingly, the REIT does not present an earnings per unit calculation.

q. Revenue Recognition

The REIT earns revenue primarily from leasing its investment properties to tenants under operating leases. Revenue is recognized when the tenant obtains the right to use the leased space, generally on the lease commencement date or when any required landlord work is substantially complete.

Lease Components

Base rent from operating leases is recognized on a straight-line basis over the lease term, with the difference between revenue recognized and amounts billed recorded as a straight-line rent receivable or payable. Contingent rental income, if any, is recognized when the related conditions are satisfied. Recoveries of operating costs and realty taxes that form part of the lease component are recognized in the period the associated costs are incurred. In certain jurisdictions, the REIT directs and is primarily responsible for rental-related services provided to tenants. As a result, these services are combined with the lease component and the related recoveries are recognized as gross revenue, with the associated operating costs recognized separately. Lease incentives, including rent-free periods and tenant inducements, are recognized as reductions to rental revenue on a straight-line basis over the lease term.

Non-Lease Components

Amounts charged to tenants for property-related services, such as common area maintenance, utilities, security and other building services, are accounted for as non-lease components, representing services provided over time. Revenue is recognized as the related services are performed. Variable amounts related to these services are recognized based on the REIT's right to invoice, to the extent the amount corresponds directly to the value delivered to the tenant.

Other Income

Other income includes management and related fees earned under contractual arrangements with third parties. These fees are recognized as the underlying services are performed, when the amount is measurable and collection is reasonably assured. Performance-based fees are recognized when the applicable performance conditions are met and the amount is reliably measurable.

r. Unit-Based Compensation

The REIT maintains a unit-based compensation program, which includes awards granted under the Equity Incentive Plan ("EIP") and outstanding awards previously granted under the Deferred Unit Plan ("DUP"). No new awards are issued under the DUP, but existing awards remain governed by its terms.

Because the REIT's Trust Units are classified as financial liabilities, all unit-based compensation awards are treated as cash-settled liabilities. Awards are remeasured at fair value at each reporting date and on settlement, with changes in fair value recognized in profit or loss.

Deferred units, restricted units ("RUs") and performance units ("PUs") generally vest over service or performance periods set out in the grant agreements. Fair value is based on the market price of a REIT unit at the measurement date and reflects the terms of the award, including distribution-equivalent entitlements, service conditions and, for PUs, both market and non-market performance conditions. Market conditions are incorporated into the grant-date fair value, while non-market conditions affect the number of awards expected to vest.

Compensation expense is recognized over the vesting period and is adjusted at each reporting date for changes in fair value and for changes in the number of awards expected to vest. Awards forfeited before vesting are reversed in the period of forfeiture. Upon settlement, the liability is remeasured immediately before settlement and then derecognized, with any difference recognized in profit or loss.

s. Income Taxes

The REIT is a mutual fund trust and qualifies as a real estate investment trust ("REIT") under the Income Tax Act (Canada). A qualifying REIT is generally exempt from Canadian income tax provided it distributes all taxable income to unitholders each year and continues to satisfy prescribed conditions relating to the nature of its assets and revenues. The REIT monitors its compliance with these conditions on an ongoing basis.

Certain subsidiaries are subject to income tax in the jurisdictions in which they operate. Some subsidiaries also qualify as REITs under local legislation and must meet jurisdiction-specific conditions to maintain that status.

The REIT's tax provision includes current and deferred income taxes. Current tax is based on taxable income or loss for the year, measured using tax rates and laws enacted or substantively enacted at the reporting date.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities and their respective tax bases. Deferred tax is not recognized on the initial recognition of goodwill, on temporary differences arising on assets and liabilities in transactions that are not business combinations and affect neither accounting nor taxable profit, or on temporary differences related to investments in subsidiaries and joint ventures where reversal is not expected in the foreseeable future.

Deferred tax assets are recognized only when it is probable that they will be realized against future taxable profits. Deferred tax assets and liabilities are measured using the tax rates expected to apply when the differences reverse. Offsetting is applied when the REIT has a legally enforceable right to offset current taxes and the deferred amounts relate to the same taxable entity and tax authority.

The REIT applies IFRIC 23, "Uncertainty over Income Tax Treatments" ("IFRIC 23"), in measuring uncertain tax positions. These judgments and estimates are described further in Note 3.

Note 3. Critical Accounting Judgments and Estimates

The preparation of the REIT's consolidated financial statements requires management to make judgments and estimates in applying the REIT's accounting policies. These judgments and estimates affect the amounts recognized and the disclosures presented in the consolidated financial statements and accompanying notes.

Judgments involve assessing facts and circumstances that may not be directly observable and applying accounting policies to those circumstances. Estimates and assumptions are used in measuring assets, liabilities, revenues and expenses and are based on historical experience, current market conditions and other factors management considers reasonable. Actual results could differ from these estimates, and such differences may be material. The areas described below should be read together with the material accounting policies in Note 2.

Management reviews judgments and estimates on an ongoing basis as new information becomes available and as circumstances change. The areas below represent the judgments and estimates management considers most significant in understanding the REIT's financial results.

a. Investment Properties - Fair Value Measurement

The fair value of the REIT's investment properties is measured at each reporting date and is determined using management-prepared internal valuation models. These valuations are supported by available market evidence and, where available and appropriate, by valuation inputs or benchmarking information provided by independent third-party appraisers.

Significant estimates and assumptions are used in determining fair values, including capitalization rates, discount rates, terminal capitalization rates, projected cash flows, market rent growth, vacancy assumptions and expected capital expenditures. Fair values also reflect management's judgment in assessing a property's highest and best use and in selecting the appropriate valuation technique. Given the inherent uncertainty and limited observability of these inputs, changes in the underlying assumptions may result in material variations in the reported fair values. Investment properties are generally classified within Level 3 of the fair value hierarchy.

b. Accounting for the Investment in Vital Trust

In December 2025, Vital Trust completed the internalization of its external management structure. As a result of this change, management concluded that the REIT no longer controlled Vital Trust. Although the REIT continues to hold an approximate 23.9% interest in Vital Trust and retains board representation, these rights are now considered to provide significant influence rather than control. Accordingly, the retained interest is accounted for as an associate using the equity method. Management exercised judgment in evaluating the revised governance arrangements and in determining which assets, liabilities and related balances to derecognize upon the loss of control.

Prior to December 2025, the REIT accounted for its investment in Vital Trust as a subsidiary and consolidated Vital Trust's financial position and results of operations. As at December 31, 2024, the REIT held an approximate 28.3% interest in Vital Trust.

In assessing whether the REIT controlled Vital Trust prior to the internalization, management exercised judgment in accordance with IFRS 10, Consolidated Financial Statements. Management concluded that the REIT controlled Vital Trust based on its ability to direct the relevant activities of the trust and its exposure to variable returns.

This conclusion reflected, among other factors, the REIT's indirect 100% ownership of the external manager of Vital Trust (the "Global Manager"), which was responsible for directing the trust's investment, property and development activities and earned fees under contractual arrangements. The REIT also had the right to appoint a majority of the directors of the Global Manager, which acted as the board of directors of Vital Trust. In addition, the remaining ownership interests in Vital Trust were widely held, with no single investor holding an interest equal to or greater than that of the REIT. Based on these governance arrangements, management concluded that the REIT had sufficient power to direct the relevant activities of Vital Trust and therefore controlled Vital Trust for financial reporting purposes.

c. Leases and Revenue Recognition

Management exercises judgment in determining when a tenant obtains the right to use leased space, which establishes the commencement of revenue recognition. Judgment is also required in distinguishing rental income from service-related revenue in tenant arrangements and in assessing whether property-related services should be accounted for separately from the lease. Management further assesses the collectability of contractual lease payments, which influences whether rental revenue is recognized on a straight-line basis over the lease term. These judgments are applied consistently with the REIT's lease and revenue recognition policies in Note 2.

d. Income Taxes

The REIT applies significant judgment in assessing its qualification as a real estate investment trust ("REIT") under the Income Tax Act (Canada). This assessment influences whether deferred taxes are recognized at the REIT level, as qualifying REITs are generally exempt from Canadian income tax provided they meet prescribed conditions and distribute all taxable income to unitholders. Management evaluates compliance with these conditions on an ongoing basis and exercises judgment in concluding that the REIT will continue to qualify as a REIT for the foreseeable future. Loss of REIT status would materially affect the recognition of income taxes and could result in additional tax expense.

Judgment is also required in interpreting and applying tax laws in the jurisdictions where the REIT's taxable subsidiaries operate. Tax legislation is complex and subject to differing interpretations, and the REIT is periodically subject to audits by tax authorities. Management evaluates tax positions taken, the likelihood of challenge and the potential outcomes of such examinations.

Estimates are required in measuring current and deferred tax balances, including the probability of realizing deferred tax assets, the timing of reversal of temporary differences and the measurement of uncertain tax positions. Changes in these judgments or estimates may materially affect income tax expense in future periods.

Note 4. Future Accounting Standards and Changes in Accounting Standards

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which will be effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 establishes a prescribed structure for the statement of profit or loss, requiring the presentation of defined subtotals for operating, investing, and financing activities. It also introduces new disclosure requirements for management-defined performance measures and provides enhanced guidance on the aggregation and disaggregation of information presented in the financial statements and accompanying notes. The REIT is currently assessing the potential impact of IFRS 18 on its consolidated financial statements.

Note 5. Internalization of Vital Healthcare Property Trust

On December 30, 2025, Vital Trust completed the internalization of its external management structure. As part of the transaction, Vital Trust terminated its existing management arrangements and paid the REIT a management termination payment of \$170.0 million (NZ\$214.0 million). Vital Trust funded the payment through an equity offering in which the REIT did not participate, resulting in a reduction of the REIT's ownership interest to approximately 23.9% (December 31, 2024 - 28.3%).

Loss of Control

Prior to internalization, the REIT consolidated Vital Trust because it controlled Vital Trust's relevant activities through its ownership and governance of the external manager responsible for Vital Trust's investment, property and development management functions, including the ability to appoint a majority of the board overseeing those activities.

Internalization resulted in the termination of the external management arrangements, realization of the intangible asset relating to management of Vital Trust, and removed the REIT's contractual and governance rights, including its ability to appoint a majority of Vital Trust's board. As a result, the REIT no longer had the ability to direct the relevant activities of Vital Trust and therefore concluded that it no longer controlled Vital Trust. Accordingly, Vital Trust was derecognized as a subsidiary on December 30, 2025.

Consistent with the loss of control requirements, the REIT derecognized the carrying value of Vital Trust's assets, liabilities and non-controlling interest, together with amounts previously allocated to goodwill and intangible assets, cumulative translation adjustments and accumulated other comprehensive income relating to historic hedge accounting. The loss recognized on the loss of control includes the remeasurement of the REIT's retained interest to fair value at the date control was lost, together with the management termination payment, and forms part of the loss summarized below. Key judgments supporting the loss of control conclusion are provided in Note 3.

Recognition of Retained Interest

Following internalization, the REIT's retained interest was remeasured at fair value using the quoted market price of Vital Trust units on the New Zealand Stock Exchange as at the date control was lost. The retained interest is now accounted for as an associate, as the REIT continues to exercise significant influence through its ownership interest and board representation. Additional information on significant influence is provided in Notes 3 and 8.

Subsequent Accounting

From the date control was lost, the retained interest has been accounted for using the equity method, with its fair value at that date serving as the initial carrying amount (Note 8).

Under a transitional services agreement entered into as part of the internalization, the REIT provides Vital Trust with certain administrative and support services for a limited period. Revenue earned from these services is recognized in other income as the services are performed and earned on a cost-recovery basis. These transitional services do not affect the REIT's assessment of significant influence over Vital Trust (Note 3). The retained interest is presented within equity accounted investments (Note 8). There were no amounts recorded related to the transitional services agreement during the year ended December 31, 2025.

Notes to the Consolidated Financial Statements

Loss on internalization of Vital Trust

The loss recognized in the statement of income (loss) is summarized below:

(\$ thousands)	Note	Amount
Management termination fee received		\$ 169,959
Fair value of retained interest in Vital Trust	8	302,206
Carrying amount of Vital Trust's identifiable net assets		
Investment properties	6	2,650,427
Mortgages and loans payable	11	(1,082,008)
Lease liabilities		(10,683)
Net deferred tax liabilities	14	(83,825)
Net derivative financial instruments		7,730
Income taxes payable	14	(2,805)
Working capital		(21,245)
Cash and cash equivalents		189,184
Non-controlling interests	18	(1,263,117)
		(383,658)
Less: Goodwill allocated to the Vital Trust CGU		(36,414)
Less: Accumulated other comprehensive income recycled to the income statement		(52,223)
Less: Carrying value of manager net assets and intangible assets		(44,858)
Less: Transaction costs		(6,607)
Loss on internalization of Vital Trust		\$ (51,595)
Classified as:		
Attributable to Unitholders		\$ (48,853)
Attributable to non-controlling interests		(2,742)
Loss on internalization of Vital Trust		\$ (51,595)

Note 6. Investment Properties

(\$ thousands)	Note	Income-Producing Properties	Properties Under Development	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of year		\$ 4,915,710	\$ 345,280	\$ 5,260,990	\$ 6,874,660
Additions to investment properties		34,413	90,852	125,265	185,573
Amortization of straight-line rent		1,895	(474)	1,421	4,800
Transfer to assets held for sale	7	(488,302)	(23,654)	(511,956)	(132,688)
Transfer from properties under development to income-producing		62,537	(62,537)	—	—
Transfer to equity accounted investments on loss of control of Vital Trust	5	(2,331,445)	(318,982)	(2,650,427)	—
Dispositions	7	—	(1,592)	(1,592)	(1,219,209)
Fair value adjustment of investment properties		(38,096)	(22,924)	(61,020)	(376,804)
Foreign currency translation		100,394	7,914	108,308	(75,342)
Balance, end of year		\$ 2,257,106	\$ 13,883	\$ 2,270,989	\$ 5,260,990

- (1) Additions include certain directly attributable leasing costs, capital and development expenditures primarily in Vital Trust, and new right-of-use assets.
- (2) Interest was capitalized to qualifying development projects based on a weighted average interest rate of 5.02% (December 31, 2024 - 5.10%).

Valuation Methodology and Governance

The REIT measures its investment properties at fair value at each reporting date. Fair value represents the price that would be received to sell a property in an orderly transaction between market participants at the measurement date. Valuations are prepared by management using internal valuation models and are reviewed quarterly as part of a formal process overseen by senior management. This process includes reviewing market evidence, benchmarking internal valuations against external appraisal inputs where available and appropriate, assessing key assumptions, and approving fair value changes each quarter.

Income-Producing Properties

Fair value for income-producing properties is estimated using valuation techniques appropriate for stabilized or near-stabilized real estate assets. The REIT primarily uses discounted cash flow ("DCF") analysis, which projects property-level cash flows over a minimum ten-year period. Assumptions include lease expiries, market rents, operating costs, leasing downtime, renewal probabilities and required capital expenditures. The projected cash flows are discounted using market-derived discount rates, and a terminal value is calculated using a terminal capitalization rate applied to estimated stabilized net operating income.

The REIT also uses the direct capitalization method where appropriate, capitalizing stabilized net operating income using market-supported capitalization rates and observable market evidence, including external appraisal data where available. In applying this method, fair value reflects management's assessment of stabilized income and market-based capitalization rates, incorporating assumptions regarding rents, occupancy, operating costs and ongoing capital requirements.

These valuation techniques involve significant judgment, particularly in the selection of discount rates, capitalization rates and assumptions related to income sustainability and future capital requirements, and reflect management's assessment of market conditions at the reporting date, informed by available market data and external appraisal inputs where applicable.

Properties Under Development

Fair value for properties under development is generally estimated based on land value plus development and construction costs incurred to date, which is appropriate when future cash flows cannot yet be reliably estimated. When a project reaches a stage where future income can be reasonably forecast, typically after achieving key leasing and construction milestones, the REIT may use a DCF approach, reflecting projected rental income, lease-up assumptions, remaining development costs and risks associated with completing and stabilizing the project. For sites held for future development that are not yet under active construction, fair value is typically based on market evidence such as comparable land transactions and third-party appraisal data used as supporting evidence.

Significant Valuation Assumptions

The key valuation assumptions used in determining the fair value of the REIT's investment properties, by segment, are set out in the following table. Properties held for sale and equity accounted investments are excluded.

As at December 31, 2025						
	Discount rate		Terminal capitalization rate		Overall capitalization rate	
	Range	Weighted average	Range	Weighted average	Range	Weighted average
North America	6.75% - 9.25%	7.66%	6.25% - 8.50%	6.95%	4.89% - 9.36%	6.72%
Brazil	9.15% - 9.75%	9.43%	8.15% - 8.75%	8.30%	8.65% - 9.87%	8.88%
Europe	5.75% - 6.50%	6.02%	5.25% - 5.50%	5.34%	6.00% - 8.74%	6.81%
Australia	6.50% - 7.25%	6.68%	5.25% - 6.75%	5.74%	5.00% - 6.25%	5.43%
Total	5.75% - 9.75%	8.01%	5.25% - 8.75%	7.17%	4.89% - 9.87%	7.29%

As at December 31, 2024						
	Discount rate		Terminal capitalization rate		Overall capitalization rate	
	Range	Weighted average	Range	Weighted average	Range	Weighted average
North America	6.75% - 10.25%	7.76%	6.25% - 9.00%	7.02%	4.83% - 9.52%	6.69%
Brazil	9.00% - 9.75%	9.17%	7.75% - 8.75%	8.13%	8.33% - 10.21%	8.67%
Europe	5.50% - 7.75%	6.45%	5.00% - 8.40%	5.63%	3.98% - 7.74%	5.94%
Australasia	6.13% - 9.00%	7.11%	5.00% - 8.25%	5.78%	4.66% - 11.47%	5.45%
Total	5.50% - 10.25%	7.45%	5.00% - 9.00%	6.36%	3.98% - 11.47%	6.20%

The significant assumptions and inputs used in the valuation techniques to estimate the fair value of income producing properties are classified as Level 3 in the fair value hierarchy, as key inputs are not based on observable market data.

Independent Appraisals

As part of its valuation program, the REIT engages independent third-party appraisers on a rotating basis. Each year, a selection of properties across asset types and geographies is externally appraised, and each income-producing property is externally appraised at least once within a multi-year cycle. Management reviews the methodologies and key assumptions in these external valuations and uses them as market evidence and benchmarking inputs in its internal valuation models where appropriate. Fair values recorded in the consolidated financial statements represent management's estimates, informed by external appraisals.

During the year ended December 31, 2025, independent third-party appraisers valued investment properties with an aggregate fair value of \$1.5 billion, representing approximately 66% of the portfolio (December 31, 2024 - \$4.0 billion or 76%).

Fair Value Sensitivity

The fair value of investment properties is most sensitive to changes in capitalization rates. The table below summarizes the impact of capitalization rate changes on fair value. Properties held for sale and equity accounted investments are excluded.

Rate sensitivity	Weighted average overall capitalization rate	Fair value (in \$millions)	Change in fair value (in \$millions)	% Change
(0.75)%	6.54%	\$2,538	\$267	11.77%
(0.50)%	6.79%	\$2,442	\$171	7.54%
(0.25)%	7.04%	\$2,353	\$82	3.63%
—%	7.29%	\$2,271	\$—	—%
0.25%	7.54%	\$2,194	\$(77)	(3.38)%
0.50%	7.79%	\$2,122	\$(148)	(6.54)%
0.75%	8.04%	\$2,055	\$(215)	(9.49)%

Note 7. Investment Property Transactions**Assets Held for Sale**

(\$ thousands)	Note	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of year		\$ 59,278	\$ 55,972
Transfer from investment properties	6	511,956	132,688
Capital expenditures		753	—
Amortization of straight-line rent		(59)	(353)
Dispositions		(182,653)	(137,193)
Fair value adjustment of investment properties		(848)	8,013
Foreign currency translation		(4,459)	151
Balance, end of year		\$ 383,968	\$ 59,278

As at December 31, 2025, the REIT classified 30 income-producing properties and 3 properties under development in Europe as held for sale, comprising 23 wholly-owned properties in Germany and the Netherlands with a fair value of \$384.0 million, and 10 properties held through the REIT's joint venture in the Netherlands with a fair value of \$259.7 million (\$77.9 million at the REIT's 30% interest).

In connection with the classification of the wholly-owned properties, the REIT reclassified \$221.1 million of related mortgages with a weighted average interest rate of 2.83% to liabilities associated with assets held for sale on its consolidated balance sheet. Mortgages related to the joint venture properties total \$139.8 million (\$42.0 million at the REIT's 30% interest), with a weighted average interest rate of 4.67%, and remain within the joint venture.

On February 24, 2026, the REIT reached an agreement to sell the combined portfolio of 33 properties to TPG Real Estate for €400 million (C\$647 million) before adjustments. The transaction is expected to close in the second quarter of 2026, subject to customary closing conditions.

Dispositions of Investment Properties and Assets Held for Sale

During the year ended December 31, 2025, the REIT disposed of following investment properties and assets held for sale:

(\$ thousands)				
Property	Date of disposition	Location	Effective interest disposed	Sale price excl. selling costs
<i>Investment properties</i>				
21 George ⁽¹⁾	Sept 4	Adelaide, Australia	100%	\$ 1,592
<i>Assets held for sale</i>				
Parkwood	Jan 14	Calgary, Canada	100%	7,600
Riley Park Health Centre	Jan 14	Calgary, Canada	100%	30,491
Riverstone Medical Plaza	Mar 31	Tucson, USA	100%	4,377
Green Valley Medical Plaza	Mar 31	Tucson, USA	100%	4,449
Hurstville House ⁽¹⁾	May 2	Sydney, Australia	100%	1,541
Demmeringstrasse	May 14	Leipzig, Germany	100%	11,049
Malvern Medical Arts	Jun 25	Toronto, Canada	100%	9,500
Toronto Private Hospital ⁽¹⁾	Aug 29	Sydney, Australia	100%	33,701
Glenmore Professional Centre	Nov 23	Calgary, Canada	100%	38,400
Kawarau Park Health Hub ⁽¹⁾	Nov 28	Queenstown, New Zealand	50%	28,782
7-17 Wolseley Street ⁽¹⁾	Dec 22	Brisbane, Australia	100%	12,763
<i>Total dispositions of assets held for sale</i>				182,653
Total dispositions				184,245
Less: net loss on disposal of assets				(4,536)
Net proceeds from disposal of investment properties and assets held for sale				\$ 179,709

(1) Properties disposed of within Vital Trust.

For the year ended December 31, 2025, the REIT incurred losses on asset disposals of \$6.6 million, of which \$4.5 million related to the disposal of investment properties and assets held for sale (2024 - \$34.7 million). The remaining losses primarily related to broker commissions and professional fees associated with the disposal of the Assura units (Note 10).

Note 8. Equity Accounted Investments

The REIT holds interests in certain joint ventures and associates that are accounted for using the equity method. These arrangements generally involve real estate entities that own income-producing properties or development projects. Under the equity method, the REIT recognizes its share of each investee's net income and other comprehensive income in the period in which they arise, and reduces the carrying amount of the investment for distributions received. The carrying amount is updated at each reporting date.

Equity accounted investment	Classification	Ownership interest	Location
Vital Healthcare Property Trust	Associate	23.9 %	New Zealand
NWI Galaxy JV GmbH & Co. KG ("European JV")	Joint Venture	30.0 %	Europe
NorthWest Australia HSO Trust	Joint Venture	30.0 %	Australia
NorthWest Australia Hospital Investment Trust	Joint Venture	30.0 %	Australia
NorthWest Healthcare Properties Australia REIT ("AREIT")	Joint Venture	30.0 %	Australia
NorthWest Australia Hospital Investment Galaxy 2 Trust	Joint Venture	30.0 %	Australia

Vital Healthcare Property Trust

Following the internalization on December 30, 2025 the REIT recognized its retained interest in Vital as an investment in associate. Additional details are provided in Note 5.

The REIT's investment in Vital Trust is quoted in an active market and, as at December 31, 2025, its fair value of \$302,206, based on the quoted market price, was equal to the carrying value of the investment.

Australian Joint Venture Arrangements ("Australia")

As at December 31, 2025, the REIT's investments in its Australian joint ventures, which provided capital funding for the historical acquisition of investment properties, continue to operate under a common investment framework, including a shared third-party partner, similar asset types and geographic focus, and consistent investment management terms. Given these common features, the joint ventures are presented together below.

European JV

The commitment period for the European JV has expired; however, additional capital may be deployed if mutually agreed by the joint venture partners.

As at December 31, 2025, the REIT reclassified 10 properties held through the REIT's joint venture in the Netherlands with a fair value of \$259.7 million (\$77.9 million at the REIT's 30% interest) and corresponding mortgages of \$139.8 million (\$42.0 million at the REIT's 30% interest), with a weighted average interest rate of 4.67%, to assets held for sale and liabilities related to assets held for sale, respectively. See note 7.

Notes to the Consolidated Financial Statements

Summarized financial information for the equity accounted investments at 100% and the REIT's ownership interest are set out below:

(\$ thousands)	As at December 31, 2025				As At December 31, 2024		
	Vital Trust	Australia	European JV	Total	Australia	European JV	Total
Investment properties (including AHFS)	\$ 2,650,427	\$ 2,078,150	\$ 632,018	\$5,360,595	\$ 1,903,154	\$ 577,414	\$2,480,568
Other assets	48,421	1,564	23,667	73,652	106,326	17,951	124,277
Mortgages, term debt and credit facilities	(1,082,008)	(1,188,670)	(307,573)	(2,578,251)	(1,154,138)	(289,709)	(1,443,847)
Other liabilities	(135,211)	(20,433)	(25,184)	(180,828)	(21,256)	(19,812)	(41,068)
Net assets at 100%	1,481,629	870,611	322,928	2,675,168	834,086	285,844	1,119,930
Acquisition accounting adjustments (Note 5)	(217,696)	—	—	(217,696)	—	—	—
Investment in equity accounted investments	\$ 302,206	\$ 245,360	\$ 102,974	\$ 650,540	\$ 234,857	\$ 91,108	\$ 325,965

(\$ thousands)	Year ended December 31, 2025			Year ended December 31, 2024		
	Australia	European JV	Total	Australia	European JV	Total
Revenue from investment properties	\$ 119,704	\$ 46,361	\$ 166,065	\$ 110,870	\$ 41,521	\$ 152,391
Property operating costs	(14,880)	(7,692)	(22,572)	(12,637)	(8,148)	(20,785)
Interest and other income	6,688	362	7,050	6,990	347	7,337
General and administrative expenses	(8,811)	(4,067)	(12,878)	(9,625)	(4,426)	(14,051)
Finance costs	(57,064)	(27,057)	(84,121)	(60,320)	(25,340)	(85,660)
Fair value adjustment of investment properties	(26,532)	6,041	(20,491)	(131,579)	(4,058)	(135,637)
Other items	(1,217)	(5,434)	(6,651)	(1,803)	(5,973)	(7,776)
Net income (loss) and comprehensive income (loss) at 100%	17,888	8,514	26,402	(98,104)	(6,077)	(104,181)
Share of net income (loss) and comprehensive income (loss) in equity accounted investments	\$ 4,102	\$ 2,884	\$ 6,986	\$ (29,086)	\$ (1,639)	\$ (30,725)

Note 9. Derivative Financial Instruments

The REIT uses derivative financial instruments, including interest rate swaps, and interest rate caps to manage exposure to fluctuations in interest rates and foreign exchange rates associated with its variable-rate mortgages and term debt in Europe and Australia. Because hedge accounting is not applied, these instruments are measured at fair value through profit or loss. Additional information on the REIT’s accounting policies for derivatives is provided in Note 2 and Note 26.

The REIT’s outstanding derivative positions are summarized in the tables below.

(\$ thousands)

As at December 31, 2025

Type of instrument	Notional amount	Maturity date	Weighted average receiving leg rate	Weighted average paying leg rate	Derivative asset	Derivative liability
<i>Currently effective</i>						
Interest rate derivatives	\$ 234,327	Jun 2026 - Jun 2030	2.13 %	1.09 %	\$ 3,854	\$ (237)

As at December 31, 2025, all derivative instruments relate to European mortgages and are classified as liabilities held for sale and classified as current.

(\$ thousands)

As at December 31, 2024

Type of instrument	Notional amount	Maturity date	Weighted average receiving leg rate	Weighted average paying leg rate	Derivative asset	Derivative liability
<i>Currently effective</i>						
Interest rate derivatives	\$ 1,433,814	Jun 2025 - Jun 2030	3.77 %	3.06 %	\$ 14,392	\$ (3,877)
Foreign exchange contracts	19,714	Mar 2025 - Sep 2028	—	—	107	(45)
	1,453,528				14,499	(3,922)
<i>Future dated</i>						
Interest rate derivatives	526,430	Sep 2027 - Mar 2029	4.28 %	3.66 %	1,686	(2,259)
	\$ 1,979,958				\$ 16,185	\$ (6,181)
<i>Classified as:</i>						
Current	\$ 733,495	Mar 2025 - Dec 2025			\$ 5,774	\$ (45)
Non-Current	1,246,463	Mar 2026 - Jun 2030			10,411	(6,136)
	\$ 1,979,958				\$ 16,185	\$ (6,181)

Note 10. Other Assets

(\$ thousands)	December 31, 2025	As at December 31, 2025	December 31, 2024	As at December 31, 2024
Lease assets	\$	9,053	\$	11,556
Commodity taxes recoverable		6,252		8,525
Prepaid expenses and deposits		5,607		10,065
Loans and mortgages receivable		3,850		14,963
Furniture and office equipment		1,780		3,410
Restricted cash		184		1,733
Other		850		143
Investment in Assura		—		169,417
Investment in unlisted securities		—		4,278
Other Assets	\$	27,576	\$	224,090
Classified as:				
Current portion	\$	13,407	\$	198,561
Non-current portion		14,169		25,529
Other Assets	\$	27,576	\$	224,090

Lease Assets

Lease assets include a \$7.5 million (December 31, 2024 - \$7.1 million) long-term land lease with a third party, measured using a discount rate of 7.0% with a remaining lease term of approximately 62 years.

Prepaid Expenses and Deposits

Prepaid expenses and deposits include \$2.9 million (December 31, 2024 - \$2.0 million) of prepaid acquisition, development and financing costs related to potential asset acquisitions, property development initiatives and debt refinancing activities that are currently under due diligence or negotiation.

Loans and Mortgages Receivable

The balance at December 31, 2025 represents a vendor take-back mortgage of \$3.9 million which is carried at amortized cost and matures in August 2026. This mortgage relates to the sale of certain North American investment properties that were completed in 2024.

Investment in Assura

During the year ended December 31, 2025, the REIT sold its shares in Assura PLC ("Assura"), a publicly listed United Kingdom healthcare REIT, through two on-market transactions for total proceeds of \$209.3 million (£114.6 million), resulting in a full divestment of the investment.

The REIT's investment in Assura was originally acquired in August 2024 as partial consideration for the disposition of its United Kingdom investment property portfolio, which was sold to Assura at a value of \$885.0 million (£470.7 million). As part of that transaction, the REIT received \$206.3 million of net cash proceeds and \$177.0 million (£100.0 million) of consideration in Assura shares. Proceeds from the sale were used to repay related debt and corporate facilities.

For the year ended December 31, 2025, the REIT recognized a fair value gain of \$37.2 million primarily attributable to changes in the market value of the Assura shares prior to disposal. The REIT also received distribution income of \$2.8 million, net of withholding tax, during the year (Note 21).

Investment in Unlisted Securities

During the year ended December 31, 2025, the REIT redeemed and sold its remaining interest in its unlisted securities issued by an Australian healthcare fund for \$4.1 million, representing the redemption or settlement price. The REIT no longer holds any unlisted securities as at year-end.

Note 11. Mortgages, Term Debt and Credit Facilities

(\$ thousands)	As at December 31, 2025	As at December 31, 2024
Mortgages payable	\$ 598,929	\$ 680,998
Term debt	240,926	1,702,968
Credit facilities	—	264,719
	839,855	2,648,685
Unamortized deferred financing costs	(5,303)	(13,140)
Mortgages, term debt and credit facilities, including liabilities related to assets held for sale	834,552	2,635,545
Liabilities related to assets held for sale, net of deferred financing costs	(221,065)	—
Mortgages, term debt and credit facilities	\$ 613,487	\$ 2,635,545
Classified as:		
Current portion	\$ 236,590	\$ 194,854
Non-current portion	376,897	2,440,691
Mortgages, term debt and credit facilities	\$ 613,487	\$ 2,635,545

Overview and Covenants

The REIT's credit facilities, term debt and mortgages are subject to customary financial and non-financial covenants, including requirements relating to debt service coverage, interest coverage, unitholders' equity, investment property valuation and the market prices of the Vital Trust units. The classification between current and non-current reflects the REIT's assessment of covenant compliance and its ability to defer settlement for at least 12 months.

As at December 31, 2025, the REIT was in compliance with all applicable covenants and expects to remain in compliance for at least the next 12 months. Accordingly, mortgages payable and term debt with contractual maturities beyond 12 months have been classified as non-current.

Debt Composition

As at December 31, 2025, the REIT's fixed-rate debt totalled \$478.2 million and variable-rate debt totalled \$361.6 million, with contractual weighted average interest rates of 4.11% and 4.20%, respectively. Of the \$361.6 million in variable-rate debt, 65% or \$234.3 million is economically fixed or capped through interest rate derivatives with a weighted average term of 1.8 years, which reduces the weighted average interest rate on this debt by 1.04% (Note 9).

The movements in the REIT's borrowings during the year ended December 31, 2025, were as follows:

(\$ thousands)	Mortgages payable	Term debt	Credit facilities	Total
Balance, December 31, 2024	\$ 680,998	\$ 1,702,968	\$ 264,719	\$ 2,648,685
Advances and refinancing proceeds	66,150	283,445	243,950	593,545
Principal amortization payments	(18,428)	(25,816)	—	(44,244)
Repayments	(153,780)	(674,473)	(508,754)	(1,337,007)
Transfer to equity accounted investments on loss of control of Vital Trust	—	(1,085,324)	—	(1,085,324)
Accretion of financial liabilities	—	6,817	—	6,817
Foreign currency adjustment	23,989	33,309	85	57,383
	598,929	240,926	—	839,855
Unamortized deferred financing costs	(1,807)	(1,816)	(1,680)	(5,303)
Balance, December 31, 2025	\$ 597,122	\$ 239,110	\$ (1,680)	\$ 834,552

Notes to the Consolidated Financial Statements

The table below summarizes the scheduled future principal amortization payments and maturities for the REITs borrowings as at December 31, 2025:

(\$ thousands)	2026	2027	2028	2029	2030	Thereafter	Total
Amortizing principal payments							
Mortgages payable	\$ 13,173	\$ 9,439	\$ 6,472	\$ 3,897	\$ 981	\$ 221	\$ 34,183
Term debt ⁽ⁱ⁾	27,246	27,614	18,462	19,164	19,895	10,239	122,620
	40,419	37,053	24,934	23,061	20,876	10,460	156,803
Payments due at maturity							
Mortgages payable	219,119	74,990	102,987	125,660	32,699	9,291	564,746
Term debt	—	45,041	34,865	—	38,400	—	118,306
	219,119	120,031	137,852	125,660	71,099	9,291	683,052
Total	\$ 259,538	\$ 157,084	\$ 162,786	\$ 148,721	\$ 91,975	\$ 19,751	\$ 839,855

(i) Principal amortization relates to borrowings secured by Brazilian investment properties that fully amortize over their contractual term.

Mortgages Payable

The table below summarizes the scheduled principal payments and maturities for the REITs mortgages payable as at December 31, 2025:

(\$ thousands)						
Maturity	Weighted average interest rate	Principal repayments	Balance due at maturity	December 31, 2025	As at December 31, 2025	As at December 31, 2024
2026	3.84 %	\$ 13,173	\$ 219,119	\$ 232,292	\$ 171,829	
2027	5.32 %	9,439	74,990	84,429	218,755	
2028	4.09 %	6,472	102,987	109,459	81,700	
2029	3.28 %	3,897	125,660	129,557	51,806	
2030	3.85 %	981	32,699	33,680	124,142	
Thereafter	3.35 %	221	9,291	9,512	32,766	
	3.95 %	\$ 34,183	\$ 564,746	\$ 598,929	\$ 680,998	
Unamortized deferred financing costs				(1,807)	(2,288)	
Balance, end of year				\$ 597,122	\$ 678,710	

All mortgages are secured by first charges on specific investment properties in North America and Europe, with an estimated fair value of \$1.1 billion as at December 31, 2025 (December 31, 2024 - \$1.2 billion).

Notes to the Consolidated Financial Statements

Term Debt

As at December 31, 2025 and December 31, 2024, the REIT's term debt balances were as follows:

(\$ thousands)

Security	Security amount	Maturities	Weighted average interest rate	As at December 31, 2025	As at December 31, 2024
Brazilian investment properties	\$ 344,169	Nov 2027 - Jun 2031	4.28 %	\$ 122,620	\$ 131,715
Australasian secured properties ⁽ⁱ⁾	138,881	Jul 2028 - Jul 2030	5.14 %	73,264	1,142,490
Vital Trust units	301,861	Mar 2027	4.60 %	45,042	150,387
Assura units	—	—	—	—	81,072
US investment properties	—	—	—	—	197,304
	\$ 784,911		4.60 %	\$ 240,926	\$ 1,702,968
Unamortized deferred financing costs				(1,816)	(8,876)
Balance, end of year				\$ 239,110	\$ 1,694,092

(i) Australian secured properties debt is part of a broader 'club' debt facility secured by a cross-collateralized asset portfolio valued at A\$259M

As at December 31, 2025, the maximum amount available to be drawn against the Vital Trust units is \$105.9 million (December 31, 2024 - \$nil).

On February 18, 2025, the REIT utilized proceeds from the senior unsecured debentures to repay in full the term debt secured by its US investment properties.

In April 2025, in connection with the sale of the Assura units (Note 10), the REIT repaid \$50.1 million of term debt secured by those units, which carried a weighted average interest rate of 7.45% and had 1.1 years remaining to maturity.

Credit Facilities

Details of the REIT's revolving credit facilities as at December 31, 2025 and December 31, 2024 are as follows:

(\$ thousands)			As at December 31, 2025			As at December 31, 2024		
Facility Type	Maturity	Weighted Average Interest Rate	Maximum	Available	Drawn	Maximum	Available	Drawn
Secured	July 2027	4.61 %	\$ 252,187	\$ 252,187	\$ —	\$ 252,500	\$ 52,781	\$ 199,719
Unsecured	—	— %	—	—	—	95,000	30,000	65,000
		4.61 %	\$ 252,187	\$ 252,187	\$ —	\$ 347,500	\$ 82,781	\$ 264,719
Unamortized deferred financing costs					(1,680)			(1,976)
Balance, end of year					\$ (1,680)			\$ 262,743

On February 18, 2025, the REIT repaid in full its unsecured revolving credit facility, which had an outstanding balance of \$65.0 million and was scheduled to mature in March 2026. This facility has since been cancelled and is no longer available to be drawn.

On July 29, 2025, the REIT amended its secured revolving credit facility, extending its maturity to July 2027 and introducing grid-based pricing tied to the REIT's credit rating, resulting in a 65 basis point reduction in borrowing costs. The amendment also added a \$100.0 million accordion feature available with lender approval.

As at December 31, 2025, the secured revolving credit facility was undrawn following repayment of the \$91.5 million outstanding balance using proceeds from the Vital Trust internalization. The facility remains available to be utilized by the REIT and is secured by charges on investment properties with an estimated fair value of \$349.6 million (December 31, 2024 - \$344.3 million).

Note 12. Debentures

(\$ thousands)	December 31, 2025	As at December 31, 2025	December 31, 2024	As at December 31, 2024
Senior unsecured debentures	\$	497,322	\$	—
Convertible debentures		249,309		356,963
Debentures	\$	746,631	\$	356,963
Classified as:				
Current	\$	249,309	\$	356,963
Non-current		497,322		—
Debentures	\$	746,631	\$	356,963

The REIT's convertible debentures are classified as current liabilities because holders may convert them into REIT units at any time.

Senior Unsecured Debentures

As at December 31, 2025, the REIT had the following senior unsecured debentures outstanding measured at amortized cost:

(\$ thousands)					December 31, 2025	As at December 31, 2025	December 31, 2024	As at December 31, 2024
Series	Issuance date	Maturity date	Coupon rate	Interest payment dates				
Series A	Feb 18, 2025	Feb 18, 2028	5.02 %	Feb 18 and Aug 18	\$	200,000	\$	—
Series B	Feb 18, 2025	Feb 18, 2030	5.51 %	Feb 18 and Aug 18		300,000		—
			5.32 %			500,000		—
Unamortized deferred financing costs						(2,678)		—
Balance, end of year					\$	497,322	\$	—

On February 18, 2025, the REIT issued \$500.0 million of senior unsecured debentures, comprising \$200.0 million of 5.02% Series A debentures maturing on February 18, 2028 and \$300.0 million of 5.51% Series B debentures maturing on February 18, 2030.

Deferred financing costs of \$3.4 million were incurred and recorded as reductions to the carrying amounts of the debentures, of which \$0.7 million was amortized during the year ended December 31, 2025. The debentures are redeemable in accordance with their trust indentures and are subject to financial and other customary covenants. As at December 31, 2025, the REIT was in compliance with all covenants and expects to remain in compliance for at least the next 12 months.

Convertible Debentures

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

(\$ thousands)	December 31, 2025	As at December 31, 2025	December 31, 2024	As at December 31, 2024
Balance, beginning of year	\$	356,963	\$	320,854
Conversion of convertible debentures to units		(10)		—
Repayment of convertible debentures		(124,990)		—
Fair value adjustment of convertible debentures		17,346		36,109
Balance, end of year	\$	249,309	\$	356,963

On March 31, 2025, the REIT repaid in full its \$125.0 million 10.00% Series NWH.DB.G convertible debentures using available liquidity. From January 1, 2025, to the repayment date, a nominal amount of these debentures were converted into 1,379 REIT units (Note 16).

Notes to the Consolidated Financial Statements

The fair values of convertible debentures outstanding at the reporting date, based on closing market prices, together with contractual maturities and conversion prices, are as follows:

(\$ thousands)

Series	Conversion price per Unit (\$)	Issuance date	Maturity date	Interest rate	Interest payment dates	As at December 31, 2025	As at December 31, 2024
NWH.DB.G	\$—	Dec 20, 2018	Mar 31, 2025	—%	N/A	\$ —	\$ 126,000
NWH.DB.H	\$16.00	Aug 25, 2022	Aug 31, 2027	6.25%	Feb 28 and Aug 31	158,324	147,300
NWH.DB.I	\$10.55	Apr 27, 2023	Apr 30, 2028	7.75%	Apr 30 and Oct 31	90,985	83,663
						\$ 249,309	\$ 356,963

The Series H Debentures (NWH.DB.H) and Series I Debentures (NWH.DB.I) are convertible into REIT units at the option of the holders at any time and may be redeemed by the REIT in accordance with the terms of each series, beginning up to two years prior to maturity.

Beginning September 1, 2025 for the Series H Debentures and May 1, 2026 for the Series I Debentures, the debentures become redeemable at the option of the REIT, in whole or in part, on not less than 30 days' prior notice. For the Series H Debentures, the redemption price is equal to par plus accrued and unpaid interest, provided that the 20-day volume-weighted average trading price of the REIT's units on the Toronto Stock Exchange preceding the date of the redemption notice is not less than 125% of the conversion price. For the Series I Debentures, the market price of the REIT's units on the date of the redemption notice must be not less than 125% of the applicable conversion price. Thereafter, beginning September 1, 2026, for the Series H Debentures, and May 1, 2027, for the Series I Debentures, the debentures are redeemable at par plus accrued and unpaid interest, on not less than 30 days' prior notice.

On November 11, 2025, the REIT announced that the Toronto Stock Exchange had approved a normal course issuer bid permitting the repurchase of up to \$15.5 million of Series H Debentures and \$8.6 million of Series I Debentures. Refer to Note 17 for additional details.

Note 13. Unit-Based Compensation

The following table summarizes movements in unit-based compensation liabilities:

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of year	\$ 9,929	\$ 15,161
Unit-based compensation expense	8,333	4,463
Redeemed and paid in cash	(5,972)	(2,735)
Redeemed and settled in Trust Units	(631)	(3,219)
Fair value adjustment	1,066	(3,687)
Foreign exchange gain (loss)	(26)	(54)
Balance, end of year	\$ 12,699	\$ 9,929

The REIT has three types of unit-based incentive awards: deferred units, restricted units, and performance units. These awards are issued under the Equity Incentive Plan ("EIP") which was approved in 2022, and the prior Deferred Unit Plan ("DUP"), which remains in place for previously granted awards that have not yet vested or been redeemed. Under the EIP, a maximum of 9,000,000 Trust Units are authorized to be issued.

Deferred Units

The deferred units can be settled at the holder's option in REIT units or cash, subject to the REIT's approval. Accordingly, the deferred units are classified as a financial liability until redeemed.

Deferred unit compensation under the DUP is measured at the grant date based on the fair market value of a REIT unit, and recognized as an expense over the vesting period, which can range from immediate vesting to five years depending on the grant terms. Compensation expense for deferred units granted under the EIP vests immediately upon grant.

As at December 31, 2025, the fair value of accrued DUP units was \$4.3 million (December 31, 2024 - \$6.5 million) and is expected to vest during the year ended December 31, 2026. The deferred unit liability is remeasured at each reporting date based on the fair market value of a REIT unit, with changes in fair value recognized in the consolidated statements of income (loss) as part of fair value adjustment of unit-based compensation liabilities.

The following table summarizes movements in the number of deferred units outstanding:

(Number of Awards)	Year ended December 31, 2025	Year ended December 31, 2024
Outstanding, beginning of year	1,473,964	2,281,535
Granted	203,929	235,555
Redeemed and paid in cash	(785,706)	(507,943)
Redeemed and paid in REIT units	(132,496)	(640,632)
Forfeited	(8,362)	(36,541)
Distribution entitlement	96,701	141,990
Outstanding, end of year	848,030	1,473,964
Units vested	733,915	966,906

Restricted Units

The REIT grants restricted units ("RUs") under the EIP. The RUs generally vest 100% over a five-year period from their respective grant dates and are subject to forfeiture if the recipient ceases to hold office or provide services to the REIT before completion of the vesting period.

Restricted units are initially measured at the grant date fair value of a REIT unit and are remeasured at each reporting date. Grant agreements provide that awards will be settled upon vesting either through: (i) the issuance of a fixed number of REIT trust units from treasury, or (ii) a cash payment, as determined by the REIT. As the REIT retains discretion to settle these awards in cash, the RUs are classified as cash-settled unit-based payment liabilities. The RUs accrue distributions during the vesting period and are payable upon vesting of the underlying awards.

The following table summarizes movements in the number of restricted units outstanding:

(Number of Awards)	Year ended December 31, 2025	Weighted average grant date fair value per unit	Year ended December 31, 2024	Weighted average grant date fair value per unit
Outstanding, beginning of year	1,383,683	\$ 6.69	846,893	\$ 7.70
New grants	586,054	4.60	509,490	5.20
Redeemed and paid in cash	(322,017)	5.14	(27,337)	5.24
Redeemed and paid in REIT units	—	—	(25,302)	5.05
Forfeited	(294,518)	5.58	(17,393)	7.13
Distribution entitlement	131,663	5.08	97,332	4.91
Outstanding, end of year	1,484,865	\$ 6.28	1,383,683	\$ 6.69

As at December 31, 2025, the fair value of the accrued RUs was \$3.5 million (December 2024 - \$2.0 million), determined based on the trading price of the REIT's units. The awards are remeasured at each reporting date using the fair market value of a REIT unit, with changes in fair value recognized in the consolidated statements of income (loss) as part of fair value adjustment of unit-based compensation liabilities.

Performance Units

The REIT grants performance units (“PUs”) under the EIP with a three-year vesting period. The PUs are subject to both market and non-market performance conditions, which include measures of absolute and relative performance assessed over the three-year period.

Grant agreements provide that awards will be settled upon vesting either through (i) the issuance of a fixed number of REIT trust units from treasury, or (ii) a cash payment, as determined by the REIT. As the REIT retains discretion to settle the awards in cash, the PUs are classified as cash-settled unit-based payment liabilities. The PUs accrue distributions during the vesting period and are payable upon vesting of the underlying awards.

The following table summarizes movements in the number of performance units outstanding:

(Number of Awards)	Year ended December 31, 2025	Weighted average grant date fair value per unit	Year ended December 31, 2024	Weighted average grant date fair value per unit
Outstanding, beginning of year	1,310,134	\$ 7.12	577,918	\$ 9.60
New grants	908,899	4.65	670,066	5.23
Forfeited and cancelled by performance factor	(964,472)	7.44	(27,974)	6.25
Distribution entitlement	128,047	4.96	90,124	5.04
Outstanding, end of year	1,382,608	\$ 5.08	1,310,134	\$ 7.12

As at December 31, 2025, the fair value of the accrued PUs was \$4.8 million (December 31, 2024 - \$1.4 million), determined based on market and non-market performance measures. The awards are remeasured at fair value at each reporting date, with changes in fair value recognized in the consolidated statements of income (loss) as part of fair value adjustment of unit-based compensation liabilities for the period.

Grant dates	April 14, 2023 - July 2, 2025
Weighted average remaining term to vesting	1.17
Average volatility rate	18.3%
Weighted average risk-free interest rate	2.69%

The REIT’s unit-based compensation expense (recovery), recognized within general and administrative expenses and fair value adjustments, was as follows:

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Deferred Units	\$ 2,444	\$ (1,020)
Restricted Units	3,101	2,299
Performance Units	2,788	3,184
Unit-based compensation expense included in general and administration expenses	\$ 8,333	\$ 4,463
Fair value remeasurement:		
Deferred Units	\$ 428	\$ (527)
Restricted Units	33	(1,091)
Performance Units	605	(2,069)
Fair value adjustment of unit-based compensation liabilities	\$ 1,066	\$ (3,687)
Total expense	\$ 9,399	\$ 776

Note 14. Income Taxes

The REIT qualifies as both a mutual fund trust and a real estate investment trust under the Income Tax Act (Canada). As long as it continues to meet the prescribed asset and revenue conditions and distributes all taxable income to unitholders, it is generally exempt from Canadian income tax. Accordingly, no current or deferred income tax is recognized at the REIT level for Canadian income tax.

Certain subsidiaries of the REIT are subject to income tax in the jurisdictions in which they operate. Some of these subsidiaries also qualify for REIT-like tax treatment locally and must meet conditions to maintain that beneficial status. The income tax expense (recovery) presented in this note therefore relates only to income taxes payable by the REIT's subsidiaries and taxes arising on the distribution of profits from those subsidiaries to the REIT. Judgment is required in applying the relevant tax laws and in measuring uncertain tax positions (Note 3).

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Current income tax (expense) recovery	\$ (13,427)	\$ (21,143)
Deferred income tax (expense) recovery	7,366	70,652
Total income tax (expense) recovery	\$ (6,061)	\$ 49,509

Deferred Income Taxes

Deferred income taxes arise from temporary differences between the carrying amounts of assets and liabilities reported in the consolidated financial statements and their corresponding tax bases. Deferred tax assets are recognized only when it is probable they will be realized through future taxable profits, while deferred tax liabilities are recorded for taxable temporary differences.

Deferred tax assets and liabilities are presented on a net basis when they relate to the same taxable entity and jurisdiction and when a legally enforceable right of offset exists. The components of the REIT's deferred tax balances and the movements during the period are set out below.

(\$ thousands)	As at December 31, 2025	As at December 31, 2024
Investment properties	\$ 213,597	\$ 321,865
Other temporary differences	30,405	399
Deferred income tax liabilities before offset	244,002	322,264
Tax offset	(3,662)	(7,043)
Total deferred income tax liabilities	\$ 240,340	\$ 315,221
Derivative financial instruments	—	855
Tax loss carryforwards	4,899	4,573
Other temporary differences	1,431	4,065
Deferred income tax assets before offset	6,330	9,493
Tax offset	(3,662)	(7,043)
Total deferred income tax assets	\$ 2,668	\$ 2,450
Net deferred income tax liabilities	\$ 237,672	\$ 312,771

In 2025, the REIT recognized a deferred tax liability on undistributed profits in subsidiaries relating to the proceeds received from the internalization of Vital Trust and historic earnings from its previous external management arrangements with Vital Trust. This amount is included in 'Other temporary differences' in the breakdown of the REIT's deferred tax balances above. Management has applied its judgment in measuring the deferred tax liability at the most probable amount.

Notes to the Consolidated Financial Statements

Unrecognized Deferred Tax Assets and Liabilities

As at December 31, 2025, the REIT has \$484.1 million of accumulated tax losses and other deductible temporary differences (December 31, 2024 – \$457.2 million) for which no deferred tax asset has been recognized. These amounts have not been recognized because it is not considered probable that they will be realized against future taxable profits of the relevant subsidiaries. Of these differences, \$416.1 million (December 31, 2024 – \$360.5 million) have no expiry date, while the remaining amounts expire over periods ranging from 10 to 20 years.

In addition, the REIT has \$2.2 million (December 31, 2024 – \$69.8 million) of taxable temporary differences associated with investments in subsidiaries for which no deferred tax liability has been recognized. These amounts have not been recognized because the REIT can control the timing of reversal and it is not expected that these temporary differences will reverse in the foreseeable future. The decrease in the amount of unrecognized taxable temporary difference from 2024 to 2025 is due to the REIT recognizing a deferred tax liability on undistributed profits relating to its previous external management arrangements with Vital Trust.

Reconciliation of Income Tax Expense (Recovery)

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Income (loss) before income taxes	\$ 27,282	\$ (369,713)
Income tax computed at domestic tax rates	3,568	77,659
Items not deductible	5,191	34
Reversal of previously recorded deferred tax liability on current year disposition	—	5,496
Deductible temporary differences for which no deferred tax asset is recognized	(11,050)	(27,877)
Derecognition of previously recognized deferred tax assets	(322)	(9,030)
Change in uncertain tax positions	—	5,800
Change in unrecorded tax benefit of losses and temporary differences	1,631	—
Withholding tax	(1,015)	—
Tax adjustments related to prior years	(2,808)	(1,995)
Other	(1,256)	(578)
Income tax (expense) recovery	\$ (6,061)	\$ 49,509

Note 15. Accounts Payable and Accrued Liabilities

(\$ thousands)	As at December 31, 2025	As at December 31, 2024
Accrued property costs	\$ 25,272	\$ 35,784
Accrued interest	15,969	11,982
Deferred revenue and tenant deposits	15,661	18,252
Accrued employee costs	9,004	11,633
Accounts payable	8,497	5,657
Accrued professional fees	5,416	5,885
Commodity taxes payable	3,331	5,943
Other accounts payable and accrued liabilities	3,104	9,972
	\$ 86,254	\$ 105,108
Classified as:		
Current portion	\$ 72,417	\$ 88,323
Non-current portion	13,837	16,785
Accounts payable and accrued liabilities	\$ 86,254	\$ 105,108

Note 16. Unitholders' Equity

The REIT has two classes of units: (a) Trust units; and (b) special voting units. As at December 31, 2025, no special voting units were outstanding.

The REIT is authorized to issue an unlimited number of Trust Units and an unlimited number of special voting units, both without par value. Each Trust Unit represents one vote at meetings of unitholders and entitles the holder to a pro rata share of distributions declared by the REIT. Trust Units are redeemable at the option of the holder, and upon receipt of a redemption notice, all rights attached to the units are surrendered. The redemption price is calculated in accordance with the formula set out in the REIT's Declaration of Trust and is payable in accordance with those provisions.

The following table shows the changes in Trust Units during the years ended December 31, 2025 and 2024:

(\$ thousands except where otherwise indicated)	Note	As at December 31, 2025		As at December 31, 2024	
		Trust Units	Amount	Trust Units	Amount
Units, beginning of year		247,784,245	\$ 2,547,239	243,292,126	\$ 2,525,040
Units issued through distribution reinvestment plan		2,079,203	9,744	2,116,185	10,054
Units issued on conversion of convertible debentures	12	1,379	10	1,710,000	8,926
Units issued under unit-based compensation plans	13	127,843	631	665,934	3,219
Units, end of year		249,992,670	\$ 2,557,624	247,784,245	\$ 2,547,239

Following the September 2025 distribution (paid on October 15, 2025), the REIT suspended its distribution reinvestment plan ("DRIP") until further notice. Unitholders previously enrolled in the DRIP now receive their distribution payments in cash. Prior to the suspension, the DRIP allowed unitholders to reinvest monthly cash distributions in additional Trust Units at a 3% discount to the weighted average trading price for the five trading days immediately preceding the distribution date.

Note 17. Normal Course Issuer Bid

On November 11, 2025, the REIT announced that the Toronto Stock Exchange ("TSX") had approved its intention to implement a normal course issuer bid ("NCIB") for a portion of its outstanding Series H and Series I convertible unsecured debentures and trust units. The NCIB allows the REIT to repurchase up to \$15.5 million principal amount of Series H Debentures, \$8.6 million principal amount of Series I Debentures, and 22.2 million trust units, representing approximately 10% of each public float as of October 31, 2025.

The NCIB commenced on November 14, 2025, and will continue until November 13, 2026, unless completed or terminated earlier. All securities acquired under the NCIB will be cancelled, and the REIT intends to fund the purchases from available resources. The REIT also adopted an automatic securities purchase plan, effective November 14, 2025, to permit repurchases during regulatory blackout periods in accordance with TSX requirements.

During the period from January 1, to February 24, 2026, the REIT completed purchases of its convertible debentures pursuant to the NCIB. The REIT acquired 902 units of its convertible debentures for total cash consideration of \$0.9 million.

Note 18. Non-Controlling Interest

Until its internalization in December 2025 (Note 5), Vital Trust was consolidated by the REIT, with a non-controlling interest ("NCI") recognized for units not owned. Upon internalization, the REIT lost control of Vital Trust, resulting in derecognition of the NCI, and its remaining interest is now accounted for using the equity method (Note 8).

Prior to internalization, the REIT's ownership interest in Vital Trust fluctuated due to equity offerings in which the REIT did not participate, distribution reinvestment plans, settlement of management fees, and periodic unit sales. Immediately before internalization, the REIT held a 23.9% ownership interest (December 31, 2024 – 28.3%).

Summarized Balance Sheet – Vital Trust (100% basis)

The following table summarizes Vital Trust's 100% financial position at the dates presented, before intercompany eliminations and reflecting both the REIT's and third-party interests.

(\$ thousands)	As at December 31, 2025	As at December 31, 2024
REIT's ownership interest	23.9 %	28.3 %
Total assets	\$ —	\$ 2,671,693
Total liabilities	—	1,231,603
Net assets	\$ —	\$ 1,440,090
Attributable to:		
Unitholders of the REIT	\$ —	\$ 421,992
Non-controlling interests	—	1,018,098
	\$ —	\$ 1,440,090

Summarized Results of Operations – Vital Trust (100% basis)

The following table summarizes Vital Trust's results of operations on a 100% basis, before intercompany eliminations, for the periods during which it was consolidated:

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Revenue from investment properties	\$ 148,948	\$ 142,977
Net loss attributable to:		
Unitholders of the REIT	\$ 27,342	\$ (8,068)
Non-controlling interests	74,073	(20,420)
Net loss	\$ 101,415	\$ (28,488)
Total comprehensive loss attributable to:		
Unitholders of the REIT	\$ 28,032	\$ (15,766)
Non-controlling interests	74,045	(35,898)
Total comprehensive loss	\$ 102,077	\$ (51,664)
Distributions attributable to non-controlling interests	\$ 38,748	\$ 39,537

Notes to the Consolidated Financial Statements

Share of Net Loss and Comprehensive Loss Attributable to NCI

The following table summarizes the share of net loss and comprehensive loss attributable to non-controlling interests for the periods presented, before intercompany eliminations and reflecting both the REIT's and third-party interests. These amounts relate primarily to Vital Trust prior to internalization.

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Net income (loss) attributable to:		
Vital Trust	\$ 74,073	\$ (20,420)
Other investments	—	(27)
Net income (loss) attributable to non-controlling interests	\$ 74,073	\$ (20,447)
Comprehensive income (loss) attributable to:		
Vital Trust	\$ 74,045	\$ (35,898)
Other investments	—	(27)
Comprehensive income (loss) attributable to non-controlling interests	\$ 74,045	\$ (35,925)

Summarized Cash Flows – Vital Trust (100% basis)

Cash flows reflect Vital Trust's operating, investing, and financing activities for the period during which Vital Trust was consolidated.

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Cash flows from (used in):		
Operating activities	\$ 64,780	\$ 50,698
Investing activities	(13,939)	(49,100)
Financing activities	127,476	(7,163)
Effect of foreign currency translation	5,278	17
Net change in cash and cash equivalents	\$ 183,595	\$ (5,548)
Cash and cash equivalents, end of year	\$ 189,184	\$ 5,706

For the year ended December 31, 2025, the REIT earned management fees from Vital Trust of \$19.9 million (December 31, 2024 - \$25.2 million), which were eliminated on consolidation.

Notes to the Consolidated Financial Statements

Note 19. Revenue from Investment Properties

The components of revenue from investment properties are as follows:

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Rental income including straight-line rental revenue	\$ 319,091	\$ 357,751
Operating cost recoveries	63,931	63,308
Property tax and insurance recoveries	30,964	32,789
Other revenue	8,539	8,555
Revenue from investment properties	\$ 422,525	\$ 462,403

Future Minimum Contractual Rent

The REIT enters into operating leases with tenants for space within its investment properties. Lease terms vary by asset type and tenant profile and generally include fixed base rent with scheduled contractual increases, together with recoveries of operating costs and realty taxes.

Future minimum contractual rent includes only fixed lease payments due under non-cancellable lease terms and excludes recoveries, variable rent and straight-line rent adjustments. Renewal options are included only when they are reasonably certain to be exercised.

The following table summarizes the future minimum contractual base rent to be received under non-cancellable operating leases:

(\$ thousands)		
2026	\$	170,195
2027		165,236
2028		159,327
2029		151,060
2030		142,410
Thereafter		753,013
Total	\$	1,541,241

Note 20. Property Operating Costs

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Property taxes and insurance	\$ 31,642	\$ 35,600
Recoverable operating costs	67,698	64,844
Non-recoverable operating costs	11,047	12,551
Property operating costs	\$ 110,387	\$ 112,995

Note 21. Interest and Other Income

(\$ thousands)	Note	Year ended December 31, 2025	Year ended December 31, 2024
Distribution income	10	\$ 3,733	\$ 8,622
Interest income from related parties	32	5,327	4,889
Interest income from loan and mortgage receivable	10	1,057	1,556
Other interest income		3,438	3,773
Interest and other income		\$ 13,555	\$ 18,840

Notes to the Consolidated Financial Statements

Note 22. Finance Costs

Finance costs consist of interest on borrowings and amortization of deferred financing costs, both determined under the effective interest method, along with other financing costs.

(\$ thousands)	Note	Year ended December 31, 2025	Year ended December 31, 2024
Interest expense		\$ 147,751	\$ 213,892
Amortization of financing costs	11, 12	8,808	22,630
Other finance expenses		—	169
		156,559	236,691
Less: Capitalized interest	6	(19,518)	(23,435)
Finance costs		\$ 137,041	\$ 213,256

Note 23. General and Administrative Expenses

(\$ thousands)	Note	Year ended December 31, 2025	Year ended December 31, 2024
Salaries, benefits and other employee costs ⁽¹⁾		\$ 40,854	\$ 38,838
Professional fees and corporate costs		9,500	11,791
Unit-based compensation expense	13	8,333	4,391
Information technology costs		4,539	3,908
Employee termination benefits and associated costs		5,263	3,901
Office related costs		3,790	3,018
Investor relations and public company costs		3,269	3,496
Other		4,167	6,266
		79,715	75,609
Less: Capitalized to properties under development		(5,123)	(4,830)
Less: Allocated to property operating expenses		(12,601)	(12,605)
General and administrative expenses		\$ 61,991	\$ 58,174

⁽¹⁾Salaries, benefits and employee costs are presented net of amounts allocated to transaction costs and net loss on disposal of assets.

Note 24. Transaction Costs

For the year ended December 31, 2025, the REIT incurred transaction costs of \$18.7 million (2024 - \$16.7 million). Transaction costs primarily include third-party advisory fees, legal and diligence costs, and internal compensation allocations related to acquisitions, dispositions, capital-raising initiatives and other strategic activities. These amounts vary from year to year depending on transaction activity.

Note 25. Fair Value Adjustment of Financial Instruments

(\$ thousands)	Note	Year ended December 31, 2025	Year ended December 31, 2024
Interest rate and cross currency derivatives	9	\$ 1,875	\$ (7,509)
Foreign exchange contracts	9	(1,053)	53
Investment in real estate securities	10	37,161	(17,558)
Fair value adjustment of financial instruments		\$ 37,983	\$ (25,014)

The REIT previously held investments in (i) Assura and (ii) unlisted securities issued by an Australian healthcare fund, both of which were measured at fair value through profit or loss. During 2025, the REIT disposed of all remaining interests in these investments (Note 10).

Note 26. Financial Instruments

The REIT's financial instruments are measured and presented in accordance with the policies described in Note 2. Certain instruments are carried at fair value, while others are measured at amortized cost with fair value disclosed when relevant. Fair values reflect market conditions at the reporting date.

Fair value hierarchy

Fair value measurements are categorized within a three-level hierarchy based on the lowest-level input that is significant to the valuation. The valuation framework and definitions of Levels 1, 2 and 3 are described in Note 2. The following table summarizes the REIT's financial instruments measured at fair value, as well as those for which fair value is disclosed, classified within the hierarchy as at December 31, 2025 and 2024:

	Note	As at December 31, 2025				As at December 31, 2024			
		Carrying value	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3
Financial Assets									
Fair value through profit and loss:									
Investment in Assura		\$ —	\$ —	\$ —	\$ —	\$169,417	\$169,417	\$ —	\$ —
Investment in unlisted securities		—	—	—	—	4,278	—	—	4,278
Derivative financial instruments	9	3,854	—	3,854	—	16,185	—	16,185	—
Amortized cost:									
Loans and mortgages receivable	10	3,850	—	—	3,850	14,963	—	—	14,963
Cash and cash equivalents		94,081	94,081	—	—	51,247	51,247	—	—
Financial Liabilities									
Fair value through profit and loss:									
Derivative financial instruments	9	237	—	237	—	6,181	—	6,181	—
Convertible debentures	12	249,309	249,309	—	—	356,963	356,963	—	—
Unit-based compensation liabilities	13	12,699	—	7,881	4,818	9,929	—	8,504	1,425
Amortized cost:									
Mortgages payable and term debt	11	613,487	—	616,573	—	2,635,545	—	2,646,292	—
Senior unsecured debentures	12	497,322	511,970	—	—	—	—	—	—

Valuation techniques

Valuation methodologies for the REIT's financial instruments are summarized in Note 2. Quoted market prices are used when available; otherwise valuation techniques incorporate observable market inputs. Fixed-rate debt is valued using discounted cash flows based on current market interest rates for similar instruments. Variable-rate debt, cash and other short-term financial assets and liabilities approximate carrying value due to their short maturities.

There were no transfers between levels of the fair value hierarchy during the year.

Note 27. Financial Risk Management

The REIT is exposed to a number of financial risks through its use of financial instruments, including liquidity risk, interest rate risk, foreign currency risk, price risk and credit risk. The objective of the REIT’s financial risk management program is to manage these risks in a manner consistent with its strategy and risk tolerance. Risk management policies are monitored on an ongoing basis and updated to reflect changes in market conditions and the REIT’s operations.

Liquidity Risk

Liquidity risk is the risk that the REIT will not be able to meet its financial obligations as they come due or obtain funding on reasonable terms. The REIT manages liquidity risk by maintaining sufficient cash on hand, access to undrawn credit facilities, a diversified lender base, staggered debt maturities, and ongoing monitoring of financial covenants. Management also prepares regular cash flow forecasts and monitors its pool of unencumbered assets to support potential secured financing.

The table below summarizes the REIT’s contractual undiscounted cash flows for its financial liabilities, including estimated interest payments based on interest rates in effect at December 31, 2025:

(\$ thousands)	Carrying Amount	Contractual Cash Flows	2026	2027	2028	2029	2030	Thereafter
Mortgages payable	\$ 597,122	\$ 641,395	\$249,933	\$ 97,002	\$116,678	\$133,733	\$ 34,391	\$ 9,658
Term debt	239,110	268,807	37,612	80,074	58,289	22,488	59,994	10,350
Liabilities related to assets held for sale	221,065	221,065	221,065	—	—	—	—	—
Senior unsecured debentures	497,322	590,674	26,580	26,580	218,215	16,542	302,757	—
Convertible debentures	249,309	273,269	16,388	168,403	88,478	—	—	—
	\$1,803,928	\$ 1,995,210	\$551,578	\$372,059	\$481,660	\$172,763	\$397,142	\$ 20,008

In addition to the amounts above, the REIT has development commitments of \$140.9 million (Note 31).

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The REIT’s principal market risks include interest rate risk, foreign currency risk and price risk.

Interest Rate Risk

The REIT is exposed to interest rate risk primarily through variable-rate borrowings. The REIT manages this exposure by maintaining a mix of fixed- and floating-rate debt and through the use of interest rate derivatives. As at December 31, 2025, approximately 77.2% of the REIT’s borrowings were contractually fixed (December 31, 2024 - 36.0%). Approximately 91.8% of the REIT’s borrowings effectively fixed when taking into consideration variable rate debt under currently effective interest rate swaps and caps (December 31, 2024 - 78.7%).

A 100 basis point change in interest rates, assuming all other variables remain constant, would impact annual net income by approximately \$8.4 million (December 31, 2024 - \$26.4 million).

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Foreign currency risk

The REIT is exposed to foreign currency risk through its foreign-currency-denominated borrowings and its net investments in subsidiaries located in Europe, Brazil, the United States, Australia and New Zealand. The REIT manages this risk through local-currency financing, natural hedging, selective use of derivatives, and ongoing monitoring of exposures. Foreign-currency translation adjustments arising from net investments in foreign subsidiaries are recorded in other comprehensive income.

The table below summarizes the effect of a 10% strengthening of the Canadian dollar against major currencies on the REIT's net income, assuming all other variables remain constant:

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Europe (EUR)	\$ 5,428	\$ 4,579
Europe (GBP)	(3,733)	13,143
Brazil (BRL)	(4,743)	5,596
North America (USD)	(160)	4,401
Australasia (NZD)	(22,865)	1,634
Australasia (AUD)	19	3,775
	\$ (26,054)	\$ 33,128

A 10% weakening of the Canadian dollar would have an equal and opposite effect.

Price risk

Price risk arises from financial instruments whose value changes with market prices, including the REIT's unit-based compensation liabilities, exchangeable units, and any equity securities measured at fair value. These instruments are remeasured each reporting period, with changes recognized in profit or loss. The REIT does not apply specific hedging strategies for price risk.

Credit risk

Credit risk is the risk of financial loss from a counterparty's inability to meet its obligations. The REIT's primary credit exposures relate to tenant receivables, cash deposits held with financial institutions and derivative counterparties.

Tenant credit risk is mitigated through credit assessments of new tenants, ongoing monitoring of payment performance and diversification of the tenant base. Cash is held with major financial institutions, and derivative contracts are entered into only with high-quality counterparties. The REIT's maximum exposure is the carrying value of its financial assets.

An aging analysis of accounts receivable past due, net of expected credit losses, is provided below:

(\$ thousands)	As at December 31, 2025	As at December 31, 2024
Less than 30 days	\$ 910	\$ 4,881
31 to 60 Days	1,342	813
61-90 days	91	900
More than 90 Days	1,513	1,757
Total billed	3,856	8,351
Unbilled and other receivables	13,216	18,193
Expected credit losses	(1,658)	(2,038)
Accounts receivable	\$ 15,414	\$ 24,506

As at December 31, 2025, unbilled and other receivable included \$6.7 million of unbilled operating recoveries, \$3.5 million of income tax receivable and \$1.8 million of other receivables expected to be collected within the year.

Note 28. Capital Management

Capital is comprised of the REIT's unitholders' equity, mortgages, term debt and credit facilities, and debentures. The REIT manages its capital structure to support operations, fund development and investment activity, maintain financial flexibility, and comply with externally imposed requirements under its Declaration of Trust and lending agreements. Management may adjust the REIT's capital structure by issuing or repurchasing units, refinancing existing debt, accessing credit facilities, or disposing of assets as circumstances warrant.

The Declaration of Trust limits total indebtedness to no more than 65% of Gross Book Value, excluding deferred revenue and unsecured debt.

The REIT's mortgages, term debt and credit facilities are subject to financial covenants (Note 11) that are tested quarterly. Management monitors its capital position on an ongoing basis, including reviewing key indicators such as debt-to-gross book value, debt service coverage, and minimum equity. As at December 31, 2025, the REIT is subject to the following covenants under its secured revolving credit facility:

- Debt to gross asset value, excluding convertible debentures, not in excess of 65%;
- Debt to gross book value, including convertible debentures, not in excess of 70%;
- Debt service coverage ratio of not less than 1.3:1, on a trailing twelve-month basis; and
- Minimum unitholders' equity of \$1.0 billion plus 75% of net proceeds from equity offerings completed after December 31, 2024.

The debt service coverage ratio increases to 1.4:1 beginning March 31, 2026, with quarterly testing thereafter.

The REIT's senior unsecured debentures are also subject to occurrence-based covenants under the supplemental indenture, including:

- Interest coverage ratio greater than or equal to 1.65:1;
- Indebtedness to asset value, excluding convertible debentures and adjusting for cash and cash equivalents, of less than or equal to 65%; and
- Proportionate adjusted unitholders' equity of not less than \$500.0 million.

Failure to comply with these covenants could restrict the REIT's ability to access financing, declare distributions, or, in certain circumstances, require repayment of outstanding amounts. As at December 31, 2025, the REIT was in compliance with all applicable covenants (Note 11 and 12).

In addition, on the earlier of February 18, 2027 or the date upon which the REIT's secured revolving credit facility becomes an unsecured obligation, the REIT will be required to maintain an interest coverage ratio of at least 1.65:1.

Note 29. Supplemental Cash Flow Information**Changes in non-cash working capital**

(\$ thousands)		Year ended December 31, 2025		Year ended December 31, 2024
Accounts receivable	\$	(14,347)	\$	1,790
Other assets		5,906		(2,380)
Accounts payable and accrued liabilities		40,355		(6,239)
Changes in non-cash working capital	\$	31,914	\$	(6,829)

Items not affecting cash and other items

(\$ thousands)	Note	Year ended December 31, 2025		Year ended December 31, 2024
Amortization of other assets		\$ 2,253	\$	3,671
Unrealized foreign exchange gain		(4,718)		(32,635)
Unit-based compensation expense	13	8,333		4,463
Fair value adjustment of convertible debentures	12	17,346		36,109
Fair value adjustment of financial instruments	25	(37,983)		25,014
Fair value adjustment of investment properties	6, 7	61,868		368,791
Fair value adjustment of unit-based compensation liabilities	13	1,066		(3,687)
Items not affecting cash and other items		\$ 48,165	\$	401,726

Non-cash financing and investing activities

(\$ thousands)	Note	Year ended December 31, 2025		Year ended December 31, 2024
Non-cash distributions to unitholders under the DRIP	16	\$ 9,744	\$	10,054
Non-cash conversion of convertible debentures	16	10		—
Non-cash conversion of Class B exchangeable units	16	—		8,926
Non-cash consideration from sale of subsidiary	10	—		177,000
Units issued under unit-based compensation plan	13	631		3,219
Non-cash financing and investing activities		\$ 10,385	\$	199,199

Note 30. Segmented Information

The REIT operates within a single industry segment, the healthcare real estate sector, but manages its operations across four geographic regions: North America, Brazil, Europe, and Australasia. The Chief Executive Officer evaluates the performance of each operating segment based on operating income (loss). The "Other" category primarily consists of corporate functions that do not generate revenue and are not considered reportable operating segments. The accounting policies applied to each segment are consistent with those applied by the REIT as a whole.

During the year ended December 31, 2025, a single tenant in Brazil accounted for approximately 14% of the total revenue from investment properties on a consolidated basis (year ended December 31, 2024 - 11%).

(\$ thousands)	North America	Brazil	Europe	Australasia	Other	As at December 31, 2025
Investment properties	\$1,313,154	\$ 668,650	\$ 154,313	\$ 134,872	\$ —	\$ 2,270,989
Mortgages, term debt and credit facilities	280,616	121,456	95,441	72,977	42,997	613,487

(\$ thousands)	North America	Brazil	Europe	Australasia	Other	As at December 31, 2024
Investment properties	\$1,350,638	\$ 612,744	\$ 562,823	\$2,734,785	\$ —	\$ 5,260,990
Mortgages, term debt and credit facilities	564,610	130,140	389,485	1,138,771	412,539	2,635,545

(\$ thousands)	North America	Brazil	Europe	Australasia	Corporate	Year ended December 31, 2025
Net property operating income						
Revenue from investment properties	\$ 150,787	\$ 58,951	\$ 54,344	\$ 158,443	\$ —	\$ 422,525
Property operating costs	(65,103)	(1,598)	(19,273)	(24,413)	—	(110,387)
	85,684	57,353	35,071	134,030	—	312,138
Other income (expenses)						
Interest and other income	336	1,238	4,022	2,429	5,530	13,555
Management fees	84	—	3,107	11,904	—	15,095
Share of income (loss) from equity accounted investments	—	—	2,884	4,102	—	6,986
Finance costs	(18,099)	(6,214)	(12,001)	(44,025)	(56,702)	(137,041)
General and administrative expenses	(7,349)	(2,287)	(9,124)	(20,094)	(23,137)	(61,991)
Transaction costs	(98)	(258)	(5,022)	(2,067)	(11,252)	(18,697)
Foreign exchange gain (loss)	378	(12)	7,289	(2,870)	(225)	4,560
Operating income (loss)	60,936	49,820	26,226	83,409	(85,786)	134,605
Accretion of financial liabilities						(6,817)
Fair value adjustment of convertible debentures						(17,346)
Fair value adjustment of financial instruments						37,983
Fair value adjustment of investment properties						(61,868)
Loss on internalization of Vital Trust						(51,595)
Net loss on disposals of assets						(6,614)
Fair value adjustment of unit-based compensation liabilities						(1,066)
Income tax (expense) recovery						(6,061)
Net income					\$	21,221

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(\$ thousands)	North America	Brazil	Europe	Australasia	Other	Year ended December 31, 2024
Net property operating income						
Revenue from investment properties	\$ 166,843	\$ 57,399	\$ 85,826	\$ 152,335	\$ —	\$ 462,403
Property operating costs	(71,332)	(1,704)	(19,241)	(20,718)	—	(112,995)
	95,511	55,695	66,585	131,617	—	349,408
Other income (expenses)						
Interest and other income	408	445	7,897	5,000	5,090	18,840
Management fees	78	—	2,918	12,154	—	15,150
Share of income (loss) from equity accounted investments	—	—	(1,639)	(29,086)	—	(30,725)
Finance costs	(36,073)	(25,442)	(33,264)	(43,799)	(74,678)	(213,256)
General and administrative expenses	(6,638)	(2,058)	(11,089)	(20,435)	(17,954)	(58,174)
Transaction costs	(956)	(735)	(2,830)	(7,974)	(4,198)	(16,693)
Foreign exchange gain (loss)	(3)	4,894	2,198	(1,363)	28,153	33,879
Operating income (loss)	52,327	32,799	30,776	46,114	(63,587)	98,429
Accretion of financial liabilities						(7,245)
Fair value adjustment of convertible debentures						(36,109)
Fair value adjustment of financial instruments						(25,014)
Fair value adjustment of investment properties						(368,791)
Net loss on disposals of assets						(34,670)
Fair value adjustment of unit-based compensation liabilities						3,687
Income tax (expense) recovery						49,509
Net loss					\$	(320,204)

Note 31. Commitments and Contingent Liabilities

Property commitments

The REIT has entered into acquisition and construction agreements on certain development properties, with committed costs of \$140.9 million as at December 31, 2025 (December 31, 2024 - \$88.0 million). \$112.0 million of the committed costs are related to acquisition agreements related a development project in North America. The REIT expects to complete these projects throughout 2026 to 2029.

Landlord work commitments

Pursuant to a lease renewal during the year ended December 31, 2024, the REIT has entered into an agreement to reimburse the tenant on a Brazilian property for up to \$6.6 million of landlord's work. The reimbursement is expected to occur by October 2027.

Guarantees

The REIT provides guarantees to subsidiaries, including consolidated and equity accounted entities, which are not expected to have a material impact on the consolidated financial statements. In connection with the 2023 disposition of an Australasian investment property, the REIT entered into agreements to provide rental guarantees of up to \$0.9 million, expiring in 2028. These guarantees would become effective if the sub-lease is terminated due to default by the sub-landlord. No such action has occurred or is anticipated, and accordingly no provision has been recognized by the REIT.

Indemnities

In connection with the sale and contribution of European investment properties to the European joint venture in 2020, the REIT indemnified its joint venture partner for potential tax liabilities relating to those properties. As the eventual disposition of the properties depends on uncertain future events not within the REIT's control, and the taxable outcome cannot be reliably estimated, no provision has been recognized.

As part of the formation of a joint venture in 2020, the REIT disposed of its 70% interest in AREIT units and indemnified its joint venture partner for potential tax liabilities relating to AREIT's investment properties contributed to the joint venture. This indemnity expires if the properties are not sold within 15 years of settlement. For the same reasons noted above, no provision has been recognized.

The REIT also indemnifies trustees, directors, and officers of the REIT and its subsidiaries, to the extent permitted by law, against damages, liabilities, costs, or expenses incurred in connection with their service. Such indemnities are subject to statutory and other legal limitation periods. Due to the nature of these agreements, the maximum potential amount payable cannot be reasonably estimated. Accordingly, no provision has been recognized.

Legal proceedings

The REIT is subject to legal and other claims in the normal course of business. Management and the REIT's legal counsel evaluate all claims. In the opinion of management, these claims are generally covered by the REIT's insurance policies and any liability from such claims would not have a significant effect on the REIT's consolidated financial statements. Accordingly, no provision has been recognized.

Uncertain tax positions

The REIT operates in multiple foreign jurisdictions where local tax rules and interpretations can be complex. The REIT and its subsidiaries are subject to ongoing reviews by tax authorities in these jurisdictions. Management evaluates these matters in accordance with IFRIC 23, and does not expect any unresolved examinations to have a material impact on the consolidated financial statements.

Other commitments

As at December 31, 2025, the REIT has no material non-cancellable lease commitments for which the related lease has not yet commenced, and no significant environmental remediation obligations.

Note 32. Related Party Transactions

Transactions with related parties disclosed below are recorded at the transaction or exchange amount, being the amount agreed to between the parties.

Transactions with Equity Accounted Investments

The REIT's share of income (loss) on a gross basis, before eliminations, includes interest expense related to loan balances outstanding between the REIT and the European JV, and management fee expenses related to management services provided by the REIT to the joint ventures as follows:

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Interest income	\$ 5,327	\$ 4,889
Management fees	4,506	4,513
Transactions with Equity Accounted Investments	\$ 9,833	\$ 9,402

Transactions with Key Management Personnel

Key management personnel include the REIT's senior executive officers (current and former) and Trustees. Compensation is recognized for the periods during which each individual qualified as key management personnel.

(\$ thousands)	Year ended December 31, 2025	Year ended December 31, 2024
Salaries, trustee fees, incentives and short-term employee benefits	\$ 5,751	\$ 6,905
Unit-based compensation recorded in:		
General and administrative expenses	3,010	4,504
Fair value adjustment of unit-based compensation liabilities	1,041	(2,172)
Compensation of key management personnel	\$ 9,802	\$ 9,237

No other related party transactions occurred during the year, other than those disclosed elsewhere in these consolidated financial statements.

Note 33. Subsequent Events

1. On December 15, 2025, the REIT announced a distribution of \$0.03 per unit to unitholders of record on December 31, 2025 and was paid on January 15, 2026.
2. On January 15, 2026 the REIT announced a distribution of \$0.03 per unit to unitholders of record on January 30, 2026 and was paid on February 13, 2026.
3. Subsequent to December 31, 2025, the REIT repaid two Canadian mortgages totalling \$23.7 million that matured in January and February 2026, bearing a weighted average interest rate of 2.82%, using capacity under its revolving credit facility and proceeds from the internalization.
4. Subsequent to December 31, 2025, the REIT also refinanced \$16.7 million (A\$18.2 million) of term debt in Australia, extending maturity one year to July 2029 and reducing the facility margin by 32 basis points.
5. From January 1 to February 24, 2026, the REIT repurchased Series H and Series I convertible debentures under its NCIB. In total, 888 debentures were acquired for aggregate cash consideration of \$0.9 million.