northwest

Consolidated Financial Statements

For the years ended

December 31, 2024 and 2023

Northwest Healthcare Properties
Real Estate Investment Trust

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders 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 Entity), which comprise:

- the consolidated balance sheets as at December 31, 2024 and December 31, 2023
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended
- the consolidated statements of unitholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity 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 Matters

Key audit matters ("KAMs") are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the KAMs to be communicated in our auditor's report:

Evaluation of the fair value of investment properties

Description of the matter

We draw attention to Note 1(c)(ii) and Note 3 of the financial statements. Investment properties are measured by the Entity at their estimated fair value at each reporting date, determined either using internal valuation models incorporating available market evidence or from valuations performed by independent third-party appraisers. The Entity has recorded investment properties at fair value for an amount of $5,261 million.

Significant assumptions in determining the estimated fair value of investment properties include:

- future cash flows, capitalization rates, terminal capitalization rates and discount rates applied to these cash flows.

Why the matter is a key audit matter

We identified the evaluation of the fair value of investment properties as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of investment properties and the high degree of estimation uncertainty in determining the fair value of investment properties. In addition, significant auditor judgment and involvement of those with specialized skills and knowledge were required in performing and evaluating the results of our audit procedures due to the sensitivity of the fair value of investment properties to changes in certain significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of investment properties, we compared the future cash flows used in the prior year's estimate of the fair value of investment properties to actual results to assess management's ability to forecast future cash flows.

For a selection of investment properties, we compared the future cash flows generated by the investment properties to the actual historical cash flows. We took into account the changes in conditions and events affecting the investment properties to assess the adjustments, or lack of adjustments, made by the Entity in arriving at those future cash flows.

For a selection of investment properties, we involved valuations professionals with specialized skills and knowledge, who assisted in evaluating the capitalization rates, terminal capitalization rates and discount rates. These rates were evaluated by comparing them to published reports of real estate industry commentators and the estimated implied rates from comparable recent sales of similar properties, while considering the features of the specific investment property.

We evaluated the competence, capabilities and objectivity of the independent third-party appraisers by:

- Inspecting evidence that the appraisers are in good standing with the Appraisal Institute.
- Considering whether the appraisers have appropriate knowledge in relation to the specific type of investment properties.
- Reading the reports of the independent third-party appraisers which refers to their independence.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will 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 and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at 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 the 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 Accounting Standards as issued by the International Accounting Standards Board, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Entity'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 Entity'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 Entity 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.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the 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 auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Michael Kavanagh.

Toronto, Canada

March 10, 2025

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

Consolidated Balance Sheets
(in thousands of Canadian dollars)

As at	Note		December 31, 2024		December 31, 2023
Assets					
Investment properties	**3**	**$**	**5,260,990**	$	6,874,660
Equity accounted investments	**5**		**325,965**		362,340
Intangible assets			**47,687**		43,780
Goodwill			**37,178**		38,566
Deferred tax assets	**11**		**2,450**		9,177
Derivative financial instruments	**6**		**16,185**		26,057
Other assets	**7**		**222,357**		124,173
Accounts receivable			**24,506**		21,800
Assets held for sale	**4**		**59,278**		55,972
Cash, cash equivalents, and restricted cash	**15**		**52,980**		72,090
Total assets		**$**	**6,049,576**	$	7,628,615
Liabilities					
Mortgages and loans payable	**8**	**$**	**2,635,545**	$	3,583,248
Convertible debentures	**9**		**356,963**		320,854
Lease liabilities			**21,506**		17,562
Unit-based compensation liabilities	**10**		**9,929**		15,161
Class B exchangeable units	**12**		**—**		8,721
Deferred tax liabilities	**11**		**315,221**		418,446
Derivative financial instruments	**6**		**6,181**		6,574
Income taxes payable	**11**		**10,175**		21,440
Accounts payable and accrued liabilities			**105,108**		125,557
Distributions payable			**7,433**		7,299
Liabilities related to assets held for sale	**4**		**—**		18,485
Total liabilities		**$**	**3,468,061**	$	4,543,347
Equity					
Unitholders' equity	**12**	**$**	**1,563,417**	$	1,994,312
Non-controlling interests	**13**		**1,018,098**		1,090,956
Total liabilities and equity		**$**	**6,049,576**	$	7,628,615

Commitments and Contingencies (note 19) and Subsequent Events (note 23)

The consolidated financial statements were approved by the Board on March 10, 2025 and signed on its behalf by:

[signed]
Dale Klein
Chairman of the Board of Trustees

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

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

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(in thousands of Canadian dollars)

For the years ended December 31,	Note		2024		2023
Net Property Operating Income					
Revenue from investment properties	14	$	462,403	$	507,996
Property operating costs	17		112,995		121,374
		$	349,408	$	386,622
Other Income (loss)					
Interest and other	7		18,840		18,559
Management fees			15,150		15,355
Share of profit (loss) of equity accounted investments	5		(30,725)		(19,232)
		$	3,265	$	14,682
Expenses and other					
Mortgage and loan interest expense			190,457		224,692
General and administrative expenses	17		58,174		57,567
Transaction costs	17		16,693		38,745
Foreign exchange (gain) loss			(33,879)		2,506
		$	231,445	$	323,510
Income before finance income (expense), net gain (loss) on financial instruments, net gain (loss) on dispositions, and fair value adjustments		$	121,228	$	77,794
Finance income (expense)					
Amortization of financing costs	8		(22,630)		(11,787)
Class B exchangeable unit distributions			63		(1,180)
Fair value adjustment of Class B exchangeable units			(205)		7,524
Accretion of financial liabilities	8		(7,245)		(9,158)
Fair value adjustment of convertible debentures	9		(36,109)		40,666
Convertible debenture issuance costs			(27)		(7,283)
Net gain (loss) on financial instruments	6		(25,014)		(22,418)
Fair value adjustment of investment properties	3, 4		(368,791)		(571,760)
Net loss on disposals of investment properties	4, 17		(34,670)		(12,237)
Fair value adjustment of unit-based compensation liabilities	10		3,687		10,814
Income (loss) before taxes		$	(369,713)	$	(499,025)
Current tax expense	11		21,143		26,972
Deferred tax expense (recovery)	11		(70,652)		(45,261)
Income tax expense (recovery)	11	$	(49,509)	$	(18,289)
Net income (loss)		$	(320,204)	$	(480,736)
Net income (loss) attributable to:					
Unitholders		$	(299,757)	$	(347,690)
Non-controlling interests	13		(20,447)		(133,046)
Net income (loss)		$	(320,204)	$	(480,736)
Other comprehensive income (loss) ("OCI"):					
Foreign currency translation adjustments		$	(79,552)	$	(10,875)
Change in relative interest of non-controlling interests	13		(505)	$	—
Other comprehensive income (loss), net of tax		$	(80,057)	$	(10,875)
Total comprehensive income (loss) for the year		$	(400,261)	$	(491,611)
Total comprehensive income (loss) attributable to:					
Unitholders		$	(364,336)	$	(325,328)
Non-controlling interests	13		(35,925)	$	(166,283)
		$	(400,261)	$	(491,611)

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

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

	Note	Unitholders' Equity	Contributed Surplus	Cumulative Distributions	Accumulated OCI	Retained Earnings	**Total Unitholders' Equity**	Non-Controlling Interests (note 13)	**Total Equity**
Balance, December 31, 2023		$ 2,525,040	$ 39,724	$ (1,017,018)	$ (293,415)	$ 739,981	**$ 1,994,312**	$ 1,090,956	**$ 3,085,268**
Units issued through distribution reinvestment plan	**12**	10,054	—	—	—	—	**10,054**	3,852	**13,906**
Units issued on exercise of unit-based compensation	**10**	3,219	—	—	—	—	**3,219**	—	**3,219**
Conversion of Class B exchangeable units	**12**	8,926	—	—	—	—	**8,926**	—	**8,926**
Change in relative interest of non-controlling interests	**13**	—	—	—	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)	$ (357,996)	$ 440,224	**$ 1,563,417**	$ 1,018,098	**$ 2,581,515**

	Note	Unitholders' Equity	Contributed Surplus	Cumulative Distributions	Accumulated OCI	Retained Earnings	Total Unitholders' Equity	Non-Controlling Interests (note 13)	Total Equity
Balance, December 31, 2022		$ 2,503,875	$ 39,724	$ (858,645)	$ (315,777)	$ 1,087,671	$ 2,456,848	$ 1,285,128	$ 3,741,976
Units issued through distribution reinvestment plan	**12**	18,222	—	—	—	—	18,222	11,363	29,585
Units issued on exercise of unit-based compensation	**10**	2,943	—	—	—	—	2,943	—	2,943
Distributions		—	—	(158,373)	—	—	(158,373)	(39,252)	(197,625)
Foreign currency translation adjustments		—	—	—	22,362	—	22,362	(33,237)	(10,875)
Net income (loss)		—	—	—	—	(347,690)	(347,690)	(133,046)	(480,736)
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

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

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

For the years ended December 31,	**Note**		**2024**		2023
Operating activities					
Net income (loss)		**$**	**(320,204)**	$	(480,736)
Adjustments for:					
Income tax expense (recovery)			**(49,509)**		(18,289)
Income taxes paid			**(28,942)**		(22,356)
Amortization of other assets			**3,671**		1,266
Mortgage and loan interest expense			**190,457**		224,692
Mortgage and loan interest paid			**(190,612)**		(226,659)
Finance expense (income), net	**15**		**66,153**		(18,782)
Interest and distribution income			**(18,840)**		(14,171)
Share of loss of equity accounted investments			**30,725**		19,232
Unrealized foreign exchange loss (gain)			**(32,635)**		3,512
Fair value adjustment of investment properties	**3, 4**		**368,791**		571,760
Fair value loss (gain) on financial instruments	**6**		**25,014**		22,418
Transaction costs	**17**		**16,693**		38,568
Net loss on disposal of investment properties	**4, 17**		**34,670**		12,237
Fair value adjustment of unit-based compensation liabilities	**10**		**(3,687)**		(10,814)
Unit-based compensation expense	**10**		**4,463**		6,684
Redemption of units issued under unit-based compensation plans	**10**		**(2,735)**		(1,573)
Changes in non-cash working capital balances	**15**		**(6,829)**		(2,224)
Cash provided by operating activities		**$**	**86,644**	$	104,765
Investing activities					
Net proceeds on disposal of investment properties	**4**		**454,661**		344,701
Net proceeds from (investment in) financial instruments	**6, 7**		**66,298**		138,570
Distribution income	**5, 7**		**14,825**		17,077
Additions to investment properties	**3, 4**		**(185,335)**		(259,011)
Transaction costs	**17**		**(16,604)**		(33,208)
Additions to furniture and fixtures			**(882)**		(98)
Cash interest received			**3,484**		3,148
Contributions in equity accounted investments			**(2,135)**		(2,277)
Net proceeds from dispositions of subsidiaries	**4**		**206,799**		—
Acquisitions of investment properties			**—**		(14,636)
Net decrease (increase) to restricted cash			**(1,029)**		(4)
Cash provided by (used in) investing activities		**$**	**540,082**	$	194,262
Financing activities					
Proceeds from mortgages and loans	**8**		**532,677**		828,245
Repayments of mortgages and loans	**8**		**(1,054,469)**		(1,031,401)
Distributions paid on REIT units			**(78,426)**		(148,749)
Distributions paid to non-controlling interests	**13**		**(36,869)**		(26,637)
Financing fees paid	**8**		**(10,409)**		(15,121)
Unit issuance costs			**(51)**		(209)
Issuance of convertible debentures, net of issuance costs	**9**		**(27)**		78,967
Repayment of lease liabilities			**(2,992)**		(2,418)
Distributions paid on Class B exchangeable units			**—**		(1,180)
Cash provided by (used in) financing activities		**$**	**(650,566)**	$	(318,503)
Net change in cash and cash equivalents		**$**	**(23,840)**	$	(19,476)
Effect of foreign currency translation			**2,997**		3,519
Net change in cash and cash equivalents		**$**	**(20,843)**	$	(15,957)
Cash and cash equivalents, beginning of year			**72,090**		87,987
Cash and cash equivalents, end of year	**15**	**$**	**51,247**	$	72,030

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

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

1. Statement of Compliance and Basis of Preparation

(a) Statement of compliance

The REIT's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using accounting policies described herein.

The audited consolidated financial statements were approved by the Board of Trustees of the REIT on March 10, 2025.

(b) Going Concern and basis of presentation and measurement

(i) Going concern basis

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

(ii) Basis of preparation and measurement

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

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

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

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

(c) Critical accounting estimates and assumptions

The preparation of these consolidated financial statements requires management to apply judgment when making estimates and assumptions that affect the application of accounting policies, the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Uncertainty about these estimates and assumptions could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Impairment of goodwill and intangible asset

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

Goodwill impairment is reviewed annually, or more frequently if indicators of potential impairment exist. The REIT considers the fair value less cost to sell, however, more emphasis is placed on the determination of the CGU's value-in-use for this purpose. The value-in-use is determined using the Vital Trust Healthcare Property Trust ('Vital Trust') net asset value as of the date of the impairment test is performed. The net asset value includes underlying estimates related to the Vital Trust investment properties, the nature of which are described below. The REIT further considers certain adjustments deemed relevant to the reported net asset value related to deferred taxes and market-based premiums applicable to the CGU as a whole.

The REIT's indefinite life intangible asset, arising from the historical acquisition of an asset management contract, is also tested annually for impairment. The fair value is determined using valuation earnings multiples applied by the REIT for this purpose, which reflect current market conditions specific to the CGU, being the REIT's subsidiary that manages Vital Trust, and are assessed for reasonability by comparison to recent regional transaction activity.

(ii) Investment properties

Investment properties are re-measured to estimated fair value at each reporting date, determined using either internal valuation models incorporating available market evidence, or valuations performed by independent third-party appraisers. When estimating the fair value of investment properties, the REIT makes assumptions that have a significant effect on the reported value of investment properties. Significant assumptions, and a number of methods as described in note 3, are used in determining the fair value of investment properties, including capitalization rates, terminal capitalization rates, discount rates and future cash flows that incorporate inflation rates, vacancy rates, market rents, property level capital expenditures, and net operating income.

(iii) Financial instruments

The measurement of fair value of the REIT's derivative financial instruments, investment in Assura PLC ("Assura") and the unlisted securities are based on estimates and assumptions that affect the reported amount of the assets and liabilities and the corresponding gain or loss from changes in fair value. Estimates and assumptions used in the valuation for the REIT's derivatives, investment in Assura, and the unlisted securities are described in notes 6 and 20.

(d) Critical judgments in applying accounting policies

In the preparation of these consolidated financial statements the REIT has made judgments in the current and prior years, aside from those that involve estimates, in the process of applying the REIT's accounting policies. These judgments can have an effect on the amounts recognized in these consolidated financial statements.

(i) Leases

The REIT makes judgments in determining whether leases in which the REIT is the lessor are operating or finance leases, and has determined that all of its leases are operating leases with the exception of the lease assets disclosed in note 7.

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

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

(ii) Consolidation of Vital Trust

The REIT accounts for its investment in Vital Trust as a subsidiary and consolidates the financial position and results of operations Vital Trust. The REIT's interest in Vital Trust, as at December 31, 2024, is 28.3% (December 31, 2023 - 28.6%). The REIT determined it has sufficient power and thus, exercises control over Vital Trust based on the definition of control and sufficient rights and exposure to variable returns when considering relevant criteria included as part of IFRS 10 - Consolidated Financial Statements (note 2(b)). The REIT has assessed it has control over Vital Trust based on the following key criteria and observations, among others: i) the REIT controls the external manager of Vital Trust through its 100% indirect ownership of the Global Manager. The REIT's global asset manager (the "Global Manager") is the group of wholly owned, direct or indirect subsidiaries formed in Europe, Australia and New Zealand which earn fees under contractual arrangements with Vital Trust, the European JV and the Australian JV for investment, property and development management services. The ownership of the Global Manager results in the REIT directing all activities of Vital Trust; i) the REIT has the right to appoint a majority of directors of the board of the Global Manager, which acts as the board of directors of Vital Trust; and ii) the 71.7% non-controlling interest of Vital Trust is widely held with no single party having an aggregate interest that is equivalent or greater than that held by the REIT.

(iii) Income taxes

Deferred income taxes are not recognized in the consolidated financial statements to the extent the REIT can deduct distributions paid to unitholders such that its liability for income taxes is substantially reduced or eliminated for a given year. In consistently applying this accounting policy, the REIT has made the judgment that the REIT intends to continue to distribute its taxable income and continue to qualify as a real estate investment trust for the foreseeable future; however, should it no longer qualify it would not be able to flow through its taxable income to unitholders and the REIT would be subject to Canadian taxation on its non-portfolio earnings, as defined by the Income Tax Act (Canada).

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

(iv) *Classification of assets and liabilities related to assets held for sale*

The REIT makes certain judgments with respect to classifying investment properties and associated liabilities as assets and liabilities held for sale, including determining when the sale is deemed highly probable of being completed, see note 4.

2. Summary of Material Accounting Policies

(a) Goodwill and intangible assets

The carrying values of an identifiable indefinite-life intangible asset and goodwill are tested for impairment annually as at December 31, 2024 and whenever there is an indication that the intangible asset or goodwill may be impaired.

A cash generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows largely independent of those from other assets or groups of assets. Goodwill and indefinite-life intangible assets are allocated to CGUs for the purpose of impairment testing based on the level at which management monitors them, which is not higher than an operating segment. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

The REIT's goodwill balance relates to its investment in Vital Trust, which is representative of the applicable CGU. The intangible asset relates to the REIT's contractual rights and obligations that Global Manager has under its contract with Vital Trust. The intangible asset has been recorded at fair value as at the date the management contract was acquired. Goodwill and intangible asset are assessed for impairment annually or whenever there is an indication that the intangible asset may be impaired.

As at December 31, 2024, the REIT performed its annual goodwill and intangible asset impairment evaluation. Based on the tests performed, no impairment loss was recognized.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the REIT and its subsidiaries. Subsidiaries are consolidated from the date the REIT obtains control and continue to be consolidated until the date that such control ceases, which generally occurs on disposition of a majority or an entire controlling interest to a third party. Control exists when the REIT has the power, directly or indirectly, to govern the financial and operating policies to obtain benefit from its activities. The financial information of the REIT's subsidiaries was prepared for the same reporting periods as the REIT using consistent material accounting policies as monitored by the REIT.

All intercompany balances, income and expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated in full. Unrealized gains arising from transactions with equity accounted investees, if any, are eliminated against the investment to the extent of the REIT's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

If and when the REIT loses control of a subsidiary, the REIT derecognizes the assets and liabilities of the former subsidiary from the consolidated balance sheet, recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRS standards. The difference between the carrying value and the proceeds from disposition is recognized within profit or loss in the period.

(c) Functional and presentation currency

(i) Foreign operations

The functional and presentation currency of the REIT is the Canadian dollar. Assets and liabilities of subsidiaries, associates and joint ventures having a functional currency other than the Canadian dollar are translated at the rate of exchange at the date of the consolidated balance sheet. Revaluation gains and losses are recognized as part of foreign currency translation adjustments included in other comprehensive income (loss). Revenue and expenses are translated at average rates for the year.

If and when a foreign operation is disposed of, the relevant cumulative amount of foreign currency translation differences included in accumulated other comprehensive income or loss is reclassified to profit or loss as part of the gain or loss on disposal. The REIT does not consider the repayment of intercompany loans, when applicable, as a partial disposal of its net investment in a foreign operation as it does not change the percentage share interest held by the REIT in the circumstances.

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the REIT or the applicable REIT subsidiary using exchange rates prevailing at the dates of the transactions. At the end of each reporting year, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the date of the consolidated balance sheet. Gains and losses on translation of monetary items are recognized in the profit or loss, except for those related to monetary liabilities qualifying as hedges of the REIT's investment in foreign operations or certain intercompany loans to or from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation. In such instances, the gain or losses are included in other comprehensive income (loss) and presented as part of accumulated other comprehensive income (loss) in unitholders' equity.

(d) Investment properties

Investment properties include income producing properties that are held principally by the REIT to earn rental income, for capital appreciation, or both. Income producing properties acquired are recognized initially at cost, which includes all costs directly related to the acquisition of the properties such as legal fees, appraisal fees and land transfer taxes. Subsequent to initial recognition, income producing properties are measured at their estimated fair value, with changes in fair value recognized in profit or loss in the years in which they arise. Subsequent capital expenditures are charged to income producing property only when it is probable that the future economic benefits of the expenditure will flow to the REIT and the cost can be measured reliably. Income producing property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Prior to its disposal, the carrying value of the income producing property is adjusted to reflect its fair value. This adjustment is recorded as a fair value gain (loss) in the period. Any remaining gain or loss arising on de-recognition of the property (calculated as the difference between the disposal proceeds net of disposition costs and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized. The critical estimates and assumptions underlying the valuation of income producing properties are outlined in note 3.

Properties under development for future use as income producing property are accounted for as investment property under IAS 40 and are measured at their estimated fair value, with changes in fair value recognized in profit or loss in the years in which they arise. Costs eligible for capitalization to properties under development are initially recorded at cost until either the fair value becomes reliably measurable or the development reaches practical completion. The critical estimates and assumptions underlying the valuation of properties under development are the same as those of other investment properties as outlined in note 3. Upon practical completion of a development, the property is transferred to income producing properties at the fair value on the date of practical completion. The REIT considers practical completion to have occurred when the property is capable of operating in the manner intended by management. Generally, this occurs upon completion of construction and receipt of all necessary occupancy and other material permits.

(e) Assets and liabilities related to assets held for sale

Investment properties are transferred to assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. Similarly, this also applies to discontinued operations, which may include both assets and liabilities. For this to be the case, the investment property or discontinued operation, as the case may be, must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property, and its sale must be highly probable. Management must be committed to a plan to sell the asset or discontinued operation and an active effort to locate a buyer and complete the plan must have been initiated. Furthermore, the asset or discontinued operation must be actively marketed for sale at a price that is reasonable in relation to its current fair value, with the sale expected to be consummated within one year from the date of classification as held for sale. Assets and liabilities held for sale are measured at fair value.

(f) Leases where the REIT is a lessor

At inception or modification of a contract that contains a lease component, the REIT allocates the consideration in the contract to each lease component based on their relative stand-alone prices. A lease is classified as a finance lease if it results in a transfer of substantially all the risks and rewards incidental to ownership from the REIT to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases to which the REIT is the lessor have been determined to be operating leases, except the lease assets discussed in note 7. The REIT recognizes lease payments received under operating leases as revenue on straight-line basis over the lease term. At the inception or on modification of a contract containing a lease component, the REIT allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. The REIT recognizes lease payments received under operating leases as revenue on a straight-line basis over the lease term.

(g) Revenue recognition

The REIT has retained substantially all of the risks and benefits of ownership of its investment properties and, therefore, accounts for its leases with tenants as operating leases. The REIT earns revenue from its tenants from various sources, including base rent for the use of space leased, operating costs and realty or property tax recoveries, parking income, and incidental or other related income. Rental revenue from operating leases is recognized over the contractual lease term on a straight-line basis. Revenue recognition commences when a tenant has the right to use the property and is recognized pursuant to the terms of the lease agreement. Payments are generally due at the beginning of each month and any payments made in advance of scheduled due dates are recognized as deferred revenue in consideration of the prepaid rents related to future periods. The difference between rental revenue recognized and cash flows over the term of the lease is recorded as straight-line rent receivable or payable, depending on the terms of the lease, on the consolidated balance sheet. Operating cost and realty tax recoveries are recognized in the year that recoverable costs are chargeable to tenants. All rental related services are provided consistently throughout the contractual lease term. Therefore, these individual services are combined and considered a single performance obligation by the REIT as the lessor.

The separate presentation of revenue from lease components and revenue related to service components is presented in note 14.

Other income includes management fees earned under the management contracts. The REIT recognizes management and related fees, to the extent those fees relate to services rendered in the period, with consideration of achieving specified outcomes when and as applicable, charged in accordance with contractual arrangements, and where the REIT has an enforceable right to payment for the services that it has performed and are earned from third-parties.

(h) Other assets

Other assets include commodity taxes recoverable, right-of-use assets, prepaid expenses and deposits, investment in Assura and investment in unlisted securities (note 1(c)(iii) and note 7). Deferred acquisition related costs and deposits related to future property acquisitions are capitalized when it is probable that the acquisition will be completed.

(i) Unit-based compensation liabilities

In 2022, the Equity Incentive Plan (“EIP”) was approved. The EIP replaces the Deferred Unit Plan ("DUP") introduced in 2018. No further awards have been or will be granted under the 2018 DUP prospectively from the date the EIP was approved. However, any awards previously granted pursuant to the DUP shall remain outstanding and continue to be governed by the terms of the 2018 DUP. The EIP's awards are accounted for as cash settled liabilities under IFRS 2, Share based payment, consistent with the classification of the underlying units to which these awards relate and, as a result, measured at each reporting period and at settlement date at their fair values as defined by IFRS. The fair value of the amount payable in respect to the EIP and DUP awards are recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to exercise the award into units. The related liabilities attributable to these awards are re-measured to fair value each reporting date and that change is recognized in profit and loss.

(j) Financial instruments

The REIT uses derivative financial instruments such as interest rate swaps, interest rate caps and forward exchange contracts to manage risks from fluctuations in interest rates and foreign exchange rates.

Derivative financial instruments are initially recorded at fair value on the date a derivative contract is entered into and subsequently re-measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value of a derivative are recognized as they arise in the statement of income (loss) and comprehensive income (loss).

The REIT has entered into interest rate derivative contracts to limit its exposure to fluctuations in the interest rates on variable rate loans. These derivative financial instruments are not designated as hedging instruments for accounting purposes. Gains or losses arising from the change in fair values of the interest rate swap contracts are recognized in profit or loss.

Convertible debentures are convertible into trust units of the REIT. As the REIT's trust units are redeemable at the option of the holder and are therefore considered puttable instruments in accordance with IAS 32, the convertible debentures are considered a liability containing liability-classified embedded derivatives. The REIT has elected to classify and measure its convertible debentures as financial liabilities measured at FVTPL with the changes in fair value being recognized in profit or loss. In addition, the REIT may at its option settle the convertible debentures on maturity with a variable number of units of the REIT, subject to certain conditions.

(k) Class B exchangeable units

On January 15, 2024, 1,710,000 Class B units were redeemed for REIT units and the associated special voting units were cancelled. The Class B exchangeable units of a subsidiary of the REIT were exchangeable into trust units at the option of the holder. The trust units of the REIT were puttable financial instruments (note 2(l)). The Class B exchangeable units therefore were classified as financial liabilities, consistent with the trust units, and were measured at fair value through profit and loss each reporting period with any changes in fair value recognized in profit or loss as finance costs. The distributions paid on the Class B exchangeable units were accounted for as finance costs. The Class B exchangeable units receive distributions equal to the distributions paid on the REIT's trust units and were, in all material aspects, economically equivalent to the REIT's trust units on a per unit basis.

(l) Trust units

The trust units meet the definition of a financial liability in accordance with IAS 32, as they are redeemable at the option of the holder. The trust units are considered to be puttable instruments because of the redemption feature included as part of the trust units. There is a limited exemption to allow puttable instruments of this nature to be presented as equity provided certain criteria are met.

The trust units meet the criteria for this exemption and accordingly are presented as equity in the consolidated financial statements. However, the trust units may not be considered as equity for the purposes of calculating net income on a per unit basis in accordance with IAS 33, Earnings Per Share. The REIT has therefore elected to not report an earnings per unit calculation, as is permitted under IFRS. Trust units are recognized at the proceeds received, net of direct issue costs. The distributions on trust units are recorded as a reduction of unitholders' equity in the consolidated financial statements.

(m) Joint arrangements

Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractual sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures depending on the REIT's rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement, rather than through the establishment of a separate legal entity.

The REIT's investment in a joint venture is recorded using the equity method and is initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize the REIT's share of the profit or loss and other comprehensive income of the joint venture. The REIT's share of the joint venture's profit or loss is recognized in the REIT's consolidated statements of income (loss) and comprehensive income (loss). The REIT recognizes its proportionate share of assets, liabilities, revenues and expenses of joint operations.

(n) Income taxes

The REIT is a mutual fund trust and a real estate investment trust pursuant to the Income Tax Act (Canada). Under current tax legislation, a real estate investment trust is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to unitholders of the REIT ("Unitholders") each year. The REIT is a real estate investment trust if it meets the prescribed conditions under the Income Tax Act (Canada) relating to the nature of its assets and revenues (the "REIT Conditions"). The REIT has reviewed the REIT Conditions and has assessed their interpretation and application to the REIT's assets and revenue. The REIT intends to ensure that it will meet the REIT conditions and will make distributions not less than the amount necessary to ensure that the REIT will not be liable to pay income taxes.

The REIT's subsidiaries are subject to income taxes as imposed by the jurisdictions in which they operate, in accordance with the relevant tax laws of such jurisdictions. The REIT also has certain subsidiaries that are real estate investment trusts in the applicable country of domicile for which the REIT must also assess compliance with certain conditions. In the event the REIT's subsidiaries do not meet the applicable conditions for REIT treatment in the applicable country, an increase to tax expense could result. The provision for income taxes for the year comprises current and deferred income tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future;
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Consistent with IFRS interpretations Committee 23 ("IFRIC 23"), addressing the application of the recognition and measurement requirements in IAS 12, Income Taxes (IAS 12), the REIT has applied such guidance in instances where there is uncertainty over income tax treatments. In accordance with IFRIC 23, the REIT has specifically addressed whether it or its subsidiaries considers income tax accounting treatments separately; assumptions that the REIT makes regarding the examination of tax treatments by taxation authorities; how an entity determines taxable income or loss, tax bases, unused tax losses or credits and tax rates; and how an entity considers changes in facts and circumstances. IFRIC 23 does not apply to taxes or levies outside the scope of IAS 12. The REIT has taken into consideration the recognition and measurement for uncertain tax treatments as part of its accounting for current and deferred taxes in these consolidated financial statements.

(o) Levies

Under IFRS Interpretations Committee ("IFRIC") Interpretation 21, Levies ("IFRIC 21") in certain circumstances, property taxes payable by the REIT are considered levies. Based on the guidance of IFRIC 21, the REIT recognizes the full amount of annual property tax liabilities related to certain US based investment properties at a point in time when the property tax obligation is imposed. For properties located in other jurisdictions, property tax liabilities are generally recognized on a monthly basis consistent with the application of local legislation.

(p) Future accounting standards

(i) Issuance of IFRS 18, Presentation and Disclosure in Financial Statements

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

- Define the structure for the statements of income (loss) to include subtotals for operating, investing, and financing activities;

- Require financial statement note disclosure of management-defined, or non-IFRS, performance measures; and
- Provide enhanced guidance on the grouping of aggregated or disaggregated information.

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

(q) Changes in application of accounting standards implemented in 2024

(i) Changes in Operating Segments

The REIT has re-assessed its operating segments based on a change in the Chief Operating Decision Maker's ("CODM") performance measures and resource allocation in accordance with IFRS 8 Operating Segments. Prior to January 1, 2024, the REIT had defined its reporting segments as follows: Americas (Canada, United States, Brazil, Corporate), Europe (UK, Germany, Netherlands), and Australasia (Australia, New Zealand).

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

(ii) IAS 1, Disclosure of accounting policies

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

- Right to defer settlement – that if an entity's right to defer settlement is subject to compliance with future covenants, the entity has a right to defer settlement of the liability regardless of compliance with such covenants at the end of the reporting period.
- Expected deferrals – that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer the settlement of the liability for at least twelve months following the reporting period even if settlement occurs prior to the authorization of the issuance of the financial statements.
- Settlement by way of own instruments – that settlement by way of an entity's own equity instruments is considered settlement for classification purposes with the exception of a conversion option that itself is classified as an equity instrument.

The REIT does not present a classified balance sheet. However, the amendments also provide for additional disclosures surrounding non-current liabilities for which a right to defer settlement is subject to compliance with future covenants within twelve months after the reporting period. The REIT adopted the amendments as of January 1, 2024 and applied retrospectively and thus $357.0 million, $320.9 million and $275.3 million of convertible debentures (note 9), $4.6 million, $2.0 million and $13.8 million of fully vested unit-based compensation liabilities (note 10), and nil, $8.7 million, and $16.2 million of Class B units have been presented and disclosed as current liabilities as at December 31, 2024, December 31, 2023, and January 1, 2023, respectively.

(iii) Lease liabilities

For the year ended December 31, 2024, the REIT has elected to present lease liabilities separately from mortgages and loans payable to segregate liabilities presented on the balance sheet in such a way that aligned better with their nature, and improve disclosure of its debts. Relevant comparative periods in these consolidated financial statements have been amended to reflect the change in presentation.

(in thousands of Canadian dollars, unless otherwise stated)

3. Investment Properties

As at		December 31, 2024		December 31, 2023
Balance, beginning of year	$	**6,874,660**	$	6,612,535
Acquisition of investment properties[1]		**—**		14,636
Dispositions of investment properties (note 4)		**(1,219,209)**		(23,241)
Additions to investment properties[2]		**185,573**		258,625
Increase in straight line rents		**4,800**		7,144
Reclassified (to)/from assets held for sale (note 4)		**(132,688)**		445,325
Fair value adjustments, net		**(376,804)**		(412,700)
Foreign currency translation		**(75,342)**		(27,664)
Balance, end of year	**$**	**5,260,990**	$	6,874,660

(1) Acquisitions include purchases of land and buildings, and directly attributable capitalized costs.
(2) Additions include certain directly attributable leasing costs, capital and development expenditures primarily in Vital Trust, and new right-of-use assets.

Investment properties are measured at their estimated fair values. The investment properties are re-measured to fair value at each reporting date. The estimated fair values of the REIT's investment properties and certain properties under development are based on the following valuation methodologies:

i. Discounted cash flow analysis based on future cash inflows and outflows related to projected annual operating cash flows reflecting market conditions at the end of reporting period, utilizing appropriate discount rates and terminal capitalization rates which are generally over a minimum term of 10 years; and
ii. Direct capitalization method which calculates an estimate of fair value by applying a capitalization rate to future cash flows based on a forecast or expectation of stabilized net operating income.

The estimated fair values of the investment properties as at December 31, 2024 and December 31, 2023 were determined using internal valuation models or the results of valuations performed by independent third party appraisers. Significant inputs, and assumptions are used by the REIT in determining the estimated fair values of its investment properties, including capitalization rates, terminal capitalization rates, discount rates and future cash flows that incorporate inflation rates, vacancy rates, market rents, property level capital expenditures, and net operating income.

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

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

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

The assumptions included in the REIT's estimated fair value of investment properties most sensitive to changes is the application of the capitalization rates, which is summarized in the following table:

Capitalization rate sensitivity increase/ (decrease)	Weighted average overall capitalization rate	Estimated fair value of investment properties (in millions)	Fair value variance (in millions)	% Change
(0.75)%	5.45%	$6,008	$747	14.00%
(0.50)%	5.70%	$5,736	$475	9.00%
(0.25)%	5.95%	$5,488	$227	4.00%
—%	6.20%	$5,261	$—	—%
0.25%	6.45%	$5,052	$(209)	(4.00)%
0.50%	6.70%	$4,860	$(401)	(8.00)%
0.75%	6.95%	$4,682	$(579)	(11.00)%

The REIT engages independent third-party appraisers such that approximately one-third of the portfolio of income producing properties is independently appraised annually and each income producing property is appraised at least once over a three-year period. The REIT's internal valuation models consider and incorporate the results of the external valuations. During the year ended December 31, 2024, investment properties with an aggregate estimated fair value of $4.0 billion, representing approximately 76% of the portfolio, were valued by independent third-party appraisers (during the year ended December 31, 2023 - $5.6 billion and 82%).

Future minimum contractual rent, including properties classified as assets held for sale properties (note 4) and those that were disposed subsequent to December 31, 2024 (note 23), excluding service charges, and any assumptions related to renewals subsequent to minimum lease terms and lease expiries, under operating leases is as follows:

	December 31, 2024	December 31, 2023
Less than 1 year	**$ 336,517**	$ 417,645
1 - 5 years	**1,181,489**	1,544,325
Longer than 5 years	**2,707,960**	3,683,293

4. Assets Held for Sale and Disposition of Investment Properties

As at	**December 31, 2024**	December 31, 2023
Balance, beginning of year	**$ 55,972**	$ 983,430
Reclassified from (to) Investment Properties (note 3)	**132,688**	(445,325)
Dispositions of assets held for sale	**(137,193)**	(337,483)
Additions to assets held for sale	**—**	1,133
Increase (decrease) in straight-line rents	**(353)**	(7)
Fair value adjustments	**8,013**	(159,060)
Foreign currency translation	**151**	13,284
Balance, end of year	**$ 59,278**	$ 55,972

As at December 31, 2024, the REIT has five income producing properties and one development property totaling $59.3 million (December 31, 2023 - $56.0 million) classified as assets held for sale. As at December 31, 2024, the REIT has nil (December 31, 2023 - $18.5 million) of directly associated property level debt expected to be part of the sale transaction classified as liabilities related to assets held for sale.

During the year ended December 31, 2024, the REIT disposed of investment properties, inclusive of assets that were not previously classified as held for sale, as follows:

(in thousands of Canadian dollars, unless otherwise stated)

Segment		Gross Proceeds		Property specific debt settled or sold
North America	$	306,192	$	18,370
Australasia		114,754		—
Europe		935,456		493,138
	$	1,356,402	$	511,508

On August 8, 2024, the REIT's sold its investment properties in the United Kingdom ("UK Portfolio"), through sale of a subsidiary, at their fair value of $885.0 million to Assura, a publicly-listed REIT on the London Stock Exchange (LSE: AGR). In conjunction with the disposition, the UK term debt of $470.7 million was settled (note 8). The REIT received net cash proceeds of $206.3 million and $177.0 million of consideration in shares of Assura with a lock up period of six months immediately following completion of the sale (note 7). For the year ended December 31, 2024, the REIT incurred $22.2 million in loss on disposal of investment properties related to the sale.

For the year ended December 31, 2024 and 2023, the REIT incurred total losses on the disposal of investment properties of $34.7 million and $12.2 million, respectively, directly associated with the above-noted and 2023 disposition activity, related primarily to broker commissions and professional fees associated with the dispositions. During the year ended December 31, 2023, net loss on disposal of investment properties were included in transaction costs in the statement of income (loss) and have been reclassified to conform with the change in classification adopted in 2024.

5. Equity Accounted Investments

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

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

The REIT's investments in its Australian JV arrangements, where capital funding has been deployed to fund the historical acquisition of investment properties, are all governed under the same investment framework as at December 31, 2024. The investment framework included sharing a common third-party joint venture partner, owning assets that are in similar asset classes and geographical regions, and have similarly structured investment management terms and, accordingly, the REIT has combined such investments for disclosure purposes. As at December 31, 2024, the European JV commitment period has expired. Further capital may be deployed upon mutual agreement between the joint venture partners. The carrying value of the REIT's equity accounted investments by location is as follows:

December 31, 2024		Australia		Europe		Total
Balance, beginning of year	$	273,602	$	88,738	$	362,340
Contributions		—		2,135		2,135
Share of net income (loss) for the year		(29,086)		(1,639)		(30,725)
Distributions		(7,423)		—		(7,423)
Foreign currency translation		(2,236)		1,874		(362)
Balance, end of year	$	234,857	$	91,108	$	325,965

(in thousands of Canadian dollars, unless otherwise stated)

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

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

As at December 31,	2024			2023		
	Australia	**Europe**	**Total**	Australia	Europe	Total
Total assets[1]	**$2,009,480**	**$ 595,365**	**$2,604,845**	$ 2,114,677	$ 590,914	$ 2,705,591
Total liabilities	**1,175,394**	**309,521**	**1,484,915**	1,147,791	311,620	1,459,411
Net assets	**834,086**	**285,844**	**1,119,930**	966,886	279,294	1,246,180
Less: Non-controlling interests ("NCI")	**51,230**	**—**	**51,230**	55,813	—	55,813
Net assets less NCI	**782,856**	**285,844**	**1,068,700**	911,073	279,294	1,190,367
Weighted average ownership interest[2]	**30 %**	**30% to 33.57%**	**30% to 33.57%**	30 %	30% to 33.57%	30% to 33.57%
Equity Accounted Investments	**234,857**	**$ 91,108**	**$ 325,965**	$ 273,602	$ 88,738	$ 362,340

(1) Included in total assets is cash of $24.4 million and $6.8 million in Australia and Europe, respectively, to which the REIT has rights up to its ownership interest (December 31, 2023 - $16.8 million and $6.9 million, respectively).
(2) For certain investment properties located in Germany, held by the REIT's European joint venture, the REIT holds a direct 5% share. As a result, the effective interest in the entities that hold the subject investment properties is 33.57% (December 31, 2023 - 33.57%).

For the year ended December 31,	2024			2023		
	Australia	**Europe**	**Total**	Australia	Europe	Total
Revenue	**$ 110,870**	**$ 41,521**	**$ 152,391**	107,764	42,046	$ 149,810
Interest income	**6,990**	**347**	**7,337**	6,878	92	6,970
Total revenue	**$ 117,860**	**$ 41,868**	**$ 159,728**	$ 114,642	$ 42,138	$ 156,780
Operating costs, expenses, and fair value adjustments						
Operating costs	**$ 12,637**	**$ 8,148**	**$ 20,785**	$ 13,114	$ 7,828	$ 20,942
Mortgage and loan interest expense	**60,320**	**25,340**	**85,660**	56,833	24,416	81,249
General and administrative expenses	**9,625**	**4,426**	**14,051**	10,049	4,916	14,965
Other	**1,803**	**515**	**2,318**	1,152	497	1,649
Fair value (gain) loss attributable to investment properties[1]	**131,579**	**4,058**	**135,637**	64,019	39,308	103,327
Income (loss) before taxes	**(98,104)**	**(619)**	**(98,723)**	(30,525)	(34,827)	(65,352)
Income tax (recovery) expense	**$ —**	**$ 5,458**	**$ 5,458**	$ —	$ (6,905)	$ (6,905)
Net income (loss)	**(98,104)**	**(6,077)**	**(104,181)**	(30,525)	(27,922)	(58,447)
Non-controlling interests	**(1,151)**	**—**	**(1,151)**	1,189	—	1,189
Net income (loss) attributable to owners	**$ (96,953)**	**$ (6,077)**	**$ (103,030)**	$ (31,714)	$ (27,922)	$ (59,636)
Weighted average share[2]	**30.0%**	**30% to 33.57%**	**30% to 33.57%**	30.0%	30% to 33.57%	30% to 33.57%
Share of net income (loss)	**$ (29,086)**	**$ (1,639)**	**$ (30,725)**	$ (9,514)	$ (9,718)	$ (19,232)

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

(in thousands of Canadian dollars, unless otherwise stated)

(2) For certain investment properties located in Germany, held by the REIT's European joint venture, the REIT holds a direct 5% share. As a result, the effective interest in the entities that hold the subject investment properties is 33.57% (December 31, 2023 - 33.57%).

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:

	For the year ended December 31,			
		2024		2023
Interest expense	**$**	**4,889**	$	4,974
Management fee expense		**4,513**		5,165
Total related party expenses	**$**	**9,402**	$	10,139

6. Derivative Financial Instruments

Derivative financial instruments consist of interest rate derivative contracts and foreign exchange contracts, recorded at fair value through profit and loss, that are used by the REIT to manage interest rate and currency risks (see note 22).

		December 31, 2024		December 31, 2023
Financial assets:				
Interest rate derivatives	**$**	**16,078**		25,865
Foreign exchange contracts		**107**		192
Total financial assets	**$**	**16,185**	$	26,057
Financial liabilities:				
Interest rate derivatives	**$**	**(6,136)**		(6,564)
Foreign exchange contracts		**(45)**		(10)
Total financial liabilities	**$**	**(6,181)**	$	(6,574)

The REIT is party to interest rate derivative contracts with respect to certain variable rate mortgages and term debts related to and secured by its investment properties in Europe, North America and Australasia, as well as portions of its Corporate credit facilities. The terms of these contracts are summarized in note 22.

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

For the year ended December 31,		**2024**		2023
Fair value adjustment - interest rate derivatives	**$**	**(7,509)**	$	(18,505)
Receipts/(payments) under financial instruments		**—**		440
Fair value adjustment - foreign exchange contracts		**53**		—
Fair value adjustment - other financial instruments[1]		**(17,558)**		(4,353)
	$	**(25,014)**	$	(22,418)

(1) The REIT has non-controlling investment interest in unlisted securities of an Australian healthcare fund that invests in and holds investment properties, and a non-controlling investment interest in securities of Assura, a publicly-listed REIT on the London Stock Exchange (LSE: AGR).

(in thousands of Canadian dollars, unless otherwise stated)

7. Other Assets

As at		December 31, 2024		December 31, 2023
Investment in Assura (note 4)	$	169,417	$	—
Loan and mortgage receivable (1)		14,963		12,118
Lease assets (2)		11,556		10,158
Prepaid expenses and deposits (3)		10,065		14,426
Commodity taxes recoverable		8,525		5,034
Investment in unlisted securities		4,278		76,774
Furniture and office equipment		3,410		4,843
Other		143		820
	$	222,357	$	124,173

(1) As at December 31, 2024, the loan and mortgage receivable includes a $4.4 million loan amortizing over 10 years for tenant fit out work related to Vital Trust, a $4.6 million deferred settlement arrangement from an asset sale in 2023 accruing interest that will be maturing in December 2025, and an interest-bearing loan carried at amortized cost of $3.9 million maturing in August 2026 related to the sale of North American investment properties.
(2) $7.1 million (December 31, 2023 - $7.0 million) of lease assets relates to a long-term land lease with a third party, which has a discount rate of 7.0% and a remaining lease term of 63 years.
(3) Prepaid expenses and deposits include prepaid acquisition and financing costs of $2.0 million (December 31, 2023 - $3.3 million) that relate to potential asset acquisitions, property development planning, and debt refinancing which are currently undergoing due diligence and/or negotiation.

On August 8, 2024, the REIT sold the UK Portfolio for a total of $885.0 million, the settlement partly consisted of shares in Assura with fair value of $177.0 million, which had a fair value of $169.4 million as at December 31, 2024, as a result of changes in Assura's trading price and foreign exchange rates. Accordingly, the REIT recognized a fair value loss of $10.7 million. The REIT received distribution income of $7.3 million during the year ended December 31, 2024 which is recognized as part of interest and other income in the statements of net income (loss) and comprehensive income (loss).

The REIT has a non-controlling investment interest in unlisted securities of an Australian healthcare fund that invests in and holds investment properties. The REIT received distribution income of $1.3 million during the year ended December 31, 2024 (December 31, 2023 - $11.1 million) which is also classified as part of interest and other income in the statement of net income (loss) and comprehensive income (loss). During year ended December 31, 2024, the REIT redeemed and sold units in these unlisted securities of approximately $65.8 million, representing the settlement or redemption price. During the year ended December 31, 2024, the REIT recognized a fair value loss on its investment in the unlisted securities of $6.8 million (December 31, 2023 - $4.3 million).

8. Mortgages and Loans Payable

As at		December 31, 2024		December 31, 2023
Mortgages payable, net of financing costs	$	678,710	$	733,934
Term debt, net of financing costs		1,694,092		2,417,423
Credit facilities, net of financing costs		262,743		450,376
Total Mortgages and loans payable	$	2,635,545	$	3,601,733
Less: Liabilities related to assets held for sale, net of financing costs		—		18,485
Mortgages and loans payable	$	2,635,545	$	3,583,248
Current portion of mortgages and loans payable		194,854		337,062
Non-current portion of mortgages and loans payable(1)	$	2,440,691	$	3,246,186
Total mortgages and loans payable	$	2,635,545	$	3,583,248

(1) The REIT's credit facility, term loans, and mortgages are subject to financial and other customary covenants such as debt service coverage ratio, interest coverage ratio, unitholders' equity, valuation of investment properties, and market price of the REIT, Vital Trust units and Assura shares (see note 22). The REIT's classification of current and

(in thousands of Canadian dollars, unless otherwise stated)

non-current mortgages and loans payable relies on compliance with these covenants. As at December 31, 2024, the REIT complied with the covenants and expects to be able to comply with the applicable contractual covenant requirements for at least 12 months after reporting. Accordingly, those mortgages and loans payable with a maturity date that is beyond 12 months from the reporting date have been classified as non-current.

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

	Mortgages	Term Debts	Credit Facilities	**Total**
2025	$ 171,829	$ 23,025	$ —	**$ 194,854**
2026	218,755	164,899	264,719	**648,373**
2027	81,700	854,612	—	**936,312**
2028	51,806	469,660	—	**521,466**
2029	124,142	164,077	—	**288,219**
2030 & thereafter	32,766	26,695	—	**59,461**
	$ 680,998	$ 1,702,968	$ 264,719	**$ 2,648,685**
Financing costs	(2,288)	(8,876)	(1,976)	**(13,140)**
Total	$ 678,710	$ 1,694,092	$ 262,743	**$ 2,635,545**

The movements in the REIT's mortgages and loans, during the year ended December 31, 2024, were as follows:

	Mortgages	Term Debts	Credit Facilities	**Total**
Balance, beginning of year	$ 733,934	$ 2,417,423	$ 450,376	**$ 3,601,733**
Principal amortization payments	(22,412)	(23,845)	—	**(46,257)**
Debt settled upon sale of subsidiary (note 4)	—	(470,732)	—	**(470,732)**
Repayments	(156,047)	(516,233)	(335,932)	**(1,008,212)**
Advances and refinancing proceeds	116,084	271,743	144,850	**532,677**
Additional financing fees incurred	(785)	(7,767)	(1,857)	**(10,409)**
Amortization of finance fees	1,176	18,270	3,184	**22,630**
Accretion of financial liabilities	—	7,245	—	**7,245**
Foreign currency adjustment	6,760	(2,012)	2,122	**6,870**
Ending balance, December 31, 2024	$ 678,710	$ 1,694,092	$ 262,743	**$ 2,635,545**

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

	Maturity	**Weighted Average Interest Rate**	**Carrying Value**	**Available to be Drawn**
Fixed rate				
Mortgages	January 2025 - August 2031	3.70 %	$ 451,621	$ —
Term debts	November 2027 - June 2031	4.37 %	131,716	—
Total fixed rate debt		3.85 %	$ 583,337	$ —
Variable Rate				
Mortgages	March 2025 - December 2047	4.69 %	229,377	—
Term debts	March 2026 - March 2029	6.46 %	1,571,252	108,526
Credit facilities	March 2026	6.33 %	264,719	82,780
Total variable rate debt		6.24 %	$ 2,065,348	$ 191,306
Total mortgages and loans payable, excluding the following:			$ 2,648,685	$ 191,306
Financing costs			(13,140)	—
Total mortgages and loans payable		5.72 %	**$ 2,635,545**	**$ 191,306**

As at December 31, 2024, $1.4 billion of the variable rate debts above are economically fixed or capped using interest rate derivatives that reduce the weighted average interest rate of this debt by 1.00% with a weighted average term of 1.8 years (see note 6 and note 22).

(in thousands of Canadian dollars, unless otherwise stated)

The maximum amount available to be drawn is $108.5 million as at December 31, 2024 in respect of Vital Trust's term debts, which is subject to a restriction over the extent to which the REIT can access (see note 13).

Mortgages

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

Term debt

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

- North American term debt of $197.3 million (December 31, 2023 - $384.6 million), secured by a first charge on US investment properties with an estimated fair value of $372.9 million (December 31, 2023 - $620.7 million);
- Brazilian debt of $131.7 million (December 31, 2023 - $312.7 million) secured by related investment properties, with an estimated fair value of $318.0 million (December 31, 2023 - $420.5 million);
- Australasian term debt of $1.1 billion (December 31, 2023 - $1.1 billion), secured by related investment properties, and general security arrangements with an estimated fair value of $2.7 billion (December 31, 2023 - $2.8 billion);
- Australasian secured term financing of $150.4 million (December 31, 2023 - $172.0 million) secured by 191,708,036 units (December 31, 2023 - 191,708,036 units) of Vital Trust held by the REIT, listed on the New Zealand Exchange.
- European secured financing of $81.1 million secured by the investment in Assura shares (note 4 and note 7) with an estimated fair value of $169.4 million.

Credit facilities

Revolving credit facilities with an outstanding balance of $264.7 million (December 31, 2023 - $356.4 million) where $199.7 million (December 31, 2023 - $231.4 million) is secured by charges on investment properties with an estimated fair value of $344.3 million (December 31, 2023 - $385.0 million).

On September 30, 2024, a revolving credit facility that is unsecured against any property which was previously maturing in March 2025 was extended to March 2026. The facility has a general security arrangement, borrowing capacity as at December 31, 2024 of $95.0 million (December 31, 2023 - $125.0 million), and outstanding balance as at December 31, 2024 of $65.0 million (December 31, 2023 - $125.0 million).

On June 28, 2024, the administrator of the Canadian Dollar Offered Rate ("CDOR") ceased publication of CDOR and replaced it with the Canadian Overnight Repo Rate Average ("CORRA") as the benchmark reference rate. The REIT amended its benchmark rates from CDOR to CORRA for draws on its revolving credit facilities on June 27, 2024, without financial impact.

9. Convertible Debentures

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

As at		**December 31, 2024**		December 31, 2023
Balance, beginning of year	**$**	**320,854**	$	275,270
Issuance of convertible debentures		**—**		86,250
Change in fair value of convertible debentures		**36,109**		(40,666)
Balance, end of year	**$**	**356,963**	$	320,854

(in thousands of Canadian dollars, unless otherwise stated)

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

As at		**December 31, 2024**		December 31, 2023
NWH.DB.G	**$**	**126,000**	$	124,688
NWH.DB.H		**147,300**		125,442
NWH.DB.I		**83,663**		70,724
Fair Value	**$**	**356,963**	$	320,854

In accordance with IAS 1 (note 2), the REIT's convertible debentures are classified as current liabilities based on the holders' ability to convert to REIT units at any time. The contractual maturities and conversion price of the convertible debentures are as follows:

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

At maturity, the convertible debentures may be redeemed by the REIT at a price equal to the principal amount plus accrued and unpaid interest and with settlement in cash or units.

10. Unit-Based Compensation

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

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

As at		**December 31, 2024**		December 31, 2023
Balance, beginning of year	**$**	**15,161**	$	23,837
Unit based compensation expense		**4,463**		6,684
Redeemed and paid in cash		**(2,735)**		(1,573)
Redeemed and settled in Trust Units		**(3,219)**		(2,943)
Fair value adjustment		**(3,687)**		(10,814)
Foreign exchange		**(54)**		(30)
Balance, end of year	**$**	**9,929**	$	15,161

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

Deferred Units

The deferred units granted under the EIP and the previous DUP are administered by the Compensation, Governance and Nominating Committee of the REIT's Board of Trustees. The deferred units can be settled at the holder's option in units or cash subject to the REIT's approval and are classified as a financial liability until redeemed.

Deferred unit compensation expense under the DUP plan is determined upon grant based on the service commencement date and the fair market value of a REIT unit or Vital Trust unit, as applicable, and amortized over the vesting period which can range from immediate vesting to a period of five years, depending on the grant. Deferred unit compensation expense under the EIP plan vests immediately upon grant. As at December 31, 2024, the fair value of the accrued DUP units was $6.5 million and is expected to vest between 2025 and 2026. Unit-based compensation is classified as a liability. The awards are remeasured at fair value each reporting period, based on the fair market value of a REIT unit or Vital Trust unit, as applicable, and the change in fair value is recognized as part of fair value adjustment of unit based compensation liabilities for the period.

(in thousands of Canadian dollars, unless otherwise stated)

Units outstanding under the EIP and DUP as at December 31, 2024 are as follows.

As at December 31, 2024	REIT	Vital Trust
Balance, beginning of year	**2,281,535**	**193,615**
Granted	**235,555**	**—**
Redeemed and paid in cash	**(507,943)**	**(40,000)**
Redeemed and paid in REIT units	**(640,632)**	**—**
Forfeited	**(36,541)**	**—**
Distribution entitlement	**141,990**	**16,794**
Balance, as at December 31, 2024	**1,473,964**	**170,409**
Units vested	**966,906**	**170,409**

As at December 31, 2023	REIT	Vital Trust
Balance, beginning of year	2,802,380	225,387
Redeemed and paid in cash	(202,273)	(35,388)
Redeemed and paid in REIT units	(428,415)	—
Forfeited	(170,510)	—
Distribution entitlement	280,353	3,616
Balance, as at December 31, 2023	2,281,535	193,615
Units vested	1,419,336	182,053

Restricted Units

The REIT grants restricted units ("RUs") under the EIP. The RUs granted vest 100% generally over 5 years from their respective grant dates and are subject to forfeiture until the recipients of the awards have held office or provided services to the REIT for a specified period of time.

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

The restricted units accrue distributions during the vesting period and accrued distributions will be paid by the REIT when the applicable units vest.

As at	December 31, 2024		December 31, 2023	
	Number of RUs	Weighted Average Grant Date Fair Value per unit	Number of RUs	Weighted Average Grant Date Fair Value per unit
RUs outstanding, beginning of year	**846,893**	**$ 7.70**	196,758	$ 12.08
New grants	**509,490**	**5.20**	821,077	6.60
Redeemed and paid in cash	**(27,337)**	**5.24**	(28,052)	6.32
Redeemed and paid in units	**(25,302)**	**5.05**	—	—
Forfeited	**(17,393)**	**7.13**	(142,890)	7.66
Distribution entitlement	**97,332**	**4.91**	—	—
RUs outstanding	**1,383,683**	**$ 6.69**	846,893	$ 7.70

The fair value of the accrued RUs was $2.0 million as at December 31, 2024 (December 2023 - $0.6 million) is based on the trading price of the REIT's unit. The awards are remeasured at fair value each reporting period, based on the fair market value of a REIT unit, and the change in fair value is recognized as part of fair value adjustment of unit based compensation liabilities for the period.

Performance Units

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

(in thousands of Canadian dollars, unless otherwise stated)

As at	December 31, 2024			December 31, 2023		
	Number of PUs		Weighted Average Grant Date Fair Value per unit	Number of PUs		Weighted Average Grant Date Fair Value per unit
PUs outstanding, beginning of year	**577,918**	**$**	**9.60**	706,758	$	12.12
New grants	**670,066**		**5.23**	1,084,225		8.11
Forfeited	**(27,974)**		**6.25**	(1,327,926)		9.59
Distribution entitlement	**90,124**		**5.04**	114,861		8.05
PUs outstanding	**1,310,134**	**$**	**7.12**	577,918	$	9.60

The performance units accrue distributions during the vesting period. The performance units and the accrued distributions will be paid by the REIT in cash or units when the applicable units vest.

The estimated fair value of the accrued PU liability was $1.4 million as at December 31, 2024 (December 31, 2023 - $0.4 million) and is subject to both market and non-market performance measures. The change in fair value is recognized as part of fair value adjustment of unit based compensation liabilities for the period.

Grant dates	July 4, 2022 - January 17, 2024
Weighted average remaining term to vesting	1.27
Average volatility rate	28.2 %
Weighted average risk-free interest rate	3.7 %

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

	For the year ended December 31,			
		2024		2023
Deferred Units	**$**	**(1,020)**	$	3,456
Restricted Units		**2,299**		1,123
Performance Units		**3,184**		2,105
Unit-based compensation expense	**$**	**4,463**	$	6,684
Fair value remeasurement:				
Deferred Units	**$**	**(527)**	$	(7,442)
Restricted Units		**(1,091)**		(454)
Performance Units		**(2,069)**		(2,918)
Total fair value remeasurement	**$**	**(3,687)**	$	(10,814)
Total expense (recovery)	**$**	**776**	$	(4,130)

(in thousands of Canadian dollars, unless otherwise stated)

11. Income Taxes

The REIT qualifies as a mutual fund trust and a real estate investment trust for Canadian income tax purposes. The REIT expects to distribute all of its taxable income to unitholders and is entitled to deduct such distributions for income tax purposes.

Accordingly, no provision for current and deferred income tax payable is required, except for amounts in respect of its subsidiaries in foreign jurisdictions, as follows:

Year ended December 31,		**2024**		2023
Current income tax expense	**$**	**21,143**	$	26,972
Deferred income tax expense (recovery), relating to origination and reversal of temporary differences		**(70,652)**		(45,261)
	$	**(49,509)**	$	(18,289)

Deferred taxes

Deferred income taxes reflect the net effect of temporary differences by tax jurisdiction, where appropriate, between the carrying amount of assets and liabilities for financial reporting purposes and the tax basis of amounts used for income tax purposes.

Deferred tax assets and deferred tax liabilities are presented on a net, or offset, basis where those assets and liabilities relate to the same taxable entity or jurisdiction and there is a legally enforceable right to offset current tax assets and liabilities in that entity or jurisdiction.

Deferred income tax assets and liabilities consist of the following:

Year ended December 31,		**2024**		2023
Deferred tax liabilities related to difference in tax and book basis of:				
Investment properties	**$**	**321,865**	$	430,481
Mortgage and loans payables		**—**		166
Other		**399**		2,392
Total deferred income tax liabilities before offset	**$**	**322,264**		433,039
Tax offset		**(7,043)**		(14,593)
Total deferred income tax liabilities	**$**	**315,221**		418,446
Deferred tax assets related to difference in tax and book basis of:				
Investment properties	**$**	**—**		6,080
Derivative financial instruments		**855**		1,269
Tax loss carryforwards		**4,573**		11,839
Other		**4,065**		4,582
Total deferred income tax assets before offset	**$**	**9,493**		23,770
Tax offset		**(7,043)**		(14,593)
Total deferred income tax assets	**$**	**2,450**		9,177

As of December 31, 2024 the REIT has $457.2 million (December 31, 2023 - $274.5 million) of accumulated historical losses and other deductible temporary differences that the REIT believes are not probable to be realized. As a result, no deferred tax asset has been recognized for these losses and deductible temporary differences. $360.5 million (December 31, 2023 - $224.8 million) of these differences have no applicable expiry date; the residual amount has expiry years ranging from 10 to 20 years.

The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized as of December 31, 2024 is $69.8 million (December 31, 2023 - $78.4million).

(in thousands of Canadian dollars, unless otherwise stated)

Reconciliation of effective tax rate:

Year ended December 31,		**2024**	2023
Income (loss) before income taxes	**$**	**(369,713)** $	(499,025)
Income tax expense (recovery) calculated at the domestic rates applicable to income (loss) in the country concerned		**(77,659)**	(57,533)
Increase (decrease) resulting from:			
Item not deductible in determining taxable income		**(34)**	(136)
Reversal of previously recorded deferred tax liability on current year disposition		**(5,496)**	—
Deductible temporary differences for which no deferred tax asset is recognized		**27,877**	34,031
Derecognition of previously recognized deferred tax assets		**9,030**	9,377
Change in uncertain tax positions		**(5,800)**	—
Tax adjustments related to prior years		**1,995**	(4,985)
Other		**578**	956
Income tax expense (recovery)	**$**	**(49,509)** $	(18,290)

12. Unitholders' Equity

The REIT has two classes of units: (a) Trust units; and (b) special voting units. As at December 31, 2024, there are no special voting units outstanding.

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

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

The special voting units were only issued in tandem with Class B exchangeable units and were not transferable separately from the Class B exchangeable units to which they are attached. As Class B exchangeable units were exchanged or surrendered for REIT units, the corresponding special voting units were cancelled for no consideration. Special voting units had no economic entitlement in the REIT. However, it entitled the holder to one vote per special voting unit at any meeting of the unitholders. The REIT's Trustees had discretion in declaring distributions. As at December 31, 2024, no Class B exchangeable units and special voting units were outstanding (December 31, 2023 - 1,710,000 units were outstanding).

(in thousands of Canadian dollars, unless otherwise stated)

The following table shows the changes in REIT units during the year ended December 31, 2024:

	REIT units	Amount
Balance, December 31, 2022	**240,647,589**	**$ 2,503,875**
Units issued through distribution reinvestment plan(1)	2,175,190	18,222
Units issued under deferred unit plan (note 10)	469,347	2,943
Balance, December 31, 2023	**243,292,126**	**$ 2,525,040**
Units issued through distribution reinvestment plan(1)	2,116,185	10,054
Units issued under unit-based compensation plans (note 10)	665,934	3,219
Units issued pursuant to conversion of Class B units(2)	1,710,000	8,926
Balance, December 31, 2024	**247,784,245**	**$ 2,547,239**

(1) The REIT has established a distribution reinvestment plan ("DRIP") for its unitholders, which allows participants to reinvest their monthly cash distributions in additional REIT units at an effective discount that is determined by applying 3% to the REIT's weighted average unit trading value for the five trading days immediately preceding the relevant distribution date. For the year ended December 31, 2024, the REIT's DRIP participation rate was 11.7% (December 31, 2023 - 15.7%). During 2023, the Board approved the suspension of the 3% bonus distribution under the DRIP commencing with the REIT's June 2023 distribution, whereby all unitholders who enrolled in the DRIP subsequently received their distributions in cash. The DRIP was then reinstated commencing in January 2024 upon approval by the Board on the same terms as those noted prior to the suspension.

(2) On January 15, 2024, 1,710,000 Class B units were redeemed for REIT units and the associated special voting units were cancelled.

13. Non-Controlling Interests

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

On June 30, 2024, the REIT acquired the minority interest of Fritz-Lang-Platz 6 and derecognized the non-controlling interest for total consideration of $0.4 million. The REIT's ownership interest in Fritz-Lang-Platz 6 is 100% as at December 31, 2024.

Changes in the REIT's relative interests in the statement of unitholders' equity totaling $1.7 million for the year ended December 31, 2024 are as a result of exchange in the investment interest with non-controlling third parties associated with the Fritz-Lang-Platz 6 acquisition and Vital Trust.

The investment interest in Vital Trust results in periodic changes due to Vital Trust's dividend reinvestment program, issuance of Vital Trust units by Vital Trust to non-controlling parties of the REIT, settlement of management fees by Vital Trust through issuance of equity to the REIT and sale of Vital Trust units by the REIT. As at December 31, 2024 the REIT's ownership interest in Vital Trust was 28.3% (December 31, 2023 - 28.6%).

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

For the years ended December 31,		**2024**			2023	
	Vital Trust	**Fritz-Lang-Platz 6**	**Total**	Vital Trust	Fritz-Lang-Platz 6	Total
REIT's ownership interest	**28.3%**	**100.0%**		28.6%	94.9%	
Total assets	**$ 2,671,693**	**$ —**	**$2,671,693**	$2,736,453	$ 25,199	$ 2,761,652
Total liabilities	**1,231,603**	**—**	**1,231,603**	1,216,453	7,868	1,224,321
Net assets	**1,440,090**	**$ —**	**$1,440,090**	$1,520,000	$ 17,331	$ 1,537,331
Attributable to:						
Unitholders of the REIT	**$ 421,992**	**$ —**	**$ 421,992**	$ 430,307	$ 16,068	$ 446,375
Non-controlling interests	**1,018,098**	**—**	**1,018,098**	1,089,693	1,263	1,090,956
	$1,440,090	**$ —**	**$1,440,090**	$1,520,000	$ 17,331	$ 1,537,331

(in thousands of Canadian dollars, unless otherwise stated)

For the years ended December 31,	2024			2023		
	Vital Trust	**Fritz-Lang-Platz 6**	**Total**	Vital Trust	Fritz-Lang-Platz 6	Total
Revenue from investment properties	**$ 142,977**	**$ 984**	**$ 143,961**	$ 142,145	$ 1,987	$ 144,132
Net income (loss) attributable to:						
Unitholders of the REIT	**(8,068)**	**(3,396)**	**(11,464)**	(52,918)	622	(52,296)
Non-controlling interests	**(20,420)**	**(27)**	**(20,447)**	(133,083)	37	(133,046)
Net income (loss)	**$ (28,488)**	**$ (3,423)**	**$ (31,911)**	$ (186,001)	$ 659	$ (185,342)
Total comprehensive income (loss) attributable to:						
Unitholders of the REIT	**(15,766)**	**(3,378)**	**(19,144)**	(66,070)	842	(65,228)
Non-controlling interests	**(35,898)**	**(27)**	**(35,925)**	(166,331)	48	(166,283)
Total comprehensive income (loss)	**$ (51,664)**	**$ (3,405)**	**$ (55,069)**	$ (232,401)	$ 890	$ (231,511)
Distributions attributable to non-controlling interests	**$ 39,537**	**$ 1,250**	**$ 40,787**	$ 39,252	$ —	$ 39,252

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

The REIT is subject to restrictions over the extent to which it can access cash of Vital Trust in the form of cash distributions, or use of assets and access to debt and credit facilities as a result of borrowing arrangements, regulatory restrictions and the REIT's economic interest in Vital Trust and being limited to the REIT's ownership interest of 28.3%. Similarly, the REIT is not subject to recourse over Vital Trust's borrowings and as a result, Vital Trust is restricted over the extent to which it can access the REIT's assets, debt and credit facilities.

The cash flows attributable to the non-controlling interests and the REIT during the year ended December 31, 2024.

For the years ended December 31,	2024			2023		
	Vital Trust	**Fritz-Lang-Platz 6**	**Total**	Vital Trust	Fritz-Lang-Platz 6	Total
Cash flows from (used in):						
Operating	**$ 50,698**	**$ 1,221**	**$ 51,919**	$ 22,612	$ (1,898)	$ 20,714
Investing	**(49,100)**	**1,891**	**(47,209)**	(41,801)	$ (250)	(42,051)
Financing	**(7,163)**	**(1,558)**	**(8,721)**	17,602	$ (1,645)	15,957
Effect of foreign currency translation	**17**	**(1,459)**	**(1,442)**	2,155	$ (5)	2,150
Net change in cash	**$ (5,548)**	**$ 95**	**$ (5,453)**	$ 568	$ (3,798)	$ (3,230)
Cash balance at period end	**$ 5,706**	**$ —**	**$ 5,706**	$ 11,254	$ 146	$ 11,400

For the year ended December 31, 2024, the REIT earned management fees of $15.2 million relating to management services provided to Vital Trust (year ended December 31, 2023 - $15.4 million). Management fees from Vital Trust are eliminated on consolidation as inter-company transactions but the REIT receives the economic benefit of approximately 72% of the fees, representing the non-controlling ownership interests in Vital Trust.

(in thousands of Canadian dollars, unless otherwise stated)

14. Rental Revenue

The components of rental revenue are as follows:

For the years ended December 31,		2024		2023
Rental income	**$**	**355,181**	$	397,478
Operating cost recoveries		**70,934**		62,628
Property tax and insurance recoveries		**28,177**		39,727
Other revenue		**8,111**		8,163
Rental revenue	**$**	**462,403**	$	507,996

15. Supplemental Cash Flow Information

Cash, Cash Equivalents, and Restricted Cash

As at		December 31, 2024		December 31, 2023
Cash and cash equivalents	**$**	**51,247**	$	72,030
Restricted cash (1)		**1,733**		60
Total cash, cash equivalents and restricted cash	**$**	**52,980**	$	72,090

(1) Restricted cash represents cash held in the REIT's designated bank accounts pledged as collateral, of which $1.1 million forms part of the security for certain European mortgages (note 8).

Changes in Non-Cash Working Capital Balances

For the year ended December 31,		2024		2023
Accounts receivable	$	1,790	$	(13,575)
Other assets		(2,380)		5,701
Accounts payable and accrued liabilities		(6,239)		5,650
Changes in non-cash working capital balances	**$**	**(6,829)**	$	(2,224)

Non-Cash Financing and Investing Activities

For the year ended December 31,		2024		2023
Non-cash distributions to unitholders under the DRIP (note 12)	**$**	**10,054**	$	18,222
Non-cash conversion of Class B exchangeable units (note 12)		**8,926**		—
Non-cash consideration from sale of subsidiary (note 7)		**177,000**		—
Units issued under unit-based compensation plan (note 10)		**3,219**		2,943
Total non-cash financing and investing activities	**$**	**199,199**	$	21,165

Finance expense (income)

For the year ended December 31,		2024		2023
Amortization of deferred financing costs	**$**	**22,630**	$	11,787
Distributions on Exchangeable Units		**(63)**		1,180
Fair value adjustment of Class B exchangeable units		**205**		(7,524)
Accretion of financial liabilities		**7,245**		9,158
Fair value adjustment of Convertible Debentures		**36,109**		(40,666)
Convertible Debenture issuance costs		**27**		7,283
Total finance expense (income), net	**$**	**66,153**	$	(18,782)

(in thousands of Canadian dollars, unless otherwise stated)

Reconciliation of Cash and Non-Cash Financing Activities

Year ended December 31, 2024	Mortgages and loans payable	Convertible debentures	Lease Liabilities	Class B exchangeable units	Total
Balance, beginning of year	$ 3,583,248	$ 320,854	$ 17,562	$ 8,721	$ 3,930,385
Cash financing activities:					
Mortgage and loan proceeds	532,677	—	—	—	532,677
Debt settled upon sale of subsidiary (note 4)	(470,732)	—	—	—	(470,732)
Repayment of mortgages and loans	(1,054,469)	—	—	—	(1,054,469)
Repayment of lease liabilities	—	—	(2,992)	—	(2,992)
Issuance of convertible debentures	—	(27)	—	—	(27)
Financing fees paid	(10,409)	—	—	—	(10,409)
Total cash financing activities	**$ (1,002,933)**	**$ (27)**	**$ (2,992)**	**$ —**	**$ (1,005,952)**
Non-cash financing activities:					
Amortization of financing costs	22,630	—	970	—	23,600
Accretion of financial liabilities	7,245	—	—	—	7,245
Conversion to Unitholders' Equity	—	—	—	(8,926)	(8,926)
Fair value adjustment of Class B exchangeable units	—	—	—	205	205
Convertible debenture issuance costs	—	27	—	—	27
Fair value adjustment of convertible debentures	—	36,109	—	—	36,109
Other	—	—	5,728	—	5,728
Foreign exchange translation	25,355	—	238	—	25,593
Total non-cash financing activities	**$ 55,230**	**$ 36,136**	**$ 6,936**	**$ (8,721)**	**$ 89,581**
Balance, end of year	**$ 2,635,545**	**$ 356,963**	**$ 21,506**	**$ —**	**$ 3,014,014**

Year ended December 31, 2023	Mortgages and loans payable	Convertible debentures	Lease Liabilities	Class B exchangeable units	Total
Balance, beginning of year	**$ 3,389,579**	**$ 275,270**	**$ 16,282**	**$ 16,245**	**$ 3,697,376**
Cash financing activities:					
Mortgage and loan proceeds	828,245	—	—	—	828,245
Repayment of mortgages and loans	(1,031,401)	—		—	(1,031,401)
Repayment of lease liabilities	—	—	(2,418)	—	(2,418)
Issuance of convertible debentures	—	86,250	—	—	86,250
Financing fees paid	(15,121)	—	—	—	(15,121)
Total cash financing activities	**$ (218,277)**	**$ 86,250**	**$ (2,418)**	**$ —**	**$ (134,445)**
Non-cash financing activities:					
Amortization of financing costs	11,787	—	749	—	12,536
Accretion of financial liabilities	9,158	—	—	—	9,158
Transfers from Assets Held for Sale	427,544	—	—	—	427,544
Fair value adjustment of Class B exchangeable units	—	—	—	(7,524)	(7,524)
Fair value adjustment of convertible debentures	—	(40,666)	—	—	(40,666)
Other		—	2,878	—	2,878
Foreign exchange translation	(36,543)	—	71	—	(36,472)
Total non-cash financing activities	**$ 411,946**	**$ (40,666)**	**$ 3,698**	**$ (7,524)**	**$ 367,454**
Balance, end of year	**$ 3,583,248**	**$ 320,854**	**$ 17,562**	**$ 8,721**	**$ 3,930,385**

(in thousands of Canadian dollars, unless otherwise stated)

16. Related Party Transactions

Key Management Personnel Compensation

For the year ended December 31,		2024		2023
Cash compensation	$	6,905	$	5,966
Unit-based compensation [(1)]		4,504		1,593
	$	11,409	$	7,559

(1) Unit based compensation consists of the related award valued in respect of vested DUPs, RUs, and PUs. The unit-based compensation reflects the grant fair value of the unit-based incentive award, multiplied by the number of incentive units vested in the year to the key management personnel.

Key management personnel of the REIT throughout the year ended December 31, 2024 included current Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer, former Chief Operating Officer, former interim Chief Financial Officer, and Trustees.

Key management personnel of the REIT in 2023 included current and former Chief Executive Officers, former Chief Financial Officer, interim Chief Financial Officer, President, Chief Operating Officer, former Head of Global Funds and Trustees. Unit-based compensation for the year ended December 31, 2023 was presented net of $3.9 million of previously expensed unit-based compensation that was forfeited during the year as result of departure of certain individuals who held roles included as part of the key management personnel.

Transactions with the former Chairman of the board of trustees and Chief Executive Officer

Separation Agreement

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

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

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

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

Ownership Interest held by NWVP

The Class B exchangeable units of NWI Healthcare Properties LP ("NWI LP") were entirely held by NWVP and its affiliates. NWVP also holds an interest in REIT units. Pursuant to the amended and restated Declaration of Trust dated September 13, 2023. For so long as NWVP maintains a 10% interest in the REIT, NWVP has the right to appoint trustees to the board of the REIT (with such appointment rights varying based on the level of NWVP's ownership interest). For so long as NWVP maintains a 5% interest in the REIT, NWVP has pre-emptive rights to participate in future financings and other issuances of securities of the REIT in order to maintain its pro rata ownership interest in the REIT and other contractual entitlements. As at December 31, 2024, NWVP does not have a representative on the Board of Trustees, and accordingly neither Paul Dalla Lana nor NWVP are deemed to be related parties prospectively from the date of the Separation Agreement.

As of December 31, 2024, there were no Exchangeable Units outstanding (December 31, 2023 - 1,710,000) (see note 12).

Other transactions while a member of Key Management Personnel

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

During the period from January 1 to August 8, 2023 the REIT made payments to NWVP of $2.6 million to settle the charges noted above. The REIT also made advances during this period of $0.8 million that were fully repaid by NWVP.

As at December 31, 2024 and December 31, 2023, the REIT had no amounts owing or receivable from NWVP.

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

(in thousands of Canadian dollars, unless otherwise stated)

Subsidiaries of the REIT

The consolidated financial statements include the accounts of the REIT and all its subsidiaries.

The REIT's decision making rights over the subsidiary entities below, deemed to be significant for this purpose as entities that own, invest in or manage real estate, are sufficient to give the REIT power and the REIT has exposure to variable returns from its power:

		Percentage Ownership	
Name of Subsidiary	**Place of Operation**	**December 31, 2024**	**December 31, 2023**
NHP Holdings Limited Partnership	Canada	100.0 %	100.0 %
Healthcare Properties LP	Canada	100.0 %	100.0 %
NorthWest Healthcare Properties Corporation	Canada	100.0 %	100.0 %
NWI Healthcare Properties LP	Canada	100.0 %	100.0 %
NWI Gesundheitsimmobilien GmbH & Co KG	Germany	100.0 %	100.0 %
NWI Management GmbH	Germany	100.0 %	100.0 %
NWI Galaxy Investment Advisory S.a.r.l.	Luxembourg	100.0 %	100.0 %
NWI Galaxy JV Lux 2 S.a.r.l	Luxembourg	100.0 %	100.0 %
NWI Gezondheid Vastgoed B.V.	The Netherlands	100.0 %	100.0 %
NWI Luxembourg S.a.r.l.	Luxembourg	100.0 %	100.0 %
NWI Jersey Ltd	United Kingdom	— %	100.0 %
NWI Jersey HC Ltd	Jersey	100.0 %	100.0 %
NWI Thames Acquisition LP	Jersey	100.0 %	— %
NWI UK REIT Ltd	United Kingdom	100.0 %	100.0 %
NWI Healthcare Properties LLC	USA	100.0 %	100.0 %
NWI Management UK Ltd	United Kingdom	100.0 %	100.0 %
Northwest Gestao De Fundos E Investimentos Ltda	Brazil	100.0 %	100.0 %
Fundo De Investimenttno Imobiliário NorthWest Investmentos Fund I Imobiliários Em Saúde	Brazil	100.0 %	100.0 %
NorthWest Investmentos Em Saúde Fund I Fundo de Investimento Multimercado	Brazil	100.0 %	100.0 %
Vital Healthcare Property Trust	New Zealand	28.3 %	28.6 %
NWI NZ Management Company Limited	New Zealand	100.0 %	100.0 %
NorthWest Healthcare Properties Management Limited	New Zealand	100.0 %	100.0 %
NorthWest Healthcare Properties Management Pty Ltd.	Australia	100.0 %	100.0 %
Northwest Healthcare Australia RE Ltd.	Australia	100.0 %	100.0 %
NWH Australia Hold Trust	Australia	100.0 %	100.0 %
NWH Australia Asset Trust	Australia	100.0 %	100.0 %
NWI US Management LLC	USA	100.0 %	100.0 %
NWI US REIT LLC	USA	100.0 %	100.0 %

(in thousands of Canadian dollars, unless otherwise stated)

17. General and Administrative Expenses

Employee benefits expense

Year ended December 31,		**2024**		2023
Short-term employee benefits	**$**	**26,743**	$	33,201
Unit-based compensation expense		**4,463**		6,684
	$	**31,206**	$	39,885

Short-term employee benefits include salaries, bonuses, commissions and other short-term benefits and are measured on an undiscounted basis and expensed as the related service is provided.

For the year ended December 31, 2024, total short-term employee benefits of $12.6 million (December 31, 2023 – $16.9 million) are included in 'Property operating costs' and $14.1 million (December 31, 2023 – $16.3 million) are included in 'General and administrative expenses, net of amounts directly related to leasing, capital expenditures or development of investment properties that are capitalized of $4.8 million, allocated to net loss on disposal of investment properties of $4.2 million, and allocated to transaction costs of $7.8 million (December 31, 2023 - $7.5 million, $6.0 million, and $8.0 million, respectively).

Transaction costs

For the years ended December 31, 2024 and 2023, the REIT incurred transaction costs of $16.7 million and $38.7 million respectively. Included in transaction costs as classified on the statement of income (loss) and comprehensive income (loss) are third party costs and allocations of compensation expenses related to new investment opportunities, capital raising initiatives, dispositions that did not successfully complete and the board's Strategic Review Committee.

Net loss on disposal of investment properties

Included in net loss on disposal of investment properties as classified on the statement of income (loss) and comprehensive income (loss) are direct costs and allocations of compensation expenses related to dispositions of investment properties, including dispositions that are expected to be completed in future periods (see note 4).

18. Segmented Information

The REIT operates in one industry segment being the healthcare real estate industry; however, the REIT monitors and operates its North American, Brazilian, European, and Australasian operations separately. The CEO assesses the performance of each of these operating segments based on a measure of operating income (loss). Other consists primarily of corporate functions that do not earn revenues and would not be considered reportable operating segments. The material accounting policies for each of the segments are the same as those for the REIT.

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

As at December 31, 2024	**North America**	**Brazil**	**Europe**	**Australasia**	**Other**	**Total**
Investment properties	**$ 1,350,638**	**$ 612,744**	**$ 562,823**	**$ 2,734,785**	**$ —**	**$ 5,260,990**
Mortgages and loans payable	**564,610**	**130,140**	**389,485**	**1,138,771**	**412,539**	**2,635,545**

As at December 31, 2023	**North America**	**Brazil**	**Europe**	**Australasia**	**Other**	**Total**
Investment properties	$ 1,646,758	$ 818,170	$ 1,587,530	$ 2,822,202	$ —	$ 6,874,660
Mortgages and loans payable	758,781	304,950	782,708	1,114,740	622,069	3,583,248

(in thousands of Canadian dollars, unless otherwise stated)

For the year ended December 31, 2024	North America	Brazil	Europe	Australasia	Other	Total
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**
Net property operating income	**$ 95,511**	**$ 55,695**	**$ 66,585**	**$ 131,617**	**$ —**	**$ 349,408**
Other Income						
Interest and other	**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)**
	$ 486	**$ 445**	**$ 9,176**	**$ (11,932)**	**$ 5,090**	**$ 3,265**
Mortgage and loan interest expense	**33,807**	**16,919**	**26,320**	**41,927**	**71,484**	**190,457**
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)**
	$ 41,404	**$ 14,818**	**$ 38,041**	**$ 71,699**	**$ 65,483**	**$ 231,445**
Operating income (loss)	**$ 54,593**	**$ 41,322**	**$ 37,720**	**$ 47,986**	**$ (60,393)**	**$ 121,228**

For the year ended December 31, 2023	North America	Brazil	Europe	Australasia	Other	Total
Operating Income						
Revenue from investment properties	$ 192,979	$ 57,769	$ 102,812	$ 154,436	$ —	$ 507,996
Property operating costs	79,387	1,427	19,551	21,009	—	121,374
Net property operating income	$ 113,592	$ 56,342	$ 83,261	$ 133,427	$ —	$ 386,622
Other income						
Interest and other	2	437	259	12,975	4,886	18,559
Management fees	—	—	—	15,355	—	15,355
Share of income (loss) from equity accounted investments	—	—	(9,718)	(9,514)	—	(19,232)
	$ 2	$ 437	$ (9,459)	$ 18,816	$ 4,886	$ 14,682
Mortgage and loan interest expense	50,619	10,743	36,535	44,303	82,492	224,692
General and administrative expenses	5,599	1,957	11,532	19,634	18,845	57,567
Transaction costs	1,574	689	13,316	7,080	16,086	38,745
Foreign exchange (gain) loss	740	5,005	1,977	162	(5,378)	2,506
	$ 58,532	$ 18,394	$ 63,360	$ 71,179	$ 112,045	$ 323,510
Operating income (loss)	**$ 55,062**	**$ 38,385**	**$ 10,442**	**$ 81,064**	**$ (107,159)**	**$ 77,794**

19. Commitments and Contingencies

Letters of Credit

(a) The REIT obtains letters of credit to support its obligations with respect to construction work and additions to its investment properties and to satisfy mortgage financing requirements. As at December 31, 2024, the REIT has a total of $0.3 million (December 31, 2023 - $1.1 million) in outstanding letters of credit under the REIT's secured revolving floating rate credit facility, which forms part of the total Credit Facilities disclosed in note 8. The REIT does not expect any of these standby letters of credit to be drawn upon and, therefore, no corresponding liability has been recorded.

Development Commitments

(b) The REIT has entered into acquisition and construction agreements on certain development properties and is committed to associated costs of $88.0 million as at December 31, 2024 (December 31, 2023 - $224.3 million), including $62.5 million in Vital Trust, where timing is discretionary, however, the REIT expects to complete the projects between 2025 to 2026 (December 31, 2023 - $171.9 million).

Landlord Work Commitments

(c) 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 $6.2 million of landlord's work. The reimbursement is expected to occur by October 2027.

Charitable Pledge

(d) In 2022, The REIT pledged a contribution of $5.0 million to the University of Toronto in support of research on impacts of the pandemic on health systems across the world. As at December 31, 2024, $3.1 million has been paid by the REIT. Contributions are expensed in the period the pledge is fulfilled and incurred.

Guarantees

(e) Northwest makes guarantees to subsidiaries, including those that are consolidated and equity accounted, within the group that are not expected to have a material impact to the consolidated financial statements.

(f) Pursuant to the disposition of an Australasian investment property in 2023, the REIT has entered into agreements to provide rental guarantees for up to $4.3 million, expiring in 2028, which are activated if the sub-lease is terminated by reason of default of the sub-landlord. No such action has been taken or is expected and thus no provision has been recognized by the REIT.

Indemnities

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

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

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

(in thousands of Canadian dollars, unless otherwise stated)

Other

(j) 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.

20. Fair Values

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

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

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

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

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

		Fair Value		
	Carrying value	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:				
Investment properties (1)	**$ 5,260,990**	$ —	$ —	$5,260,990
Financial instruments (2)	**16,185**	—	16,185	—
Investment in unlisted securities (3)	**4,278**	—	—	4,278
Investment in Assura (4)	**169,417**	169,417	—	—
Assets held for sale	**59,278**	—	—	59,278
Assets recorded at amortized cost:				
Loans receivable	**14,963**	—	—	14,963
Liabilities measured at fair value:				
Financial instruments (2)	**6,181**	—	6,181	—
Convertible debentures (5)	**356,963**	356,963	—	—
Unit-based compensation liabilities	**9,929**	—	8,504	1,425
Financial liabilities recorded at amortized cost:				
Mortgages and loans payable (6)	**2,635,545**	—	2,646,292	—

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

(in thousands of Canadian dollars, unless otherwise stated)

21. Capital Management

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

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

As at December 31, 2024, the REIT is in compliance with its debt to gross book value ratio of the Declaration of Trust at 44.1% (December 31, 2023 - 47.7%).

As at		**December 31, 2024**		December 31, 2023
Debt				
Gross value of debt excluding convertible debentures(1)	**$**	**2,670,191**	$	3,644,655
Gross value of total debt(2)		**3,027,154**		3,965,509
Gross Book Value of Assets				
Total assets	**$**	**6,049,576**	$	7,628,615
Debt-to-Gross Book Value (Declaration of Trust)		**44.1 %**		47.7 %
Debt-to-Gross Book Value including convertible debentures		**50.0 %**		51.9 %

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

The REIT's mortgages and loans, including the corporate credit facilities, are subject to various financial covenants (note 8), which are tested quarterly. The REIT's financial covenants under its revolving credit facility and certain term debts were amended during the year ended December 31, 2024. As a result of these amendments, the REIT is subject to the following covenants as at December 31, 2024:

- debt to gross asset value, excluding convertible debentures, not in excess of 65%, debt to gross book value, including convertibles, not in excess of 70%;
- debt service coverage ratio of no less than 1.2:1, on a trailing six months basis;
- minimum unitholders' equity of $1.3 billion plus 75% of net proceeds in connection with equity offerings after December 31, 2021

The REIT's debt service coverage ratio covenant is sensitive to the REIT's net income (loss), adjusted EBITDA, and interest rates which impact the magnitude of debt service costs. The REIT's debt service coverage ratio covenant, increases over time as follows: 1.2:1 for the quarter ending March 31, 2025 (based on the trailing 9 months), 1.25:1 for the quarters ending June 30 and September 30, 2025 (based on the trailing 12 months), and 1.3:1 for the quarter ending December 31, 2025 (based on the trailing 12 months). The ratio further increases to 1.4:1 starting March 31, 2026, with quarterly testing.

Separately, the minimum equity covenant is sensitive to the REIT's net operating income, overall capitalization rates and foreign exchange rates. These sensitivities also impact the REIT's estimate of fair value in connection with its investment properties at period end (note 3). The REIT is monitoring these considerations and taking steps to address the risks as it relates to its compliance assessment in future periods.

As at December 31, 2024, the REIT is in compliance with the financial covenants above and covenants in respect of the loans and mortgages disclosed in note 8. The loans referred to above have been classified as non-current as at December 31, 2024 as the REIT has an existing right to defer settlement of the loan for at least 12 months after the reporting period.

(in thousands of Canadian dollars, unless otherwise stated)

22. Risk Management

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

Liquidity risk

Liquidity risk arises from the possibility of not having sufficient debt and equity capital available to the REIT to fund future growth, refinance debts as they mature or meet the REIT's debt service and payment obligations as they arise. Furthermore, liquidity risk also arises from the REIT not being able to obtain financing or finding new sources of financing or generally funded from the issuance of trust units as well as obtaining debt financing on the related property.

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

	Carrying Amount	Contractual Cash Flows	2025	2026	2027	2028	2029	Thereafter
Accounts payable and accrued liabilities	$ 105,108	$ 105,108	$ 95,750	$ —	$ —	$ —	$ —	$ 9,358
Income tax payable	7,433	7,433	7,433	—	—	—	—	—
Distributions payable	10,175	10,175	10,175	—	—	—	—	—
Convertible debentures	356,963	434,848	153,888	16,388	171,638	92,934	—	—
Lease liabilities	21,506	28,955	3,831	3,576	2,718	2,118	1,604	15,108
Mortgages and loans payable	2,635,545	2,913,555	289,164	760,702	981,029	546,919	297,943	37,798
	$ 3,136,730	$ 3,500,074	$560,241	$780,666	$1,155,385	$ 641,971	$299,547	$ 62,264

Incremental to contractual cash flows above, the REIT has additional development commitments of $88.0 million as described in note 19(b) Commitments and contingent liabilities.

The REIT expects to repay or refinance all debts maturing in 2025 using existing liquidity, new or renewed financings with extended maturities, net proceeds from sales of investment properties classified as assets held for sale (note 4), and strategic asset sales. Subsequent to December 31, 2024, the REIT has issued senior unsecured debentures for proceeds totaling $500 million, proceeds of which and the resulting liquidity are expected to be used to repay debt with near-term maturities including the REIT's Series G Convertible Debenture (note 23).

The REIT forecasts liquidity requirements to ensure it has the ability to meet operational needs by maintaining sufficient available liquidity through the combination of cash and existing debt capacity and to ensure the REIT will meet its financial covenants related to debt agreements with consideration of the sensitivities that may be involved which includes capitalization rates related to the valuation of investment properties and interest rate movements. Such forecasting involves a significant degree of judgment which takes into considerations current and projected macroeconomic conditions, the REIT’s cash collection efforts, working capital management, debt financing plans, and covenant compliance required under the terms of debt agreements.

Interest Rate Risk

(in thousands of Canadian dollars, unless otherwise stated)

The REIT is exposed to interest rate risk on its borrowings. It minimizes this risk by obtaining long-term fixed interest rate debt. Approximately 36% of the REIT's debt is financed at contractually fixed rates with maturities staggered over a number of years (approximately 78.7% after taking into consideration variable rate debt under currently effective interest rate derivatives), thereby partially mitigating its exposure to changes in interest rates and financing risks.

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

Segment	Type	Variable rate	Notional Amount	Weighted Average Remaining Term (Years)	Pay Fixed Rate[2]	Fair Value
Interest rate derivative assets						
North America	Swap	SOFR	$ 197,126	2.0	3.31%	$ 2,856
Europe	Swap	Euribor	87,150	3.5	1.60%	3,026
Europe	Cap	Euribor	91,809	1.4	2.31%	2,815
Europe	Floor	Euribor	16,784	4.5	—%	8
Australasia	Swap	BBSY	716,436	1.3	3.12%	5,687
			$ 1,109,305			$ 14,392
Future dated[3]						
Australasia	Swap	BBSY	$ 267,450	2.6	3.52%	$ 1,584
Australasia	Swap	BKBM	40,340	2.0	3.15%	102
			$ 307,790			$ 1,686
						$ 16,078
Interest rate derivatives liabilities						
Australasia	Swap	BBSY	$ 53,490	2.2	3.90%	$ (92)
Australasia	Swap	BKBM	40,340	4.9	4.37%	(1,511)
Other	Swap	CORRA	150,000	1.9	2.80%	(193)
Other	Swap	BKBM	80,680	1.8	4.87%	(2,080)
			$ 324,510			$ (3,876)
Future dated[3]						
Australasia	Swap	BKBM	$ 40,340	4.0	3.83%	$ (590)
Australasia	Swaptions[1]	BBSY	178,300	3.0	3.75%	(1,670)
			$ 218,640			$ (2,260)
						$ (6,136)
Interest rate derivatives						
Current			$ 1,433,815	2.0	3.13%	$ 10,516
Future dated			526,430	2.8	3.60%	(574)
Total			**$ 1,960,245**	2.1	3.26%	$ 9,942

(1) Exercisable at the election of the bank counterparty.
(2) Represents the weighted average pay-fixed base rate per the interest rate derivative contract.
(3) The REIT has entered derivative financial instruments that become effective at a later date.
(4) The REIT's exposure to credit risk in respect of financial instruments relates primarily to counterparty obligations regarding derivatives contracts. The credit risk of derivative financial instruments is reflected in the fair value of the instruments, which in general tends to be a relatively small proportion of the notional value. The REIT mitigates its credit risk through diversification and the use of established financial institutions. The maximum exposure to credit risk is the carrying value of derivative financial instruments in asset position of $16.1 million.

The Australasian interest rate swaps relate to term debt in Vital Trust, which the REIT consolidates its 28.3% ownership. The European interest swaps and caps relate to several underlying mortgages.

Sensitivity to a 1.0% increase or decrease in the interest rate would impact net income (loss) and comprehensive income (loss) by $26.4 million annually with all mortgages and loans, being fixed and variable rate debts, held constant as at year end (December 31, 2023 - $36.2 million).

(in thousands of Canadian dollars, unless otherwise stated)

Price risk

Price risk is the risk that changes in market prices for the REIT's securities may impact the REIT's ability to access capital, and that changes in the market value derived from prices of the units underlying the REIT's investments in associates may impact the value of its investments and may also impact the amount available under related financings. The market price for the REIT's trust units, the REIT's convertible debentures, units of Vital Trust, and units in unlisted securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which may be beyond the REIT's control including general market sentiment. The market price of the REIT's securities and investments may decline even if the REIT's operating results, underlying asset values, or prospects have not changed. A decrease in the REIT's Trust Unit price impacts the cost of raising new capital. A sustained decline in the market price of the units of Vital Trust may impact the value of the REIT's investments which may result in impairment losses and may require the REIT to repay amounts owing under its related financings. To adapt to an increasingly volatile macro environment, the REIT amended certain covenants during the year to provide additional flexibility. Additionally, the REIT is subject to covenants in respect of its unitholders' equity balance. These covenants may be impacted by changes in investment property valuation or changes in the REIT's capital structure.

Credit risk

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

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

The following is an aging analysis of accounts receivable past due, net of expected credit losses:

As at		**December 31, 2024**		December 31, 2023
Less than 30 days	**$**	**4,881**	$	5,287
31 to 60 Days		**813**		1,061
61-90 days		**900**		338
More than 90 Days		**1,757**		1,298
Total billed	**$**	**8,351**	$	7,984
Unbilled and other receivables		**18,193**		15,533
Expected credit losses	**$**	**(2,038)**	$	(1,717)
Total accounts receivable	**$**	**24,506**	$	21,800

As at December 31, 2024, unbilled and other receivable includes unbilled operating recoveries of $4.6 million, distribution receivable of $3.7 million and other receivables expected to be collected within the year of $5.6 million.

Foreign currency exchange risk

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

(in thousands of Canadian dollars, unless otherwise stated)

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

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

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

The following table summarizes the effect of a 10% strengthening of the Canadian dollar on the REIT's net income (loss) as a result of translating the profit or loss of foreign subsidiaries, assuming all other variables remain unchanged:

For the years ended December 31,	**2024**	2023
Europe (EUR)	**$ 4,579**	$ 17,219
Europe (GBP)	**13,143**	2,591
Americas (BRL)	**5,596**	(3,419)
Americas (USD)	**4,401**	9,900
Australasia (NZD)	**1,634**	15,957
Australasia (AUD)	**3,775**	736
	$ 33,128	$ 42,984

A 10% weakening of the Canadian Dollar would have an equal but opposite effect on the above currencies to the amounts shown above, assuming all other variables remain unchanged.

23. Subsequent Events

1. On January 15, 2025, the REIT announced a distribution of $0.03 per unit to unitholders of record on January 31, 2025, and was paid on February 14, 2025.
2. On February 14, 2025, the REIT announced a distribution of $0.03 per unit to unitholders of record on February 28, 2025, and will be paid on March 14, 2025
3. On February 5, 2025, the REIT received an investment-grade issuer credit rating of BBB (low) with a Stable Trend from Morningstar DBRS. On February 18, 2025 the REIT announced it had closed its inaugural senior unsecured debenture offering totaling $500.0 million. The offering included (i) $200.0 million of 5.02% Series A senior unsecured debentures due on February 18, 2028; and (ii) $300.0 million of 5.51% Series B senior unsecured debentures due on February 18, 2030. The REIT used the proceeds to repay the following:
   - Term debt of $194.6 million bearing interest of 6.43% with a term to maturity of 2 years that was secured by North American investment properties with value of $372.9 million.
   - Mortgages of $18.0 million bearing 7.70%, and weighted average term to maturity of 1.2 years that were secured by North American investment properties with value of $26.5 million.
   - $26.8 million of term debt that is secured by the REIT's investment in Assura bearing interest rate of 7.70%,
   - $15.0 million of Australasian secured financing bearing interest 7.32% secured by units in Vital Trust held by the REIT, listed on the New Zealand Exchange.
   - $245.6 million of credit facilities of which $180.6 million bearing interest rate of 5.95% of credit facilities are available to be redrawn and $65.0 million bearing interest rate of 7.50% being permanently settled and not available to be redrawn.
4. Subsequent to December 31, 2024, the REIT sold one income producing and one development property in North America classified as asset held for sale at the fair value of $38.1 million as at December 31, 2024. The proceeds from the sale were used to repay corporate credit facilities.
5. Subsequent to December 31, 2024, the REIT refinanced $13.6 million of 2025 European Mortgages maturities bearing interest at 2.02% extending the maturity by 3 years at a blended rate of 2.67%.