northwest

Year-Ended 12.31.2024 Management Discussion and Analysis

Northwest Healthcare Properties Real Estate Investment Trust

INTRODUCTION

Northwest Healthcare Properties Real Estate Investment Trust (**"Northwest"**, or the **"REIT"**), 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, September 21, 2023, and June 18, 2024, under the laws of the Province of Ontario ("**Declaration of Trust**"). The registered office of the REIT is 180 Dundas Street West, Suite 1100, Toronto, Ontario, M5G 1Z8. The REIT Trust Units are listed and publicly traded on the Toronto Stock Exchange (**"TSX"**) under the symbol NWH.UN. The REIT's Convertible Debentures are listed and publicly traded on the TSX under the symbols NWH.DB.G, NWH.DB.H and NWH.DB.I.

The REIT's Business

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

As an investor, as of December 31, 2024, the REIT currently owns and manages interests in 172 hospitals, medical outpatient buildings and healthcare facilities in Europe, North America, Brazil and Australasia. The REIT manages $8.3 billion of assets under management, of which $2.6 billion is owned directly by the REIT and $5.7 billion is owned jointly with third-party investors. The REIT is the largest non-government healthcare real estate owner in Canada.

As an active manager, the REIT promotes value-add partnerships and demonstrates strong governance, deep expertise, and excellence in execution. With offices in eight countries, the REIT brings a global view, local execution capabilities, and a long-term ownership strategy to serve as a real estate partner of choice to leading healthcare operators around the world. The REIT provides integrated property management, acquisition and development management services for its joint venture partners and investments.

As a developer, the REIT has a strong record of creating value through partnering with leading healthcare operators. The REIT is an active developer of healthcare real estate projects (for long term ownership) in many of the REIT's markets, especially in Australia and New Zealand, where Northwest is a market leader.

The REIT's Purpose

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

The REIT's hospitals, medical outpatient buildings, medical clinics, life sciences assets, and healthcare related facilities, are designed to meet the needs of its hospital operators, doctors, nurses, and other medical practitioners in private and public healthcare jurisdictions.

The REIT's portfolio has been designed with the goals of generating stable and growing cash flows underpinned by tenancies of high-quality hospital and healthcare operators and long-term, inflation-indexed leases.

The REIT's Investment Strategy

Northwest aims to build on its position as a healthcare real estate leader, focused on maximizing value for unitholders by continuing to execute on identified initiatives. This includes a commitment to improving efficiencies across all the REIT's markets and continuing to strengthen its balance sheet.

Current Business Environment and Outlook

The global economy has been forecasted to grow at a 3.3% rate in 2025, according to the International Monetary Fund ("**IMF**"), which is slightly below the historical (2000-2019) average of 3.7%. However, rising geopolitical tensions and tariffs risk make it increasingly difficult to forecast. Based on current expectations, demand in the United States remains strong, supported by wealth effects, a more accommodating monetary policy stance, and favorable financial conditions. Canada's economy has shown signs of improvement, driven by prior interest rate cuts, with the Bank of Canada projecting continued growth if new tariffs are avoided. In Australia and New Zealand, economic growth is forecast to pick up, returning to trend as reserve bank reductions in interest rates and a tight labor market support increases in household consumption activity. In Europe, growth is expected to recover gradually, though geopolitical tensions, weaker-than-expected manufacturing activity, and heightened political uncertainty have led to downward revisions in growth expectations. Across all key regions, uncertainties surrounding protectionist policies, including global trade tensions and tariffs, could hinder global growth and economic momentum.

Global disinflation continues, with headline inflation projected to move closer toward central bank targets. Even though inflation is expected to remain slightly above the central bank's 2% target in the United States, underlying inflation has moderated in Australia and New Zealand and are expected to return to the 2% to 3% target range this year. Meanwhile, Europe continues to face more subdued inflationary pressures.

In the healthcare real estate sector, inflationary pressures contribute to rising operational costs, though inflation-linked lease structures and long-term leases help mitigate these risks. In this regard, Northwest has consistently demonstrated strong cash collections, occupancy rates exceeding 96% and weighted average lease expiries reaching 14 years, even during periods of economic fluctuations. In addition, the aging population in Northwest's primary markets continues to drive demand for healthcare facilities, reinforcing healthcare expenditures and supporting long-term demand for the REIT's assets. The growing trend of increased healthcare utilization is expected to further benefit healthcare real estate, positioning us well to capitalize on these demographic shifts through its portfolio of high-quality assets.

The REIT remains committed to optimizing its portfolio and identifying opportunities to unlock value and reduce leverage through non-core asset sales. However, central bank efforts to curb inflation continue to impact borrowing costs and capitalization rates, prompting us to be more selective in the approach to asset monetization. The REIT will therefore evaluate holding non-core assets based on their strong occupancy rates and yields or selling them at current capitalization rates. Northwest has a comprehensive capital management strategy to not only strengthen the balance sheet but also maintain a disciplined approach to portfolio management. As such, the REIT's commitment and focus remains on enhancing long-term unitholder value, while navigating evolving macroeconomic conditions across the REIT's key markets.

FINANCIAL AND OPERATIONAL SUMMARY

The following is a summary of key financial and operational information as at and for the periods indicated, where financial information is expressed in thousands of Canadian dollars, except unit and per unit amounts:

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(unaudited)		As at December 31, 2024		As at December 31, 2023
Operational Information (1)				
Number of Properties		172		219
Gross Leasable Area (sf)		15,886,309		17,736,521
Occupancy %		96.4%		96.6%
Weighted Average Lease Expiry ("WALE") (years)(2)		13.6		13.3
Summary of Financial Information				
Assets Under Management (2)	$	8,281,609	$	9,901,036
Gross Book Value (3)	$	6,049,576	$	7,628,615
Debt - Declaration of Trust (2)	$	2,670,191	$	3,641,463
Debt to Gross Book Value - Declaration of Trust(2)		44.1%		47.7%
Debt - Including Convertible Debentures (2)	$	3,027,154	$	3,962,317
Debt to Gross Book Value - Including Convertible Debentures(2)		50.0%		51.9%
Economic Weighted Average Interest Rate (2)(4)		5.52%		6.27%
Net Asset Value ("NAV") per Unit (2)	$	8.55	$	10.86
Adjusted Units Outstanding - period end (5)		247,784,245		245,002,126

		For the three months ended December 31, 2024		For the three months ended December 31, 2023		For the three months ended September 30, 2024
Operating Results						
Revenue from investment properties	$	102,702	$	123,986	$	107,015
Net Income / (Loss)	$	2,928	$	(188,900)	$	(157,266)
Net Operating Income ("NOI")	$	77,764	$	98,083	$	82,216
Funds From Operations ("FFO"), excluding accelerated amortization of deferred financing charges (2)(8)	$	23,674	$	36,759	$	26,093
Adjusted Funds From Operations ("AFFO") (2)	$	24,281	$	32,835	$	22,352
Distributions (6)	$	22,346	$	22,048	$	22,229
Interest Coverage (7)(10)		1.86		1.50		1.61
Per Unit Amounts						
FFO, excluding accelerated amortization of deferred financing charges, per unit - Basic (2)(8)	$	0.10	$	0.15	$	0.11
FFO, excluding accelerated amortization of deferred financing charges, per unit - diluted (2) (8)	$	0.10	$	0.15	$	0.11
AFFO per unit - Basic (2)(8)	$	0.10	$	0.13	$	0.09
AFFO per unit - diluted (2)(8)	$	0.10	$	0.13	$	0.09
Distributions per unit (9)	$	0.09	$	0.09	$	0.09
AFFO Payout Ratio (2)		92%		67%		99%
AFFO Payout Ratio - diluted (2)		92%		68%		100%
Adjusted Weighted Average Units Outstanding (5)						
Basic		247,493,809		244,959,959		246,832,144

(1) Operational information includes 100% of Vital Trust and joint venture (**"JV"**) investments. The REIT owns an approximate 28.3% interest in Vital Trust and 30% of the JV investments as at December 31, 2024. See **Investment in Joint Ventures**.

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

(3) Gross Book Value is defined as total assets under IFRS.

(4) As at December 31, 2024, 78.7% (December 31, 2023 - 72.3%) of the REIT's debt including convertible debentures is subject to fixed interest rates, including total debt of $1.4 billion (December 31, 2023 - $1.9 billion) that is economically fixed after taking into consideration the interest rate derivatives, but is contractually subject to a variable rate interest. See **Gain/Loss on Financial Instruments**.

(5) Under IFRS the REIT's Class B LP Units are presented as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP Units in basic and diluted units outstanding/weighted average units outstanding, which is on a non-IFRS basis. On January 15, 2024, all 1,710,000 Class B exchangeable units were exchanged into REIT units. There were no Class B LP Units outstanding as at December 31, 2024 (December 31, 2023 - 1,710,000 Class B LP Units).

(6) Represents distributions to Unitholders and Class B LP Units on an accrual basis. Distributions are payable at the end of the period in which they are declared by the Board of Trustees and are paid on or around the 15th day of the following month.

(7) See **Financial Ratios** for the REIT's calculation of Interest Coverage.

(8) For the three months ended September 30, 2024 FFO and FFO per unit excludes $10.3 million of amortization of transactional deferred financing charges which consists of accelerated amortization of deferred financing costs due to early repayment of debt upon sale of the UK portfolio in August 2024. FFO and FFO per unit including amortization of transactional deferred financing charges is $15.8 million or $0.06 per unit, respectively, for the three months ended September 30, 2024.

Included in FFO and AFFO for the three months ended December 31, 2023, is $11.1 million related to interest rate cap derivative arrangements, which matured during the three months ended March 31, 2024, the impact of which is $0.05 per unit.

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

(10) Interest coverage for comparative periods have been restated to align with updated definition. See **Performance Management.** Definitions have been updated to align with the REIT's expectation of how the market evaluates its ratios and financial performance.

HIGHLIGHTS FOR THE YEAR

On August 8, 2023, the REIT announced that a Strategic Review Committee had been formed to assess the best course of action for the REIT's next phase of development and growth. On August 8, 2024, the Strategic Review Committee concluded its strategic review process.

During 2024 and subsequent to year end, the REIT executed a series of transformational initiatives aimed at enhancing balance sheet strength, optimizing its asset portfolio, and reinforcing its commitment to sustainable value creation for unitholders.

Strategic Asset Sales and Capital Allocation

In line with the REIT's strategy to optimize the portfolio and strengthen its financial position, during the year ended December 31, 2024, the REIT successfully completed $1.4 billion in asset sales, including the divestment of 50 income producing properties and 2 development properties across multiple geographies at a weighted average cap rate of 6.5%. Notably, the sale of the UK portfolio in August 2024 generated gross proceeds of $885.0 million, with $177.0 million of the consideration received in shares of Assura PLC ("Assura"). The REIT also completed $537.2 million dispositions in Europe, Australasia, and North America, with total proceeds allocated towards debt repayment.

Debt Management and Refinancing Activity

The REIT significantly strengthened its balance sheet and materially reduced interest costs by fully repaying $1.1 billion of debt with a weighted average interest rate of 7.42% using proceeds from asset sales, including $947.6 million which was set to mature in 2024 and 2025.

Over the year, the REIT also took decisive steps to extend debt maturities to reduce near-term refinancing risk. The REIT successfully extended the maturity of its revolving credit facilities, mortgages and terms loans increasing the weighted average term to maturity to three years.

Lastly the REIT improved its cost of capital by reducing its Economic WAIR to 5.52% (December 31, 2023 – 6.27%) as a result of previously mentioned debt repayments and through the use of interest rate swap contracts to reduce its exposure to variable rate debt as part of its interest rate risk mitigation strategy.

These initiatives collectively reinforce the REIT's ability to navigate evolving market conditions while ensuring continued financial stability and flexibility.

Operational Efficiency and G&A Reductions

In 2024, in an effort to streamline operations, simplify its geographic footprint, and improve efficiency across all markets, the REIT made the difficult decision to reduce its global workforce by approximately 16%, impacting approximately 50 employees. This decision, made with careful consideration, was crucial for aligning the operating model with the strategic priorities and securing the long-term sustainability of the REIT's business.

The headcount reductions made during 2024 are expected to result in annualized savings of approximately $3.7 million in General and Administrative Expenses ("**G&A**") and Property Operating Costs, further enhancing the REIT's cost structure without affecting its commitment to employees, tenants, and stakeholders.

Leasing Profile and Portfolio Stability

Through active asset management, in 2024, the REIT achieved material early lease extensions and a renewal rate of 81%, reinforcing the stability of the income-generating portfolio. Most notably, in Australasia, the REIT secured long-term lease extensions ranging between 5 to 10 years across five major hospital assets. Additionally, the REIT renewed the 157,000 square feet Sabara Hospital lease in Brazil and extending the lease maturity by 10 years.

As a result of these leasing successes, the REIT has maintained an industry leading Weighted Average Lease Expiry ("**WALE**") of 13.6 years, enhancing cash flow certainty and further reinforcing the REIT's strong tenant relationships.

Investment in Development and Value Creation

During the year ended December 31, 2024, Vital Trust successfully completed 5 development projects with a total investment of $174.4 million ($50.1 million at Northwest ownership share) and an average project yield of approximately 6%. These projects underscore the REIT's ability to drive growth and enhance portfolio quality and resilience through disciplined capital deployment.

Looking Forward: Improved Capital Structure and Cost of Capital

The REIT's success in executing its strategic initiatives in 2024 was further reinforced as it received an investment-grade issuer credit rating of BBB (low) with a Stable Trend from Morningstar DBRS on February 5, 2025.

Building on this momentum, on February 18, 2025, the REIT successfully closed its inaugural senior unsecured debenture offering totaling $500.0 million, comprising of $200.0 million of 5.02% Series A senior unsecured debentures due in 2028 and $300.0 million of 5.51% Series B senior unsecured debentures due in 2030, further diversifying its funding sources and enhancing financial flexibility.

The REIT used the proceeds from the offering to repay the following:

- Term debt of $194.6 million bearing interest at 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 with an interest rate of 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 with an interest rate of 7.70%;

- $15.0 million of Australasian secured financing, at an interest rate of 7.32%, secured by units in Vital Trust held by the REIT; and
- $245.6 million of credit facilities, at a blended interest rate of 6.38%, of which $180.6 million is available to be redrawn and $65.0 million was permanently repaid.

As at the date of this MD&A, the REIT has approximately $240 million of available liquidity between cash and the unused portion of its credit facilities that, a portion of which, is expected to be used to repay its $125.0 million Series G Convertible Debentures maturing on March 31, 2025.

SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2024, the REIT sold one income producing property and one development property in North America classified as assets held for sale at their fair value of $38.1 million as at December 31, 2024. The proceeds from the sale were used to repay corporate credit facilities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

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

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

In progressing on key sustainability initiatives, during 2024 the REIT:

- Has published its 2023 Sustainability Report, which provides a comprehensive overview of the organization's sustainability initiatives, achievements, and future goals. This report demonstrates the REIT's commitment to transparency and accountability in ESG efforts;
- Achieved Global Sector Leader and Global Listed Sector Leader in Healthcare status in the Global Real Estate Sustainability Benchmark, GRESB (the highest possible achievement) for both Northwest and Vital Healthcare Property Trust in the Development component, highlighting the significant sustainability efforts implemented by all regional Development Teams. Northwest scored 74/100 overall in the GRESB Standing Asset component, these results reflect the ongoing work in regional utility data collection;
- Completed the filing of Vital Healthcare Property Trust's first annual Climate Statement adhering to the New Zealand External Reporting Board ("**XRB**") Standards. The Climate Statement, which follows the TCFD framework, details current and future climate risks and opportunities, and outlines the business's strategies and processes for managing climate-related risks. Successful filing of the Climate Statement demonstrates the REIT's ability to respond to the TCFD reporting framework as these sustainability reporting requirements develop across all markets;
- Has released its first Reflect Reconciliation Action Plan, which outlines the REIT's commitment to promoting reconciliation and building strong, respectful relationships with First Nations communities in Australia;

- Undertaken an ESG Materiality assessment to gather commentary and opinions on various ESG themes and topics from senior leadership, all employees and key stakeholders. The results of this assessment will be published in the 2024 Northwest Sustainability Report;
- Released an annual Tenant Satisfaction survey across the portfolio. Results, including a Net Promoter Score, are expected by Q1 2025 to inform property-specific action plans; and
- Has completed a response to CDP (formerly Carbon Disclosure Project) for Vital Healthcare Property Trust disclosing key initiatives on greenhouse gas emissions and climate risk assessments. Vital maintained a B- score in 2023 demonstrating an awareness of impacts on the environment and appropriate actions taken to reduce these. The results of these are expected by Q2 2025.

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

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PART I - BASIS OF PRESENTATION

This Management's Discussion and Analysis of the results of operations and financial condition ("**MD&A**") of Northwest Healthcare Properties Real Estate Investment Trust ("**Northwest**", or the "**REIT**") should be read in conjunction with the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2024, prepared in accordance with IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board. All amounts are presented in thousands of Canadian dollars, except where otherwise stated. Per unit amounts are presented in Canadian dollars and are calculated using an aggregate of REIT Units and Class B LP Units (as defined hereafter), except where otherwise stated.

This MD&A should also be read in conjunction with the Annual Information Form of the REIT dated March 10, 2025 (the "**Annual Information Form**") and the REIT's Management Information Circular dated May 7, 2024 (the "**Circular**"). This MD&A is current as of March 10, 2025, unless otherwise stated. Additional information relating to the REIT, including its continuous disclosure documents required by the securities regulators, is filed as required on the System for Electronic Document Analysis and Retrieval ("**SEDAR+**") and can be accessed electronically at www.sedarplus.ca.

Throughout this MD&A, the following terms have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa:

- "**Convertible Debentures**" has the meaning set out in the Section **Convertible Debentures** and includes the following series of convertible debentures:
  - NWH.DB.G;
  - NWH.DB.H;
  - NWH.DB.I.
- "**Class B LP Unit**" or "**Exchangeable Unit**" means a Class B limited partnership unit of NWI Healthcare Properties LP ("**NWI LP**"), exchangeable for Trust Units, all of which were exchanged into REIT units on January 15, 2024;
- "**Special Voting Unit**" means a special voting unit of the REIT attached to a Class B LP Unit;
- "**Trust Unit**" or "**REIT Unit**" means a trust unit of the REIT; and
- "**Unitholder**" means a holder of Trust Units and any reference to a Unitholder in the context of such Unitholder's right to vote at a meeting of Unitholders also includes reference to a holder of Special Voting Units.

FORWARD-LOOKING INFORMATION ADVISORY

This MD&A may contain forward-looking statements with respect to the REIT, its operations, strategy, financial performance and condition. These statements generally can be identified by words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe", "normalized", "contracted", or "continue" or the negative thereof or similar variations. Forward looking statements in this MD&A may include statements concerning anticipated savings from the REIT's workforce reduction initiatives, the REIT's intention to repay its Series G Convertible Debentures, global and U.S. economic factors, the REIT's position as a leading healthcare real estate asset manager globally, the impact of its sustainability efforts, the REIT's commitment to continue pursuing asset sales, simplifying the business, reducing costs, and strengthening its balance sheet, demand for REIT properties, and balance sheet optimization arrangements. The REIT's actual results and performance discussed herein could differ materially from those expressed or implied by such statements. The forward-looking statements contained in this MD&A are based on numerous assumptions which may prove incorrect and which could cause actual results or events to differ materially from the forward-looking statements. Such assumptions include, but are not limited to (i) assumptions relating to completion of anticipated dispositions and deleveraging transactions; (ii) the REIT's properties continuing to perform as they have recently, (iii) various general economic and market factors, including exchange rates remaining constant, local real estate conditions remaining strong, and interest rates remaining at current levels or decreasing; (iv) the availability of equity and debt financing to the REIT and the REIT's ability to refinance, or extend the maturity of, its existing debt, and (v) savings resulting from the REIT's workforce reduction initiatives not being reallocated to other matters. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transactions contemplated herein are completed. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under "Risks and Uncertainties" in this MD&A, as well as the section titled "Risk Factors" in the Annual Information Form, which are hereby incorporated by reference in this MD&A and is available on SEDAR+ at www.sedarplus.ca.

These forward-looking statements are made as of the date of this MD&A and, except as expressly required by applicable law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

MARKET AND INDUSTRY DATA

This MD&A includes market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information.

Although the third-party sources believe it to be reliable, the REIT has not independently verified any of the data from third-party sources referred to in this MD&A, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

PERFORMANCE MEASUREMENT

The key performance indicators by which management measures the REIT's performance are as follows:

- Net income (loss);
- Cash flows from operations;
- Funds from operations ("**FFO**");
- Adjusted funds from operations ("**AFFO**");
- Weighted average lease expiry ("**WALE**");
- Economic weighted average interest rate ("**Economic WAIR**");
- Occupancy levels;
- Assets Under Management ("**AUM**")
- Debt - Declaration of Trust;
- Debt - Including Convertible Debentures;
- Adjusted EBITDA;
- Net operating income ("**NOI**");
- Net Asset Value ("**NAV**") and Net Asset Value per unit ("**NAV/unit**");
- Constant Currency Same Property NOI ("**SPNOI**")

Explanation of Non-Financial Information used in this MD&A

"WALE" is a measurement of the average term (expressed in years) remaining in each of the REIT's leases, weighted by the size of the gross leasable area ("**GLA**") each lease represents of the total GLA of the REIT's portfolio. WALE is a common performance measure used in the real estate industry which is useful in measuring the vacancy risk and the stability of future cash flows of the REIT's properties.

"Economic Weighted Average Interest Rate" or **"Economic WAIR"** includes debt with fixed interest rates, variable rate debt at the current reference interest rate plus the contractual margin, and the impact of interest rate derivatives effective at the balance sheet date or future reference date that economically fix the REIT's variable rate debt. This calculation is a useful measure because it allows management to compare movements in interest rates period over period and to compare the cost of the REIT's debt to the current market rates.

"Occupancy levels" are presented in different manners depending on its context. It could be presented as a weighted average portfolio occupancy, based on the area weightings, when analyzing the overall operating performance of the REIT's portfolio, or as a point-in-time reference when analyzing future lease expiries, or as an assessment of the performance of each property period over period. Management considers this a useful measure in assessing the overall performance of its portfolio and is an essential tool to determine which properties require further investigation if performance lags.

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

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

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

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

"**Debt - Declaration of Trust**" is a supplementary financial measure that represents the indebtedness definition outlined in the REIT's Declaration of Trust. It includes the sum of the principal balance of mortgages, securities lending agreements, margin facilities, term loans, line of credit, and deferred consideration, as reported in the consolidated financial statements and excludes the Class B LP Units and the REIT's Convertible Debentures. The Debt - Declaration of Trust is used to measure a ratio based on total assets (or sometimes referred to as Gross Book Value). The REIT's Declaration of Trust provides an operating guideline that sets a maximum level of indebtedness relative to Gross Book Value of 65%. The REIT measures Debt-Declaration of Trust each reporting period to ensure that the REIT remains compliant with the operating guidelines of the REIT's Declaration of Trust in respect of indebtedness. The definition of indebtedness and maximum indebtedness ratio relative to Gross Book Value of the REIT's declaration of trust may differ from the declarations of trust of other issuers and accordingly may not be comparable to similar measures used by other issuers.

"**Debt - Including Convertible Debentures**" is a supplementary financial measure and represents the sum of the REIT's indebtedness as defined by the REIT's declaration of Trust (Debt - Declaration of Trust, defined above) plus the amount of Convertible Debentures as reported in the REIT's consolidated financial statements. The Debt - Including Convertible Debentures amount is intended to measure total leverage which is commonly reported by other issuers in the industry and is used an important measure in the management of debt levels. Debt - Including Convertible Debentures is also stated as a ratio to total assets or Gross Book Value. The ratio is an important measure in determining the REIT's capacity for incremental indebtedness to finance operations, maturing obligations, or capital expenditures, as required. The definition of Debt - Including Convertible Debentures and its ratio relative to Gross Book Value of the REIT's Declaration of Trust may differ and may not be comparable to similar measures used by other issuers.

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

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

"**FFO**" and "**AFFO**" are measures of a Canadian real estate investment trust's performance and the REIT believes that FFO and AFFO, while primarily earnings-based measures, also provide relevant measures of its ability to earn and distribute cash returns to Unitholders. FFO and AFFO should not be construed as alternatives to net income (loss), or cash flows from operating activities, determined in accordance with IFRS as indicators of the REIT's performance. The IFRS measurement most directly comparable to FFO and AFFO is net income (loss). The REIT's method of calculating FFO and AFFO may differ from other issuers' methods and accordingly may not be comparable to measures used by other issuers.

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

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

(6) fair value adjustment of unit-based liabilities;
(7) revaluation adjustments of financial liabilities;
(8) unrealized foreign exchange gains and losses;
(9) deferred income tax expense;
(10) transaction costs;
(11) employee termination benefits and related expenses;
(12) convertible debentures issuance costs;
(13) internal leasing costs;
(14) property taxes accounted for under IFRIC 21, Levies;
(15) amortization on Right of Use ('ROU') assets, net of payments on leases where the REIT is a lessee;
(16) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination;
(17) results of discontinued operations; and including
(18) the cash flow benefit to the REIT of certain ANZ Manager fees which are eliminated on consolidation but benefit the REIT to the extent of the non-controlling interests, and
(19) all after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.

In addition, FFO is being adjusted for net losses incurred with respect to an investment in unlisted securities, and the portion of financing and interest costs attributable to short-term arrangements and certain G&A expenses that, in each case, management views as not reflective of recurring earnings from core operations (collectively, the "**Other FFO Adjustments**").

REALPAC has established a standardized definition of FFO in a white paper dated January 2022 ("**REALPAC Guidance**"). The REIT's FFO definition differs from the REALPAC Guidance in that, when calculating FFO, the REIT excludes the revaluation of financial liabilities, payments of premiums on derivative financial instruments, employee termination benefits and related expenses, unrealized foreign exchange gains and losses and certain transaction costs; and makes the Other FFO Adjustments. See **Funds from Operations ("FFO")**.

"**FFO per Unit"** or sometimes presented as "**FFO/unit**" is a non-IFRS ratio defined as FFO divided by the weighted average number of units outstanding during the period. **"FFO per Unit - diluted"** sometimes presented as "**FFO/unit - diluted**" is a non-IFRS ratio defined as FFO divided by the diluted weighted average number of units outstanding during the period. Diluted units include vested but unexercised deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual exercise or conversion price. Convertible Debentures are dilutive if the interest per unit obtainable on conversion is less than the basic per unit measure.

"**AFFO**" is a non-IFRS financial measure defined as FFO, subject to certain adjustments, including:

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

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

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

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

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

"**Adjusted EBITDA**" is a non-IFRS financial measure defined as net income (loss), excluding income taxes, mortgage and loan interest expense, distributions on Exchangeable Units, depreciation expense and amortization expense, IFRS fair value changes associated with investment properties and financial instruments, unit-based compensation expense, unrealized foreign exchange gains and losses, employee termination benefits and related expenses, gains and losses on disposal of investment properties, transaction costs, adjustments for equity accounted investments, as well as, other items from time-to-time that management considers non-operating or non-recurring in nature. It is a metric that can be used to determine the REIT's ability to satisfy its obligations, including servicing its debt.

"**Interest Coverage**" is a non-IFRS ratio calculated as Adjusted EBITDA divided by mortgage and loan interest expense, including the portion of interest expense that is capitalized ("**Adjusted Interest Expense**"). The interest coverage ratio is useful in determining the REIT's ability to service the interest requirements of its outstanding debt.

"**Cash Flows from Operating Activities Attributable to Unitholders**" is a non-IFRS financial measure define as cash generated from operations after providing for operating capital requirements and is useful to evaluate the REIT's ability to fund distributions to Unitholders.

"**Distributions**" is a non-IFRS financial measure defined as distributions to Unitholders and Class B LP Units on an accrual basis. Distributions are payable at the end of the period in which they are declared by the Board of Trustees and are paid on or around the 15th day of the following month.

"**Net Asset Value**" or **"NAV"** is a non-IFRS financial measure, defined as total assets less total liabilities and non-controlling interests, adjusted further to exclude the REIT's proportionate share of the following: goodwill, Unit-based compensation liabilities, deferred tax liabilities derivative instruments (except financial instruments related to investment interest in real estate assets), Class B LP Unit liability and adjusted to reflect the fair value increase of the Global Manager. "**NAV per Unit"** or sometimes presented as "**NAV/unit**" is a non-IFRS ratio defined as NAV divided by the number of units outstanding at the end of the period. The REIT considers NAV and NAV per Unit to be meaningful measures because it provides, in management's view, an estimate of the underlying intrinsic value of the REIT's units.

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

PART II – BUSINESS OVERVIEW

BUSINESS OVERVIEW AND STRATEGIC DIRECTION

On August 8, 2023, the REIT announced that a Strategic Review Committee was formed to assess the best course of action for the REIT's next phase of development and growth. On August 8, 2024, the Strategic Review Committee has concluded its strategic review process.

Underpinned by a high quality and diversified portfolio, supportive healthcare market fundamentals, and a strong management team, the REIT's strategy is focused on driving a successful turn around of the REIT by strengthening its financial profile and positioning Northwest for sustainable growth.

The REIT continues to actively capitalize on opportunities within its portfolio which has led to the strategic repositioning of assets through favourable asset management initiatives and releasing activities, enabling us to optimize value created through the REIT's divestitures of non-core properties. The REIT also continues to evaluate and execute upzoning opportunities throughout its portfolio where appropriate.

The REIT's active capital management efforts have significantly reduced total debt by over $1.1 billion in repayments in the past twelve months. By implementing prudent treasury policies and interest rate hedging to minimize variable rate exposure, the REIT has lowered its weighted average interest rate and reduced interest expense. Subsequent to year end, Northwest obtained an investment grade (BBB(low)) rating from Morningstar DBRS and issued $500 million of debentures to repay higher cost debt.

Northwest continues to simplify and streamline operations across all markets. A strategic workforce reduction of approximately 16% completed in the third quarter of 2024 is expected to yield annualized cost savings of around $6.5 million, with nearly $3.7 million directly benefiting the REIT's general and administrative and property operating costs. Moreover, outsourcing elements of the REIT's parking operations and technical facilities management in select regions has further advanced the REIT's ongoing simplification initiatives.

The REIT remains committed to upholding the high standards of ESG performance and governance, ensuring that sustainability remains integral to driving the REIT's long-term success. The following efforts underscore the REIT's leadership in setting industry standards for ESG performance:

- Northwest conducted its first double materiality assessment to align with global best practice and peer performance and inform our strategy and reporting approach;
- Vital Trust achieved a CDP (Carbon Disclosure Project) score of B, an improvement from a B- in 2023 and demonstrable progress from a C score the two years prior;
- Under New Zealand legislation, Vital submitted its first Climate Related Disclosure (CRD) in October 2024, aligning to the XRB Aotearoa New Zealand Climate Standards;
- Following the publication of our inaugural Reflect Reconciliation Plan (RAP) in Australasia, Northwest expanded its reconciliation program with the creation of a working group in Canada committed to pursuing reconciliation the region;
- Northwest was awarded the "Excellence in Sustainability – Commercial Category" by the Master Builder's Association (MBA) in NSW for our Macarthur Health Precinct Stage 1 (GenesisCare Integrated Cancer Centre) project; and
- In Australasia, Northwest completed its first 6-star Green Star building in South Australia and is well underway for a second 6-start Green Star building in Queensland.

Looking ahead to 2025, the REIT's strategic focus will be continuing to:

- Unlock embedded value from within its portfolio;
- Strengthen the balance sheet;
- Simplify and improve efficiencies; and
- Reinforce its commitment to the REIT's sustainability goals.

Declaration of Trust

The investment guidelines of the REIT are outlined in the REIT's Declaration of Trust, a copy of which is filed on SEDAR+. Further information regarding the Declaration of Trust can also be located in the REIT's Annual Information Form under the heading "Declaration of Trust". Some of the main investment guidelines and operating policies in the Declaration of Trust include the following:

Investment Guidelines (condensed summary)

1. The REIT may only invest directly or indirectly in interests in income-producing real estate and assets ancillary thereto necessary for the operation of such real estate;
2. Provided that the REIT may invest up to 25% of the Gross Book Value of the REIT in investments which do not comply with one or more of the specific investment guidelines set forth in Declaration of Trust; and
3. The REIT shall not hold any investment or take any action that would result in the REIT not qualifying as a "mutual fund trust" or "unit trust" both within the meaning of the Income Tax Act (Canada).or the Units not qualifying as qualified investments for Exempt Plans.

Operating Policies (condensed summary)

1. The REIT shall not incur or assume any Indebtedness, as defined, if, after giving effect to the incurrence or assumption of such Indebtedness, the total Indebtedness of the REIT would be more than 65% of Gross Book Value;
2. Subsidiaries of the REIT may engage in construction or development of real property provided such real property meets the REIT's investment guidelines and operating policies; and
3. No guaranteeing of third-party debt outside its existing structure and potential joint venture partner structures, except under certain specific conditions and meeting certain defined criteria.

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

PORTFOLIO PROFILE

The REIT provides investors with access to a portfolio of high-quality healthcare real estate comprised of interests in a diversified portfolio of 172 income-producing properties and 16.0 million square feet of gross leasable area located throughout major markets in North America, Brazil, Europe, and Australasia.

The REIT's **North America** platform consists of:

- Medical outpatient buildings ("**MOBs**") and healthcare related facilities comprised of high-quality real estate tenancies across both Canada and the US. Canadian MOBs offer stable cash flow supported by the Canadian publicly funded healthcare system. In addition to the MOBs, US properties include hospitals with long-term, triple-net, inflation-indexed leases, providing consistent organic growth ("**US Portfolio**").

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

- Institutional quality, core healthcare infrastructure assets in Brazil located in strategic markets including São Paulo, Brasilia and Rio de Janeiro delivering stable cash flow with long-term, triple-net, inflation-indexed leases, providing consistent organic growth.

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

- Direct interest in high quality MOBs and medical clinics located in Germany and the Netherlands.
- European portion of the REIT's global asset manager business, a fully integrated property management and asset management operation for the European JV.
- 30% interest in a joint venture ("**European JV**") with a third-party institutional partner that has initial seed investments in hospitals and rehabilitation clinics located in the major markets. For certain investment properties in the joint venture, the REIT holds a direct 5% in the subject properties. As a result, the effective interest in the subject properties is 33.57%.
- A minority interest in Assura PLC ("**Assura**"), a publicly-listed REIT on the London stock Exchange (LSE:AGR).

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

- 30% interest in a joint venture ("**Australian JV**") and in joint operations with a third-party institutional investor.
- 28.3% interest in New Zealand Stock Exchange ("**NZX**") listed Vital Healthcare Properties Trust ("**Vital Trust**") which is 100% consolidated by the REIT for financial reporting purposes. The REIT manages Vital Trust and is its largest unitholder. Vital Trust is New Zealand's largest specialist and only listed landlord of healthcare real estate.
- Investment properties consist of hospitals, MOBs and life sciences assets in Australia and New Zealand which provide growing cash flows underpinned by tenancies of high-quality hospital and healthcare operators with long-term, inflation-indexed leases.
- Australasian portion of global asset manager business providing property management and asset management for the Australian JV and investment in Vital Trust.

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

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

The following summarizes the REIT's managed funds as at December 31, 2024:

Funds Under Management and Capital Commitments						
Cdn$ Billions	**Total Commitment**	**Capital Deployed**	**Capital Allocated**	**Available Capacity**	**REIT Ownership**	**Term**
Australian Core Hospital JV	$3.3	$2.5	$0.6	$0.2	30%	Perpetuity
Australian Core Hospital JV 2	2.1	—	—	2.1	30%	Perpetuity
Vital Trust	2.6	2.6	—	Open	28%	Perpetuity
European JV (1)	3.0	0.6	—	2.4	30%	11 Years
Total	**$11.0**	**$5.7**	**$0.6**	**$4.7**		

(1) The European JV commitment period has expired. Further capital may be deployed upon mutual agreement between the joint venture parties.

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

SUMMARY OF ASSETS					
	North America	**Brazil**	**Europe** (1)	**Australasia** (2) (3)	**Consolidated Total** (4)
Number of Properties	62	8	43	59	172
Asset Mix	81% MOB & 17% Hospitals & Healthcare Facilities & 2% Life Sciences	100% Hospitals	58% MOB & 42% Hospitals & Healthcare Facilities	21% MOB & 76% Hospitals & Healthcare Facilities & 3% Life Sciences	53% MOB & 45% Hospitals & Healthcare Facilities & 2% Life Sciences
Gross Leasable Area ("GLA") (million sf)	3.9	1.9	4.5	5.6	16.0
Total Assets (millions)	$1,435	$619	$861	$3,053	$6,050
Occupancy	90.4%	100.0%	97.0%	98.8%	96.4%
WALE (years)	5.7	17.9	13.7	16.9	13.6
Average Building Age (years)	31	20	36	14	25
Weighted Average Implied Cap Rate	6.7%	8.7%	5.9%	5.5%	6.2%

(1) Shown at 100% basis for assets held as part of JVs, except Total Assets, which are presented in accordance with IFRS.

(2) Vital Trust is reflected on a 100% basis, except Total Assets. The REIT has an approximate 28.3% interest in Vital Trust within Australasia and consolidates its investment in Vital Trust for financial reporting under IFRS.
(3) Australia within Australasia is shown at 100% basis for assets held as part of JVs, except Total Assets, which are presented in accordance with IFRS.
(4) Consolidated Total includes corporate assets and Global Manager.

MOBs are facilities designed to provide medical care to patients who do not require overnight hospitalization. These are typically multi-tenant properties that accommodate a variety of healthcare services, including consultations, diagnostic tests, treatments, and minor surgical procedures.

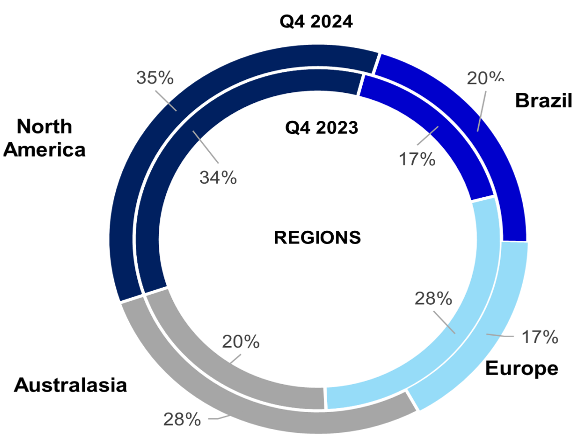
Hospital and other healthcare facilities are typically leased to a single tenant or hospital operator under long-term, inflation indexed, triple net lease structures in which the REIT does not absorb any material property operating cost or CAPEX risk.

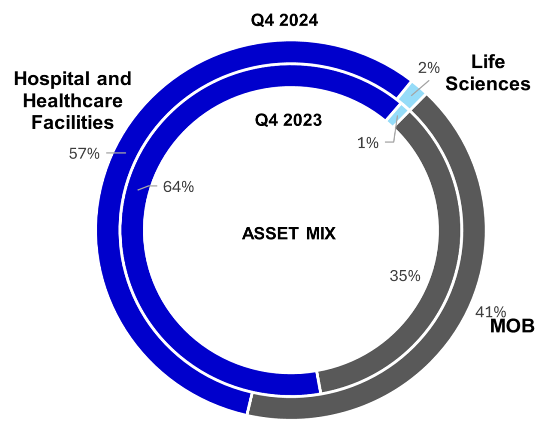
Life Sciences are an emerging class of assets that are primarily leased to life science users with a focus on research and development, under long-term leases.

Diversification of Assets

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

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





Tenant Mix

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

10 LARGEST TENANTS BY PERCENTAGE OF RENT

	Tenant	Region	%	# of locations
1	Rede D'Or	Brazil	13.8 %	7
2	Healthscope	Australasia	6.0 %	12
3	Epworth Foundation	Australasia	3.2 %	8
4	Aurora Healthcare	Australasia	2.3 %	11
5	Healthe Care Surgical Pty Ltd	Australasia	2.0 %	6
6	PrairieCare, LLC	North America	1.8 %	2
7	Stichting Albert Schweitzer Ziekenhuis	Europe	1.6 %	3
8	Rush University Medical Center	North America	1.5 %	1
9	Evolution Group	Australasia	1.5 %	4
10	Median Kliniken	Europe	1.4 %	8
			35.1 %	62

(1) Australia and Europe are shown at proportionate ownership basis for assets held as part of the JVs or Vital Trust. The REIT owns a 30%-33.57% interest in the JVs and has an approximate 28.3% interest in Vital Trust.

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

Rede D'Or is the largest integrated health care network in Brazil. With more than 40 years of experience in the healthcare business, the company has solid business positions and operational scale strategically located in 13 states with the majority of the hospitals concentrated in the states of: São Paulo, Rio de Janeiro, Bahia, Federal District and Pernambuco. Since 2004, the company has grown substantially through a series of strategic partnerships and acquisitions. Rede D'or was valued at 112.5 billion reals ($22 billion) in an initial public offering priced on December 8, 2020, placing it among Brazil's 10 biggest companies by market capitalization at the time. According to public disclosures, Rede D'or has a credit rating of AAA(bra) (Brazil national scale rating) with a stable outlook from S&P Global Ratings and Fitch Ratings.

Healthscope Limited ("HSO") is currently the REIT's second largest tenant, occupying 12 properties ("**HSO Portfolio**") and accounting for 6.0% of the REIT's proportionate revenues, which takes into account the REIT's ownership level of 30% for these respective properties. HSO, formed in 1985, is Australia's second largest private hospital operator and healthcare provider with a network of 38 private hospitals across every Australian state and territory. Specializing in medical and surgical, mental health, rehabilitation and maternity services, its hospitals are concentrated in large metropolitan centers, constituting 26 acute, 6 mental health and 6 rehabilitation hospitals.

Epworth Foundation is currently the REIT's third largest tenant, occupying 8 properties across the Vital and Australasian JV Funds, accounting in total for 3.2% of the REIT's proportionate revenues, which takes into account the REIT's ownership level of approximately 28.5% for these respective properties. Epworth Foundation was established in 1982 to raise funds to ensure patients at Epworth HealthCare receive the best possible care. Epworth HealthCare is Victoria's largest not-for-profit private health care group, with more than 7,100 employees, including nurses, doctors, allied health professionals and support services, across nine hospitals and several specialty centers around the Melbourne metropolitan area. Epworth Foundation invests heavily in the latest technology and innovation, as well as nurse training facilities, which all assist it in attracting leading physicians and staff.

LEASING

Lease Maturities

The REIT's asset diversification is complemented by a long-term maturity profile, with a weighted average lease expiry of 13.6 years as at December 31, 2024. The percentage of leases expiring by year by region is as follows:

	2025	2026	2027	2028	2029	2030	2031	Thereafter	Total
North America	9.6 %	9.6 %	10.8 %	17.8 %	8.3 %	8.3 %	6.1 %	29.5 %	100.0 %
Brazil	— %	— %	— %	— %	— %	— %	— %	100.0 %	100.0 %
Europe (1)	6.5 %	4.5 %	1.8 %	4.5 %	2.5 %	8.9 %	4.6 %	66.7 %	100.0 %
Australasia (2)	1.0 %	1.0 %	4.8 %	3.5 %	1.9 %	1.4 %	5.1 %	81.3 %	100.0 %
Total Portfolio	4.4 %	3.8 %	4.7 %	6.6 %	3.3 %	4.9 %	4.6 %	67.7 %	100.0 %

(1) Europe is shown at 100% basis for assets held as part of JVs. The REIT owns a 30%-33.57% interest in the JV.
(2) Australia within Australasia is shown at 100% basis for assets held as part of JVs. The REIT owns a 30% interest in the JV.

The REIT's expiry profile benefits from its Brazilian Hospitals, Australian Hospitals and European Clinic properties which are subject to long term leases. The eight Brazilian hospitals are each occupied by single tenants that are leading hospital operators and have leases expiring between September 2034 and January 2045.

The European clinic properties are mainly occupied by single tenants with an average WALE of 19.7 years.

The expiry profile also reflects the longer-term nature of many of the hospital tenants within the Vital Trust portfolio which has a WALE of 20.2 years and the Australian portfolio which has a WALE of 15.0 years.

The table below summarizes the REIT's WALE allocated by asset type as at December 31, 2024, excluding development projects:

	Asset Mix			WALE (in years)			
	MOB	**Hospitals & Healthcare Facilities**	**Life Sciences**	**MOB**	**Hospitals & Healthcare Facilities**	**Life Sciences**	**Total**
North America	81%	17%	2%	4.8	9.2	18.9	**5.7**
Brazil	0%	100%	0%	–	17.9	–	**17.9**
Europe (1)	58%	42%	0%	5.6	19.7	–	**13.7**
Australasia (2) (3)	21%	76%	3%	15.7	17.4	9.8	**16.9**
Total Portfolio	50%	48%	2%	6.3	17.6	11.2	**13.6**

(1) Europe is shown at 100% basis for assets held as part of JVs. The REIT owns a 30%-33.57% interest in the JV.
(2) Australia within Australasia is shown at 100% basis for assets held as part of JVs. The REIT owns a 30% interest in the JV.

Lease Indexation

As at December 31, 2024, over 96.6% of the REIT's rental income globally is subject to inflation linked or fixed rate rent adjustments The below table summarizes the percentage of revenue by region which receives the benefit of regular inflationary or fixed rate adjustments:

Revenue Subject to Adjustments			
	Index Linked	**Fixed Rate**	**% of Total Rent**
North America	51.2%	35.6%	86.8%
Brazil	100.0%	0.0%	100.0%
Europe (1)	96.7%	3.1%	99.8%
Australasia (2)	59.7%	39.3%	98.0%
Portfolio Weighted Average	**67.2%**	**30.1%**	**96.6%**

(1) Europe is shown at 100% basis for assets held as part of JVs. The REIT owns a 30%-33.57% interest in the JV.
(2) Australia within Australasia is shown at 100% basis for assets held as part of JVs. The REIT owns a 30% interest in the JV.

Leasing Activity

LEASING ACTIVITY

in thousands of square feet	Three months ended December 31, 2024 North America	Brazil	Europe [1]	Australasia [2]	Total
Opening Occupancy	91%	100%	97%	98%	96%
Opening Balance	3,507	1,880	4,564	5,492	15,443
Disposition	(12)	—	(173)	(34)	(219)
Completed development	—	—	—	94	94
Expiries	(86)	—	(32)	(1)	(119)
Early Terminations	(19)	—	(5)	—	(24)
Renewal	78	—	24	1	103
New Leasing	36	—	14	4	54
Other [3]	(16)	2	(5)	2	(17)
Closing Balance	3,488	1,882	4,387	5,558	15,315
Closing Occupancy	**90%**	**100%**	**97%**	**99 %**	**96%**
Early Lease Extensions	—	708	—	—	708

in thousands of square feet	Year ended December 31, 2024 North America	Brazil	Europe [1]	Australasia [2]	Total
Opening Occupancy	92%	100%	97%	99%	97%
Opening Balance	4,192	1,880	5,296	5,742	17,110
Disposition	(705)	—	(904)	(316)	(1,925)
Completed development	—	—	—	155	155
Expiries	(354)	(157)	(586)	(153)	(1,250)
Early Terminations	(24)	—	(5)	—	(29)
Renewal	264	157	480	106	1,007
New Leasing	96	—	103	24	223
Other [3]	19	2	3	—	24
Closing Balance	3,488	1,882	4,387	5,558	15,315
Closing Occupancy	**90%**	**100%**	**97%**	**99 %**	**96%**
Early Lease Extensions	—	708	—	424	1,132

(1) Europe is shown at 100% basis for assets held as part of JVs. The REIT owns a 30%-33.57% interest in the JV.
(2) Australia within Australasia is shown at 100% basis for assets held as part of JVs. The REIT owns a 30% interest in the JV.
(3) Other includes remeasurements and month-to-month leases.

The lease renewal rate for the three months and year ended December 31, 2024, was 87% and 81%, respectively. The rental rates achieved per square feet for the leases that were renewed, on an end-to-start basis, for the three months and year ended December 31, 2024, were as follows:

	Three months ended December 31, 2024				Year ended December 31, 2024			
Renewal Spreads	**Expiring**	**Renewal**	**Renewal Rate**	**Spread %**	**Expiring**	**Renewal**	**Renewal Rate**	**Spread %**
North America (CAD)	16.12	16.43	91.0%	2.0 %	15.76	15.9	75.0%	0.9%
Brazil (BRL)	—	—	N/A	N/A	1,100.68	1,100.68	100.0%	—%
Europe (EUR)	15.6	15.63	74.0%	0.2 %	14.09	14.25	81.0%	1.1%
Australasia (AUD)	53.68	56.72	100%	5.7 %	63.04	66.44	69%	5.4%

In North America, for the three months ended December 31, 2024, the REIT completed 78,422 square feet of renewal leasing representing a 91% renewal rate. The REIT completed the renewals at an initial net rent of $16.43 per square foot versus an expiring net rent per square foot of $16.12 per square foot, an increase of $0.31 per square foot or 2%.

Year to date, in North America, the REIT has completed 263,854 square feet of renewal leasing representing a 75% renewal rate. The REIT completed the renewals at an initial net rent of $15.90 per square foot versus an expiring net rent per square foot of $15.76 per square foot, an increase of $0.14 per square foot or 0.9%. Excluding the renewal of the anchor tenant in Alberta from last quarter at a lower net rent, the YTD initial net rent versus the expiring net rent would have been increased by $0.46 per square foot or 2.9%.

In Brazil, the Sabara hospital lease for approximately 157,000 square feet, which was expiring on September 30, 2024, was renewed for a 10-year term, with a 10-year renewal option, at passing rent, and is subject to future inflationary increases.

In Europe, 97% of leases are indexed with inflation, therefore renewals have been secured at approximately expiring rents for the three months and year ended December 31, 2024. The renewal rate of 74% for the fourth quarter is slightly lower compared to prior quarter as known vacates were immediately replaced with new tenants. Overall, occupancy for the region remains unchanged at 97% as net absorption was flat compared to prior quarter.

In Australasia, where 98.0% of rental revenues are subject to inflation indexation and periodic market-based reviews, the REIT secured several renewals at or above market rents for the three months and year ended December 31, 2024.

PART III – RESULTS FROM OPERATIONS

NET INCOME (LOSS)

The following is a summary of selected financial information from the consolidated statements of income (loss) and comprehensive income (loss) for the three months and year ended December 31, 2024, and 2023:

RESULTS FROM OPERATIONS

	Three months ended December 31,		Year ended December 31,	
Expressed in thousands of Canadian dollars	**2024**	**2023**	**2024**	**2023**
Net Operating Income				
Revenue from investment properties	$ 102,702	$ 123,986	$ 462,403	$ 507,996
Property operating costs	24,938	25,903	112,995	121,374
Net Operating Income (NOI)	**77,764**	**98,083**	**349,408**	**386,622**
Other income				
Interest and other	5,930	2,596	18,840	18,559
Management fees	3,817	4,216	15,150	15,355
Share of profit (loss) of equity accounted investments	1,359	685	(30,725)	(19,232)
	11,106	**7,497**	**3,265**	**14,682**
	88,870	**105,580**	**352,673**	**401,304**
Expenses and Other				
Mortgage and loan interest expense	(36,936)	(57,142)	(190,457)	(224,692)
General and administrative expenses	(13,155)	(12,332)	(58,174)	(57,567)
Transaction costs	(4,393)	(10,369)	(16,693)	(38,745)
Foreign exchange gain (loss)	21,510	(9,993)	33,879	(2,506)
Income (loss) before the under noted items	**55,896**	**15,744**	**121,228**	**77,794**
Other finance (costs) income	(3,927)	5,310	(66,153)	18,782
Net gain (loss) on financial instruments	(14,873)	(36,622)	(25,014)	(22,418)
Fair value adjustment of investment properties	(29,924)	(157,571)	(368,791)	(571,760)
Net loss on disposal of investment properties	(3,274)	(5,925)	(34,670)	(12,237)
Fair value adjustment of Unit-Based Compensation Liabilities	4,167	(1,461)	3,687	10,814
Income (loss) before taxes	**8,065**	**(180,525)**	**(369,713)**	**(499,025)**
Current tax expense	(8,108)	(4,457)	(21,143)	(26,972)
Deferred tax (expense) recovery	2,971	(3,918)	70,652	45,261
Net income (loss)	**$ 2,928**	**$ (188,900)**	**$ (320,204)**	**$ (480,736)**
Net income (loss) attributable to:				
Unitholders	8,465	(136,835)	(299,757)	(347,690)
Non-controlling interests	(5,537)	(52,065)	(20,447)	(133,046)
	$ 2,928	**$ (188,900)**	**$ (320,204)**	**$ (480,736)**

Revenue from Investment Properties

REVENUE FROM INVESTMENT PROPERTIES	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
North America	39,254	45,831	166,843	192,979
Brazil	13,272	14,502	57,399	57,769
Europe	11,843	26,279	85,826	102,812
Australasia	38,333	37,374	152,335	154,436
Total revenue from investment properties	**102,702**	**123,986**	**462,403**	**507,996**

Revenue from investment properties for the three months and year ended December 31, 2024 was $21.3 million and $45.6 million lower than the comparative period, respectively, mainly due to decreases related to the disposition of non-core assets during 2024 and the full year impact of 2023 dispositions. The decreases were partially offset by rent indexation.

Net Operating Income

SAME PROPERTY NOI	Three months ended December 31,			Year ended December 31,		
	2024	2023	Var %	2024	2023	Var %
Same property NOI (1)						
North America	$ 21,764	$ 20,841	4.4%	$ 76,481	$ 72,373	5.7%
Brazil	13,220	12,627	4.7%	55,660	53,146	4.7%
Europe	8,146	7,875	3.4%	31,548	30,830	2.3%
Australasia	30,405	28,749	5.8%	118,400	113,162	4.6%
Same property NOI (1)	**$ 73,535**	**$ 70,092**	**4.9%**	**$ 282,089**	**$ 269,511**	**4.7%**
Impact of foreign currency translation	—	470		—	502	
Straight-line rental revenue recognition	(712)	1,004		(773)	2,574	
Amortization of operating leases	(32)	(36)		(137)	(152)	
Lease termination fees	—	—		104	227	
Other transactions	1,347	817		2,493	2,092	
Developments	2,587	754		17,506	7,948	
Dispositions	1,039	24,983		48,126	103,920	
NOI	**$ 77,764**	**$ 98,084**	**(20.7)%**	**$ 349,408**	**$ 386,622**	**(9.6)%**

(1) Same property NOI is a non-IFRS financial measure. See **Performance Measuremen**t.

The REIT's consolidated Same Property NOI for the three months and year ended December 31, 2024, increased by 4.9% and 4.7%, respectively, over the comparable prior year periods mainly due to inflationary adjustments on rents, rentalised capital spend, and improved recoveries, reflecting a steady growth in the REIT's underlying lease rates supported by a long term WALE of 13.6 years.

North America

Same property NOI for the three months and year ended December 31, 2024 increased by 4.4% and 5.7% respectively over the comparable prior year periods as result of rent step-ups and inflationary adjustments, and an increase in parking income in the Canadian portfolio.

Brazil

Same Property NOI for the three months and year ended December 31, 2024 increased by 4.7% and 4.7% respectively over the comparable prior year periods driven by inflationary adjustments.

Europe

Same Property NOI for the three months and year ended December 31, 2024 increased by 3.4% and 2.3% respectively over the comparable prior year periods reflecting growth in rental revenue from indexation increases.

Australasia

Same Property NOI for the three months and year ended December 31, 2024 increased by 5.8% and 4.6% over the comparable prior year periods driven by growth in rental revenue from indexation increases and rentalised capital expenditures.

Interest and other

For the three months ended December 31, 2024 and 2023, the REIT recorded interest and other income of $5.9 million and $2.6 million, respectively. For the year ended December 31, 2024 and 2023, the REIT recorded interest and other income of $18.8 million and $18.6 million, respectively.

The increase during the three months and year ended December 31, 2024 interest and other income is primarily due to distribution income received from the REIT's investment in Assura offset by a decrease in distribution income from the REIT's investment in unlisted securities as a result of the decrease in the REIT's corresponding investment.

Management Fees

GLOBAL ASSET MANAGER FEES

	Three months ended December 31,		Year ended December 31,	
	2024	**2023**	**2024**	**2023**
Base fee	$ 7,890	$ 7,926	$ 31,438	$ 32,289
Incentive and performance fee (1)	—	1,341	2,739	6,846
Project and Acquisition fees	276	2,143	5,293	7,735
Trustee fees	439	278	1,774	1,161
Other fees and cost reimbursements	34	598	73	598
Total Management Fees	**$ 8,639**	**$ 12,286**	**$ 41,317**	**$ 48,629**
less: inter-company elimination	(4,822)	(8,070)	(26,167)	(33,274)
Consolidated Management Fees	**3,817**	**4,216**	**15,150**	**15,355**
add: fees charged to non-controlling interests (2)	3,371	5,621	18,029	23,324
Proportionate Management Fees	**$ 7,188**	**$ 9,837**	**$ 33,179**	**$ 38,679**

(1) Incentive fees are calculated as a percentage of the average annual increase in Vital Trust's net tangible assets, over the 12-month period ending June 30, 2024, and the two preceding periods.

(2) The Global Asset Manager fees charged to Vital Trust are eliminated on consolidation as intercompany transactions, but the REIT receives the benefit of approximately 72% of the fees, representing the non-controlling interest ownership in Vital Trust.

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

For the three months and year ended December 31, 2024, proportionate management fees decreased by $2.6 million and $5.5 million, respectively, compared to the same period in 2023 due to decrease in development and acquisition-based activity fees and lower incentive fees.

Share of Profit (Loss) of Equity Accounted Investments

SHARE OF PROFIT/LOSS IN EQUITY ACCOUNTED INVESTMENTS

For the three months ended December 31,	2024			2023		
	Australasia	Europe	Total	Australasia	Europe	Total
Total revenues	**$ 29,548**	**$ 9,563**	**$ 39,111**	$ 28,122	$ 10,990	$ 39,112
Operating costs, expenses, and fair value adjustments						
Operating costs	**2,754**	**2,013**	**4,767**	2,944	1,885	4,829
Mortgage and loan interest expense	**15,106**	**6,393**	**21,499**	14,937	6,212	21,149
General and administrative expenses	**2,349**	**917**	**3,266**	2,476	1,178	3,654
Other	**705**	**126**	**831**	582	188	770
Fair value (gain) loss adjustments and transaction costs	**5,243**	**(2,177)**	**3,066**	(7,403)	15,421	8,018
Income (loss) before taxes	**3,391**	**2,291**	**5,682**	14,586	(13,894)	692
Income tax (recovery) expense	**—**	**3,969**	**3,969**	—	(4,139)	(4,139)
Net Income (loss)	**3,391**	**(1,678)**	**1,713**	14,586	(9,755)	4,831
Less: Non-controlling interests	**(2,170)**	**—**	**(2,170)**	(540)	—	(540)
Net income (loss) attributable to owners	**5,561**	**(1,678)**	**3,883**	15,126	(9,755)	5,371
Weighted average share	**30 %**	**30% to 33.57%**		30.0 %	30% to 33.57%	
Share of net income (loss)	**$ 1,669**	**$ (310)**	**$ 1,359**	$ 4,862	$ (4,177)	$ 685

For the year ended December 31,	2024			2023		
	Australasia	Europe	Total	Australasia	Europe	Total
Total revenues	**$ 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 adjustments and transaction costs	**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)
Less: 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	**30 %**	**30% - 33.57%**		30.0 %	30% to 33.57%	
Share of net income (loss)	**$ (29,086)**	**$ (1,639)**	**$ (30,725)**	$ (9,514)	$ (9,718)	$ (19,232)

Equity accounted investments represent the REIT's share of Australasian and European JVs with an institutional partner.

The REIT's share of income was higher by $0.7 million for the three months ended December 31, 2024, compared to the same period in 2023. The increase was mainly attributable to lower valuation losses on investment properties, offset by the corresponding increase in deferred tax expense.

The REIT's share of loss was higher by $11.5 million for the year ended December 31, 2024, compared to the same period in 2023. The increase was mainly attributable to higher valuation losses on investment properties in Australasia, increase in income tax expense as a result of lower valuation losses in Europe, increase in interest rates and expense during late 2023 and early 2024, partially offset by higher rental revenue on leases which are indexed to inflation.

Mortgage and Loan Interest Expense

MORTGAGE AND LOAN INTEREST EXPENSE	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
North America				
Mortgages and Term debts	7,368	12,768	33,807	51,400
Brazil				
Mortgages and Term debts	1,505	4,864	16,919	10,742
Europe				
Mortgages and Term debts	3,358	9,697	26,320	36,535
Australasia				
Term debts	15,937	14,900	63,687	63,178
Corporate				
Australasian Secured Financing	2,516	4,089	13,450	16,185
Corporate Credit Facilities	4,686	11,116	30,823	48,832
Convertible Debentures	7,261	5,861	28,887	21,135
	42,631	63,295	213,893	248,007
Less: capitalized interest	(5,695)	(6,153)	(23,436)	(23,315)
Total mortgage and loan interest expense	**36,936**	**57,142**	**190,457**	**224,692**

The mortgage and loan interest expense for the three months and year ended December 31, 2024, was $36.9 million and $190.5 million, respectively. The $20.2 million quarter-to-date decrease is due to debt repayments from asset dispositions partially offset by an increase in interest rate on the Series G convertible debenture from 5.5% to 10.0%. The year-to-date decrease of $34.2 million is primarily attributable to an overall decrease in weighted average interest rates from 6.04% to 5.52%, alongside debt repayments and asset dispositions. See **Capital Structure**.

General and Administrative Expenses ("G&A")

General and administrative expenses	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
G&A excluding employee termination benefits and unit-based compensation expense	$ 11,053	$ 13,028	$ 49,904	$ 50,883
Employee termination benefits and associated costs	—	—	3,807	—
Unit-based compensation expense	2,102	(696)	4,463	6,684
General and administrative expenses	**$ 13,155**	**$ 12,332**	**$ 58,174**	**$ 57,567**

The $2.8 million increase in Unit-Based Compensation Expense for the three months ended December 31, 2024 compared to the prior year is primarily due to forfeitures during the three months ended December 31, 2023. The $2.2 million decrease for the year ended December 31, 2024 compared to prior year is primarily due to forfeitures in 2024 and 2023.

The REIT is committed to improving efficiency in all markets. During the year ended December 31, 2024, in a strategic effort to enhance operational efficiency and lower costs, the REIT made the decision to reduce staffing by 50 employees globally, which represented approximately 16% of its total workforce. Included in G&A expense for the year ended December 31, 2024 is $3.8 million of employee termination benefits and associated costs. This workforce reduction measure is expected to result in go forward annualized savings of approximately $3.7 million in General and Administrative Expense and Property Operating Costs, net of capitalization and excluding any related impact to revenues or recoveries.

G&A, excluding amounts associated with employee termination benefits and associated costs and Unit-Based Compensation Expenses, decreased $2.0 million and $1.0 million for the three months and year ended December 31, 2024, respectively, compared to prior period. The decrease is due to decrease in cash compensation as a result of simplification of operations and cost control initiatives implemented by management offset by statutory and tax compliance costs related to historical periods in Europe.

Transaction Costs

For the three months and year ended December 31, 2024, the REIT incurred transaction costs of $4.4 million and $16.7 million, respectively (three months and year ended December 31, 2023 - $10.4 million and $38.7 million, respectively). Transaction costs included third party costs and internal allocations related to investment opportunities, capital raising initiatives, and the Board's Strategic Review Committee.

Net Loss on Disposal of Investment Properties

During the three months and year ended December 31, 2024, the REIT incurred net losses on disposal of investment properties of $3.3 million and $34.7 million, respectively (year ended December 31, 2023 - $5.9 million and $12.2 million, respectively).

Foreign Exchange Gain (Loss)

The REIT and its subsidiaries' financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing rate on the balance sheet date. For the three months and year ended December 31, 2024, the REIT recorded a foreign exchange gain of $21.5 million and $33.9 million, respectively (three months and year ended December 31, 2023 - loss of $10.0 million and $2.5 million, respectively).

Included in the foreign exchange gain is an unrealized gain of $21.5 million and $32.6 million, respectively, related to revaluation of third-party debt and intercompany loans between subsidiaries of the REIT that are denominated in foreign currencies as compared to the functional currency of the subsidiary entity (three months and year ended December 31, 2023 - unrealized loss of $10.0 million and $3.5 million, respectively).

The REIT also recorded a realized foreign exchange of nil and gain of $1.2 million for the three months and year ended December 31, 2024, respectively, mainly related to settlements of debt denominated in foreign currencies (three months and year ended December 31, 2023 - nil and gain of $1.0 million, respectively).

Other Finance Costs

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

	Three months ended December 31,		**Year ended December 31,**	
	2024	**2023**	**2024**	**2023**
Fair value adjustment of Convertible Debentures	$ 238	$ (13,874)	$ 36,109	$ (40,666)
Amortization of deferred financing costs	1,813	3,138	22,630	11,787
Loss (gain) on revaluation of financial liabilities	1,876	2,556	7,245	9,158
Fair value adjustment of Exchangeable Units	—	34	205	(7,524)
Convertible Debenture issuance costs	—	2,682	27	7,283
Distributions on Exchangeable Units	—	154	(63)	1,180
Total Finance Costs (Income)	**$ 3,927**	**$ (5,310)**	**$ 66,153**	**$ (18,782)**

Fair value adjustment of Convertible Debentures

Under IFRS, the REIT has elected to measure Convertible Debentures at fair value. The fair value of the Convertible Debentures is based on the closing trading price of the REIT's Convertible Debentures as at the reporting date. The following table summarizes the value of the convertible debentures issued and outstanding at the closing prices of the REIT's Convertible Debentures at each quarter end for the last six quarters:

CLOSING PRICE OF CONVERTIBLE DEBENTURES						
	24-Dec	**24-Sep**	**24-Jun**	**24-Mar**	**23-Dec**	**23-Sep**
Month-end closing price (Canadian $)						
NWH.DB.G	1,008	1,010	1,002	999	998	993
NWH.DB.H	949	950	813	830	808	853
NWH.DB.I	970	963	825	848	820	908

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

Amortization of deferred financing costs

For the three months and year ended December 31, 2024, the REIT recorded amortization of deferred financing fees of $1.8 million and $22.6 million, respectively (for the three months and year ended December 31, 2023 - $3.1 million and $11.8 million, respectively).

The decrease in amortization of deferred finance costs for the three months ended December 31, 2024 compared to the prior period is due to lower deferred financing costs on debts due to repayments associated with assets disposed throughout the year.

The increase in amortization during the year ended December 31, 2024 compared to the prior period is primarily attributable to accelerated amortization of financing costs associated with debt that was repaid early using proceeds from assets disposed in 2024. The REIT adjusts for transactional deferred financing charges, including accelerated amortization of deferred financing costs, in determining AFFO See **Adjusted Funds from Operations ("AFFO")**.

Loss (gain) on revaluation of financial liabilities

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

For the three months and year ended December 31, 2024, accretion expense was $1.9 million and $7.2 million (for the three months and year ended December 31, 2023 - $2.6 million and $9.2 million, respectively). The decrease in accretion expense is attributable to depreciation of the Brazilian currency relative to the Canadian dollar, offset by higher inflation rate as of December 31, 2024 of 4.90% compared to 4.62% as at December 31, 2023.

Gain/Loss on Financial Instruments

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

GAIN (LOSS) ON FINANCIAL INSTRUMENTS	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
North America				
Interest rate derivatives	$ 2,438	$ (4,772)	$ 4,131	$ 1,189
Europe				
Interest rate derivatives	(1,290)	(14,014)	(5,191)	(8,967)
Investment in Assura	(18,290)	—	(10,748)	—
Australasia				
Interest rate derivatives	4,007	(11,876)	(4,102)	(10,726)
Unlisted securities	(1,198)	(6,096)	(6,831)	(4,354)
Foreign exchange contracts	(283)	136	53	440
Corporate				
Interest rate derivatives	$ (257)	$ —	$ (2,326)	$ —
Total gain (loss) on financial instruments	**$ (14,873)**	$ (36,622)	**$ (25,014)**	$ (22,418)

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.

Fair Value Adjustment of Investment Properties

For the three months and year ended December 31, 2024, the REIT recorded a fair value loss on investment properties of $29.9 million and $368.8 million, respectively (three months and year ended December 31, 2023 - $157.6 million and $571.8 million, respectively). The fair value losses were mainly attributable to changes in valuation parameters, rent reviews, and the inclusion of available market evidence. See **Investment Properties**.

Fair Value Adjustment of Unit-Based Compensation Liabilities

Under IFRS, the REIT's unit-based compensation liabilities ("Unit-Based Liabilities") is measured at fair value each reporting period. The valuation with respect to deferred units and restricted units is based on the market value of a REIT Trust Unit or Vital Trust unit at the reporting date. At the reporting date, the valuation of preferred units is based on a Monte-Carlo simulation except if they become fully vested and they are valued based on the outcome of the underlying performance conditions.

The change in fair value of the Unit-Based Liabilities is recognized in income (loss). The fair value gain on revaluation of the Unit-Based Liabilities for the three months and year ended December 31, 2024 was $4.2 million and $3.7 million, respectively (three months and year ended December 31, 2023 - loss of $1.5 million and gain of $10.8 million, respectively), predominantly due to decrease in trading price of the REIT's units.

Income Tax Expense

The REIT's income tax expense (recovery) for the three months and year ended December 31, 2024, was $5.1 million and $(49.5) million, respectively.

For the three months and year ended December 31, 2024, the REIT recognized a current tax expense of $8.1 million and $21.1 million (for the three months and year ended December 31, 2023 - expense of $4.5 million and $27.0 million, respectively). The increase in current tax expense during the three month period relates to normal course income tax expense on taxable earnings in the Global Manager, Vital Trust and Europe, and withholding tax in Australia and Brazil. The decrease in current taxes during the year was primarily due to a non-recurring gain that was taxable in 2023 on the settlement of interest rate swaps in Vital Trust, in addition to lower pre-tax income in the Global Manager, partially offset by one-time capital gains tax in Europe, which is added back to FFO as net loss on disposal of investment properties.

The REIT records deferred tax assets and liabilities arising primarily due to the difference between the carrying value for accounting purposes and the tax cost of its investment properties. The deferred tax recovery for the three months and year ended December 31, 2024, was $3.0 million and $70.7 million (three months and year ended December 31, 2023 - an expense of $3.9 million and recovery $45.3 million) was primarily a result of fair value adjustments related to investment properties.

PROPORTIONATE BASIS RESULTS FROM OPERATIONS

INCOME STATEMENT

For the three months ended,	December 31, 2024			December 31, 2023		
	IFRS Basis	Adjustments (1)	Proportionate Basis	IFRS Basis	Adjustments (1)	Proportionate Basis
Net Property Operating Income						
Revenue from investment properties	**$ 102,702**	**$ (14,793)**	**$ 87,909**	$ 123,986	$ (13,853)	$ 110,133
Property operating costs (2)	**24,938**	**(1,949)**	**22,989**	25,903	(1,727)	24,176
	77,764	**(12,844)**	**64,920**	98,083	(12,126)	85,957
Other Income						
Interest and other	**5,930**	**355**	**6,285**	2,596	135	2,731
Management fees (2)	**3,817**	**4,822**	**8,639**	4,216	8,069	12,285
Share of profit of equity accounted investments	**1,359**	**(1,359)**	**—**	685	(685)	—
	11,106	**3,818**	**14,924**	7,497	7,519	15,016
Expenses and other						
Mortgage and loan interest expense	**(36,936)**	**240**	**(36,696)**	(57,142)	(666)	(57,808)
General and administrative expense (2)	**(13,155)**	**(1,540)**	**(14,695)**	(12,332)	(2,686)	(15,018)
Transaction costs	**(4,393)**	**1,329**	**(3,064)**	(10,369)	(1,257)	(11,626)
Foreign exchange loss (gain)	**21,510**	**284**	**21,794**	(9,993)	341	(9,652)
	(32,974)	**313**	**(32,661)**	**(89,836)**	**(4,268)**	**(94,104)**
Income (loss) before the under noted items	**55,896**	**(8,713)**	**47,183**	15,744	(8,875)	6,869
Other finance (costs) income	**(3,927)**	**158**	**(3,769)**	5,310	112	5,422
Net gain (loss) on financial instruments	**(14,873)**	**(1,842)**	**(16,715)**	(36,622)	8,415	(28,207)
Fair value adjustment of investment properties (2)	**(29,924)**	**16,115**	**(13,809)**	(157,571)	55,239	(102,332)
Net loss on disposal of investment properties	**(3,274)**	**587**	**(2,687)**	(5,925)	2,077	(3,848)
Fair value adjustment of unit-based compensation liabilities	**4,167**	**—**	**4,167**	(1,461)	—	(1,461)
Income (loss) before taxes	**$ 8,065**	**$ 6,305**	**$ 14,370**	$ (180,525)	$ 56,968	$ (123,557)
Income tax expense (recovery)	**5,137**	**768**	**5,905**	8,375	4,903	13,278
Total net income (loss)	**2,928**	**5,537**	**8,465**	(188,900)	52,065	(136,835)
Less: non-controlling interests	**(5,537)**	**5,537**	**—**	(52,065)	52,065	—
Total net income (loss) attributable to unitholders'	**$ 8,465**	**$ —**	**$ 8,465**	$ (136,835)	$ —	$ (136,835)

For the year ended,	December 31, 2024			December 31, 2023		
	IFRS Basis	**Adjustments (1)**	**Proportionate Basis**	IFRS Basis	Adjustments (1)	Proportionate Basis
Net Property Operating Income						
Revenue from investment properties	**462,403**	**(57,121)**	**405,282**	507,996	(57,684)	450,312
Property operating costs (2)	**112,995**	**(7,353)**	**105,642**	121,374	(7,175)	114,199
	349,408	**(49,768)**	**299,640**	386,622	(50,509)	336,113
Other Income						
Interest and other (3)	**18,840**	**570**	**19,410**	18,559	1,088	19,647
Management fees (2)	**15,150**	**26,167**	**41,317**	15,355	33,274	48,629
Share of profit (loss) from equity accounted investments	**(30,725)**	**30,725**	**—**	(19,232)	19,232	—
	3,265	**57,462**	**60,727**	14,682	53,594	68,276
Expenses and other						
Mortgage and loan interest expense (3)	**(190,457)**	**237**	**(190,220)**	(224,692)	(780)	(225,472)
General and administrative expense (2)	**(58,174)**	**(7,241)**	**(65,415)**	(57,567)	(11,167)	(68,734)
Transaction costs	**(16,693)**	**1,684**	**(15,009)**	(38,745)	(544)	(39,289)
Foreign exchange loss (gain)	**33,879**	**681**	**34,560**	(2,506)	(310)	(2,816)
	(231,445)	**(4,639)**	**(236,084)**	(323,510)	(12,801)	(336,311)
Income (loss) before the under noted items	**121,228**	**3,055**	**124,283**	77,794	(9,716)	68,078
Other finance (costs) income	**(66,153)**	**685**	**(65,468)**	18,782	783	19,565
Net gain (loss) on financial instruments	**(25,014)**	**3,103**	**(21,911)**	(22,418)	7,489	(14,929)
Fair value adjustment of investment properties (2)	**(368,791)**	**10,335**	**(358,456)**	(571,760)	133,305	(438,455)
Net loss on disposal of investment properties	**(34,670)**	**1,142**	**(33,528)**	(12,237)	2,543	(9,694)
Fair value adjustment of unit-based compensation liabilities	**3,687**	**—**	**3,687**	10,814	—	10,814
Income (loss) before taxes	**$ (369,713)**	**$ 18,320**	**$ (351,393)**	$ (499,025)	$ 134,404	$ (364,621)
Income tax expense (recovery)	**(49,509)**	**(2,127)**	**(51,636)**	(18,289)	1,358	(16,931)
Total net income (loss)	**(320,204)**	**20,447**	**(299,757)**	(480,736)	133,046	(347,690)
Less: non-controlling interests	**(20,447)**	**20,447**	**—**	(133,046)	133,046	—
Total net income (loss) attributable to unitholders	**$ (299,757)**	**$ —**	**$ (299,757)**	$ (347,690)	$ —	$ (347,690)

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

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

(3) Interest income and mortgage and loan interest expense under proportionate basis are presented gross of any intercompany eliminations required under IFRS.

NOI from investment properties for the three months and year ended December 31, 2024 was $64.9 million and $299.6 million, respectively (three months and year ended December 31, 2023 - $86.0 million and $336.1 million, respectively). The decrease from the comparative periods is primarily driven by impact of non-core assets sales during 2023 and 2024, partially offset by rent escalations.

Net income (loss) attributable to unitholders for the three months and year ended December 31, 2024 was $8.5 million and $(299.8) million, respectively (three months and year ended December 31, 2023 - $(136.8) million and $(347.7) million, respectively). The increase in net income (loss) is due to lower mortgage and interest expense due to debt repayments from asset dispositions, and decrease in overall weighted average interest rates as well as due to lower fair value losses recorded on investment properties.

FUNDS FROM OPERATIONS ("FFO")

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

The REIT presents its consolidated FFO calculations in accordance with the January 2022 guidance in the REALPAC White Paper on Funds From Operations, with the exception that the REIT excludes the following adjustments when determining FFO: revaluation of financial liabilities, employee termination benefits and related expenses, payments of premiums on derivative financial instruments, and certain transaction costs.

For the three months and year ended December 31, 2024, FFO per unit was $0.10 and $0.36 per unit, respectively. Included in FFO per unit for the year ended December 31, 2024 is accelerated amortization of deferred financing costs as a result of early repayment of the underlying debt, using proceeds from asset sales. Excluding the impact of $10.3 million of accelerated amortization of deferred financing costs during the year, FFO for the year ended December 31, 2024 is $0.40 per unit.

FUNDS FROM OPERATIONS ("FFO")	**Three months ended December 31,**		**Year ended December 31,**	
	2024	**2023**	**2024**	**2023**
Net income (loss) attributable to unitholders	**$ 8,465**	**$ (136,835)**	**$ (299,757)**	**$ (347,690)**
Add / (Deduct): (1)				
Fair market value losses (gains) (2)	26,519	129,481	418,418	431,521
Finance cost - Exchangeable Unit distributions	—	154	(63)	1,180
Revaluation of financial liabilities	1,876	2,556	7,245	9,158
Unrealized foreign exchange loss (gain)	(21,825)	9,881	(33,258)	3,521
Deferred taxes	1,414	10,197	(63,125)	(32,190)
Transaction costs	3,064	11,664	15,105	41,472
Net loss on disposal of investment properties	3,189	3,848	33,995	9,694
Convertible Debenture issuance costs	—	2,682	27	7,283
Internal leasing costs	300	462	1,263	1,932
Property taxes accounted for under IFRIC 21	47	—	—	847
Net adjustment for lease liabilities	4	(185)	(435)	(442)
Employee termination benefits and related expenses	—	—	3,807	—
Other FFO adjustments	621	2,854	5,649	15,089
FFO	**$ 23,674**	**$ 36,759**	**88,871**	**141,375**
FFO per Unit - Basic	$ 0.10	$ 0.15	$ 0.36	$ 0.58
FFO per Unit - Diluted (3)	$ 0.10	$ 0.15	$ 0.36	$ 0.57
Adjusted weighted average units outstanding (4)				
Basic	247,493,809	244,959,959	246,438,793	244,169,923
Diluted (3)	248,641,782	246,316,642	247,663,589	245,906,967

(1) FFO is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. See **Performance Measurement**. The adjustments to determine FFO have been presented on a proportionate basis.

(2) Included in FFO for the three months and year ended December 31, 2024 are nil and $6.7 million related to premiums paid in connection with interest rate cap derivatives (three months and year ended December 31, 2023 - $11.1 million and $37.4 million), the impact of which is nil and $0.03 per unit, respectively (three months and year ended December 31, 2023 - $0.05 per unit and $0.15 per unit, respectively).

(3) Diluted units include the impact of vested deferred trust units and the convertible debentures, that would have a dilutive effect upon conversion.

(4) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B Units in basic and diluted units outstanding/ weighted average units outstanding. There were no Class B Units outstanding as at December 31, 2024 (December 31, 2023 - 1,710,000 Class B Units).

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

Fair market value losses (gains)

FAIR MARKET VALUE LOSSES (GAINS)

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Fair market value losses (gains)				
Fair value adjustment of Convertible Debentures	$ 238	$ (13,874)	$ 36,109	$ (40,666)
Fair value adjustment of Exchangeable Units	—	34	205	(7,524)
Fair value adjustment of investment properties	13,733	102,516	357,155	438,241
Loss on derivative financial instruments	16,715	28,207	21,911	14,929
Premiums on derivative financial instruments	—	11,137	6,725	37,355
Fair value adjustment of Unit-Based Liabilities	(4,167)	1,461	(3,687)	(10,814)
Total	**$ 26,519**	**$ 129,481**	**$ 418,418**	**$ 431,521**

Convertible Debentures

Under IFRS the REIT's Convertible Debentures are classified as financial liabilities measured at fair value through profit and loss and any related unrealized fair value changes in re-measuring the financial liability impact net income. Compliant with the REALPAC Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to the Convertible Debentures have been added back to the REIT's net income (loss).

Exchangeable Units and Unit-Based Liabilities

Under IFRS the REIT's Exchangeable Units and Unit-Based Liabilities are classified as financial liabilities and any related unrealized fair value changes in re-measuring the financial liability impact net income (loss). Compliant with REALPAC Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to Exchangeable Units and Unit-Based Liabilities have been added back to the REIT's net income (loss).

Investment properties

Under IFRS the REIT has elected to use the fair value model to account for its investment properties. Under the fair value model, investment properties are carried on the consolidated balance sheets at fair value. The properties are not depreciated and changes in the fair value of the investment properties are recognized in income in the period in which they occur. Compliant with REALPAC Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to investment properties have been added back to the REIT's net income (loss).

Derivative financial instruments

Under IFRS derivative financial instruments are measured at fair value and any related unrealized fair value changes in re-measuring the derivative financial instrument impact net income. Compliant with the REALPAC Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, unrealized fair value changes related to derivative financial instruments have been added back to the REIT's net income (loss).

Premiums on derivative financial instruments

For the three months and year ended December 31, 2024, premiums of nil and $6.7 million (year ended December 31, 2023 - $11.1 million and $37.4 million) on derivative financial instruments to cap variable rate debt which are reflected under interest expense have been added back to the REIT's net income (loss). The adjustment is not in compliance with REALPAC Guidance. In management's view, the premiums paid reflect investment activity and should be added back to reflect ongoing operating performance of the REIT. During the year ended December 31, 2024, the derivative financial instruments subject to these premiums have expired and no further adjustments are expected in subsequent reporting periods.

Finance cost - Exchangeable Unit distributions

Under IFRS the REIT's Exchangeable Units are classified as financial liabilities and any related distributions on the Exchangeable Units are regarded as finance costs. Compliant with REALPAC Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, distributions related to the Exchangeable Units have been added back to the REIT's net income (loss). As at December 31, 2024, no exchangeable units were outstanding (December 31, 2023 - 1,710,000 units were outstanding).

Revaluation of financial liabilities

Over the term of the loan, the Brazil securitization financings are adjusted by the inflation rate (IPCA) from the date of inception of these liabilities to their respective maturities. The accretion expense is treated as a fair value adjustment to the Brazil Securitization Financings and therefore adjusted for when calculating FFO. Although this adjustment is not compliant with REALPAC Guidance, the REIT believes the adjustment is aligned with industry practice.

Unrealized foreign exchange loss (gain)

Under IFRS, financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing balance sheet date rate. The REIT's unrealized foreign exchange movements for the periods relate primarily to the revaluation of the Australasian debt which are denominated in Australian and/or New Zealand dollars and held by a Canadian and/or New Zealand subsidiary of the REIT, a credit facility tranche which is denominated in US dollars and held by a Canadian subsidiary of the REIT, and revaluation of short-term loans with subsidiaries of the REIT that are denominated in a different source currency than the functional currency of the subsidiary. In line with the principles of REALPAC Guidance, the unrealized foreign exchange movements on the indebtedness in addition to the intercompany transactions have been added back to the REIT's net income (loss).

Deferred taxes

Under IFRS, the REIT has recorded deferred taxes in Europe, Brazil, and Australasia arising primarily due to the difference between the book value and tax cost of its investment properties. In compliance with REALPAC Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, deferred taxes have been added back (or deducted) to its net income (loss).

Transaction costs

Under IFRS, the REIT expenses transaction costs related to acquisitions which have been determined to be business combinations, of which there have been none for the periods presented, and business development costs. In accordance with the principles of REALPAC Guidance, to allow for consistent treatment of transaction costs incurred whether a transaction is recorded as an asset acquisition or business combination, and to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, costs related to the REIT's transactions have been added back to net income (loss). In addition, the REIT also adds back to net income (loss) third party transaction and internally allocated costs related to investment opportunities, establishment of joint arrangements, including those incurred with respect to building relationships with healthcare operators and institutional investors, tax on profits or losses on disposals of properties, costs related to the Board's Strategic Review Committee, costs in respect of abandoned transactions, and other capital raising initiatives being explored by the REIT, each of which are not contemplated in the REALPAC Guidance.

Net loss on disposal of investment properties

In compliance with REALPAC Guidance, the REIT added back to net income (loss) the net loss on disposal of investment properties, which includes broker commissions, professional fees, certain employee benefits relating to disposition of investment properties, and tax on gains or losses arising from the disposition of investment properties.

Convertible Debenture issuance cost

In accordance with IFRS, because the REIT measures its Convertible Debentures at fair value, the REIT expenses the costs related to the issuance of the Convertible Debentures. These non-recurring finance costs related to the issuance of the Convertible Debentures have been added back to the REIT's net income (loss), in compliance with REALPAC Guidance.

Internal leasing costs

In accordance with IFRS, internal leasing costs that are not incremental are expensed. These amounts include the base salary and benefits of the internal leasing department. Compliant with REALPAC Guidance, costs that can be reasonably and directly attributed to signed leases, and that would otherwise be capitalized if incurred from external sources, are added back to net income (loss) in determining FFO.

Property taxes accounted for under IFRIC 21

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

Net adjustment for lease liabilities

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

Australia has one long term lease receivable and one long term ground lease payable which have been recorded, in accordance with IFRS, as a finance lease payable and receivable, respectively. An adjustment has been made to FFO to adjust for the net cash impact of the finance leases.

Employee Termination Benefits and Related Expenses

During the year ended December 31, 2024, the REIT made the decision to reduce staffing by 50 employees across all markets as part of a broader strategic initiative to streamline its operations. In accordance with IFRS, the REIT accrued the full employee termination benefits and related expenses during the year ended December 31, 2024 in General and Administrative Expense. These costs are not reflective of recurring earnings from core operations. The adjustment is not contemplated in the REALPAC Guidance.

Other FFO adjustments

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

Other FFO adjustments

	Three months ended December 31,		Year ended December 31,	
	2024	**2023**	**2024**	**2023**
Financing costs incurred with respect to an investment in unlisted securities, net of distributions income generated by the securities	$ 176	$ 1,829	$ 2,388	$ 9,619
G&A expenses related to strategic tenant inducements and charitable pledge	445	401	2,376	2,176
Corporate financing costs related to short-term financing arrangements to fund the US property acquisitions that are not reflective of long-term financing costs	—	624	886	3,294
Total	**$ 621**	**$ 2,854**	**$ 5,650**	**$ 15,089**

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

ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

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

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

ADJUSTED FUNDS FROM OPERATIONS

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
FFO (1)	**$ 23,674**	**$ 36,759**	**$ 88,871**	**$ 141,375**
Add / (Deduct):				
Amortization of transactional deferred financing charges	271	1,489	15,405	6,708
Unit-based compensation expense	2,102	(696)	4,463	6,684
Straight-line revenue	859	(1,402)	(1,257)	(3,659)
Leasing costs and non-recoverable maintenance capital expenditures	(2,625)	(3,315)	(11,833)	(13,353)
AFFO (1)	**$ 24,281**	**$ 32,835**	**$ 95,649**	**$ 137,755**
AFFO per Unit - Basic	$ 0.10	$ 0.13	$ 0.39	$ 0.56
AFFO per Unit - diluted (2)	$ 0.10	$ 0.13	$ 0.39	$ 0.56
Distributions per Unit - Basic	$ 0.09	$ 0.09	$ 0.36	$ 0.65
Adjusted weighted average units outstanding: (3)				
Basic	247,493,809	244,959,959	246,438,793	244,169,923
Diluted (2)	248,641,782	246,316,642	247,663,589	245,906,967

(1) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. See **Performance Measurement**. The adjustments to determine FFO and AFFO have been presented on a proportionate basis.
(2) Diluted units include the impact of vested deferred trust units and the convertible debentures, that would have a dilutive effect upon conversion.
(3) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B Units in basic and diluted units outstanding/ weighted average units outstanding. There were no Class B Units outstanding as at December 31, 2024 (December 31, 2023 - 1,710,000 Class B Units).

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

Amortization of transactional deferred financing charges

Under IFRS, the REIT has recorded amortization of deferred financing charges, which it considers to be a proxy for financing fees incurred over the term of the related debt. Thus, AFFO is not adjusted for amortization financing charges, except for those related to short-term transaction-related financings, and the write off of financing fees for which debt has been repaid in advance of its maturity, which the REIT adds back to AFFO to reflect a stabilized business environment. This adjustment is not contemplated in the REALPAC Guidance for AFFO.

Unit-Based Compensation Expense

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

Straight-line revenue

Under IFRS rental revenue from operating leases is recognized over the lease term on a straight-line basis. The difference between rental revenue recognized and cash flows is recorded as straight-line rent receivable or payable. Compliant with the REALPAC Guidance to account for the non-cash nature of these differences, the REIT has included an adjustment in AFFO.

Leasing costs and non-recoverable maintenance capital expenditures

In North America and Europe, due to the nature of the portfolios, on a quarterly basis and during portfolio repositioning, leasing costs, tenant improvements and maintenance capital expenditures can fluctuate and as such, should not be regarded as stabilized. Compliant with the REALPAC Guidance, the REIT uses a reserve of 6% per annum of revenue from the medical outpatient properties in North America and Europe when determining AFFO. In Brazil and Australasia, due to the long term, triple net nature of the leases in those regions the REIT uses actual leasing costs and non-recoverable maintenance capital expenditures when determining AFFO.

QUARTERLY PERFORMANCE AND SELECT ANNUAL INFORMATION

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

QUARTERLY PERFORMANCE	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Summary Financial Information								
AUM	$ 8,281,609	$ 8,657,264	$ 9,293,665	$ 9,602,095	$ 9,901,036	$ 10,019,995	$ 10,255,181	$ 10,755,346
Gross Book Value	$ 6,049,576	$ 6,344,230	$ 7,040,791	$ 7,383,601	$ 7,628,615	$ 7,834,202	$ 8,061,118	$ 8,418,407
Debt - Declaration of Trust	$ 2,670,191	$ 2,765,655	$ 3,372,186	$ 3,524,886	$ 3,641,463	$ 3,704,028	$ 3,745,216	$ 3,933,906
Debt to Gross Book Value - Declaration of Trust	44.1%	43.6%	47.9%	47.7%	47.7%	47.3%	46.5%	46.7%
Debt - Including Convertible Debentures	$ 3,027,154	$ 3,122,380	$ 3,694,732	$ 3,851,715	$ 3,962,317	$ 4,038,756	$ 4,092,556	$ 4,205,978
Debt to Gross Book Value - Including Convertible Debentures	50.0%	49.2%	52.5%	52.2%	51.9%	51.6%	50.8%	50.0%
Operating Results								
Revenue from investment properties	$ 102,702	$ 107,015	$ 119,141	$ 133,545	$ 123,986	$ 122,182	$ 126,504	$ 135,324
Net income (loss)	$ 2,928	$ (157,266)	$ (127,224)	$ (38,617)	$ (188,900)	$ (95,270)	$ (107,411)	$ (89,155)
NOI	$ 77,764	$ 82,216	$ 93,976	$ 95,452	$ 98,083	$ 95,097	$ 98,021	$ 95,421
FFO	$ 23,674	$ 15,775	$ 22,314	$ 26,957	$ 36,759	$ 33,559	$ 31,521	$ 39,538
AFFO	$ 24,281	$ 22,352	$ 21,186	$ 27,679	$ 32,835	$ 32,879	$ 31,913	$ 40,130
Distributions	$ 22,346	$ 22,229	$ 22,150	$ 22,031	$ 22,048	$ 40,050	$ 48,849	$ 48,606
Per Unit Amounts								
FFO per unit - Basic	$ 0.10	$ 0.06	$ 0.09	$ 0.11	$ 0.15	$ 0.14	$ 0.13	$ 0.16
AFFO per unit - Basic	$ 0.10	$ 0.09	$ 0.09	$ 0.11	$ 0.13	$ 0.13	$ 0.13	$ 0.17
Distributions	$ 0.09	$ 0.09	$ 0.09	$ 0.09	$ 0.09	$ 0.16	$ 0.20	$ 0.20
Adjusted Weighted Average Units Outstanding								
Basic	247,493,809	246,832,144	246,032,139	245,381,166	244,959,959	244,782,614	244,036,797	242,870,623

(1) The quarterly financial data reflects fluctuations in revenue, FFO, AFFO, investment properties and total debt primarily from asset sales, the timing of leasing and development activities, acquisitions and foreign exchange. Investment properties also fluctuate from the effect of measuring properties at fair value under IFRS Accounting Standards. Net income (loss) attributable to unitholders primarily fluctuates from fair value gains (losses) on investment properties.

The following table reconciles quarterly net income (loss) attributable to Unitholders to FFO and AFFO:

QUARTERLY FFO and AFFO									
		Q4-24	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Net income (loss) attributable to unitholders	**$**	**8,465**	**(138,252)**	**(122,338)**	**(47,607)**	**(136,835)**	**(81,276)**	**(32,093)**	**(97,486)**
Add / (Deduct): [1]									
Fair market value losses (gains)		26,519	146,541	166,842	79,124	129,299	99,327	39,587	163,525
Finance cost - Exchangeable Unit distributions		—	—	—	(63)	154	342	342	342
Revaluation of financial liabilities		1,876	937	424	4,008	2,556	814	745	5,043
Unrealized foreign exchange loss (gain)		(21,825)	1,858	752	(14,043)	9,881	2,972	(2,732)	(6,600)
Deferred taxes		1,414	(26,027)	(33,922)	(4,590)	10,197	(5,730)	(2,125)	(34,530)
Net loss on disposal of investment properties		3,189	20,990	4,813	4,404	3,248	325	724	—
Non-recurring transaction costs		3,064	5,011	4,568	3,077	12,264	11,817	17,768	5,020
Convertible Debenture issuance costs		—	—	—	27	2,682	91	4,489	21
Internal leasing costs		300	312	293	358	462	510	466	494
Property taxes accounted for under IFRIC 21		47	(108)	(74)	135	—	174	271	401
Net adjustment for lease liabilities		4	(189)	(125)	(125)	(185)	(91)	(84)	(82)
Employee termination benefits and related expenses		—	3,807	—	—	—	—	—	—
Other FFO adjustments		621	895	1,081	2,252	3,035	4,284	4,163	3,390
FFO		**23,674**	**15,775**	**22,314**	**26,957**	**36,758**	**33,559**	**31,521**	**39,538**
Add / (Deduct): [1]									
Amortization of transactional deferred financing charges		271	10,318	2,031	2,785	1,489	1,465	1,673	2,079
Straight-line revenue		859	(417)	(513)	(1,186)	(1,402)	(701)	(910)	(647)
Leasing costs and non-recoverable maintenance capital expenditures		(2,625)	(2,867)	(2,916)	(3,426)	(3,315)	(3,327)	(3,522)	(3,187)
Unit-based compensation expense		2,102	(457)	270	2,549	(696)	1,883	3,151	2,346
AFFO	**$**	**24,281**	**$ 22,352**	**$ 21,186**	**$ 27,679**	**$ 32,834**	**$ 32,879**	**$ 31,913**	**$ 40,129**
Per Unit Amounts									
FFO per unit - Basic	$	0.10	$ 0.06	$ 0.09	$ 0.11	$ 0.15	$ 0.14	$ 0.13	$ 0.16
AFFO per unit - Basic	$	0.10	$ 0.09	$ 0.09	$ 0.11	$ 0.13	$ 0.13	$ 0.13	$ 0.17
Adjusted Weighted Average Units Outstanding									
Basic		247,493,809	246,832,144	246,032,139	245,381,166	244,959,959	244,782,614	244,036,797	242,870,623

(1) FFO and AFFO are not measures recognized under IFRS and does not have standardized meanings prescribed by IFRS. See **Performance Measurement**. The adjustments to determine FFO and AFFO have been presented on a proportionate basis.

The following is a summary of select annual results for the last three financial years:

ANNUAL PERFORMANCE	2024	2023	2022
Summary Financial Information			
Gross Book Value	$ 6,049,576	$ 7,628,615	$ 8,514,000
Debt - Declaration of Trust	$ 2,670,191	$ 3,641,463	$ 3,855,247
Debt to Gross Book Value - Declaration of Trust	44.1%	47.7%	45.3%
Debt - Including Convertible Debentures	$ 3,027,154	$ 3,962,317	$ 4,130,517
Debt to Gross Book Value - Including Convertible Debentures	50.0%	51.9%	48.5%
Operating Results			
Revenue from investment properties	$ 462,403	$ 507,996	$ 448,829
Net income (loss)	$ (320,204)	$ (480,736)	$ 125,627
Net income (loss) attributable to unitholders'	$ (299,757)	$ (347,690)	$ 64,295
NOI	$ 349,408	$ 386,622	$ 348,352
FFO (1)	$ 88,871	$ 141,375	$ 168,172
AFFO (1)	$ 95,649	$ 137,755	$ 172,663
Distributions	$ 88,693	$ 159,553	$ 190,790
Per Unit Amounts			
FFO per unit - Basic (1)	$ 0.36	$ 0.58	$ 0.71
AFFO per unit - Basic (1)	$ 0.39	$ 0.56	$ 0.73
Distributions	$ 0.36	$ 0.65	$ 0.80
Adjusted Weighted Average Units Outstanding			
Basic	247,493,809	246,832,144	246,032,139

(1) FFO and AFFO are not measures recognized under IFRS and does not have standardized meanings prescribed by IFRS. See **Performance Measurement**. The adjustments to determine FFO and AFFO have been presented on a proportionate basis.

(2) The annual financial data reflects fluctuations in revenue, FFO, AFFO, investment properties and total debt primarily from asset sales, the timing of leasing and development activities, acquisitions and foreign exchange. Investment properties also fluctuate from the effect of measuring properties at fair value under IFRS Accounting Standards. Net income (loss) attributable to unitholders primarily fluctuates from fair value gains (losses) on investment properties.

PART IV – DISTRIBUTIONS

For the three months and year ended December 31, 2024, the REIT declared a total of $22.3 million and $88.8 million in distributions on Trust Units, respectively (three months and year ended December 31, 2023 - $22.0 million and $159.6 million, respectively). These distributions reflect an annualized distribution rate of $0.36 per unit per annum (December 31, 2023 - $0.65 per unit per annum).

Distribution Reinvestment Plan

Participants in the REIT's distribution reinvestment plan (the "**DRIP**") have their distribution entitlement used to purchase Trust Units and also receive a "bonus distribution" of Trust Units equal in value to 3% of each distribution.

During the three months and year ended December 31, 2024, a total of 570,099 and 2,116,185 Trust Units were issued under the DRIP (three and year ended December 31, 2023 - nil and 2,175,190 Trust Units, respectively).

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

For the three months and year ended December 31, 2024, the REIT's DRIP participation rate was 12.4% and 11.7% (three and year ended December 31, 2023 - nil and 15.7%).

Cash Flows from Operations

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

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

	Three months ended December 31,		Year ended December 31,	
	2024	**2023**	**2024**	**2023**
Net income (loss) attributable to unitholders	**$ 8,465**	$ (136,835)	**$ (299,757)**	$ (347,690)
Add: Finance cost - Exchangeable Unit distributions	**—**	154	**(63)**	1,180
Net income (loss) after the above adjustments	**$ 8,465**	$ (136,681)	**$ (299,820)**	$ (346,510)
Cash flows from operating activities	**$ 21,835**	$ 22,749	**$ 86,644**	$ 104,765
Less: non-controlling interests	**9,066**	(1,389)	**36,275**	18,209
Cash flows from operating activities attributable to unitholders	**$ 12,769**	$ 24,138	**$ 50,369**	$ 86,556
Distributions paid and payable				
Trust Units	**$ 22,346**	$ 21,894	**$ 88,756**	$ 158,373
Exchangeable Units	**—**	154	**(63)**	1,180
	$ 22,346	$ 22,048	**$ 88,693**	$ 159,553
Surplus (shortfall) of adjusted net income (loss) attributable to unitholders over distributions paid and payable	**$ (13,881)**	$ (158,729)	**$ (388,513)**	$ (506,063)
Surplus (shortfall) of cash flows from operating activities attributable to unitholders over distributions paid and payable	**$ (9,577)**	$ 2,090	**$ (38,324)**	$ (72,997)

During the three months and year ended December 31, 2024, there was a shortfall in cash flows from operating activities attributable to unitholders (a non-IFRS financial measure) over distributions paid and payable of $9.6 million and $38.3 million, respectively. Cash flows from operating activities attributable to unitholders excludes the distribution income from the REIT's investments in its JVs. The distributions earned from its JV investments are considered by management to be an integral part of the REIT's cash flows from operations due to the nature of the equity invested, similarly premiums paid on derivative financial instruments are viewed as investments in financial instruments and are an important part of the REIT's cash flows. The remaining shortfall were partially financed by DRIP.

As demonstrated in the table below, for three months and year ended December 31, 2024, the adjusted cash surplus from operating activities was $1.8 million and shortfall of $1.8 million, respectively (for the three months and year ended December 31, 2023 - surplus of $18.3 million and $4.6 million, respectively).

The shortfall of cash flows from operating activities attributable to unitholders for the year ended December 31, 2024 is in part attributable to timing of working capital, including payment timing of cash taxes and debt interest and was impacted by the REIT's exposure to higher interest rates on its variable rate debts such as its term debts and credit facilities. Based on the cash flow projections and availability of credit capacity under the REIT's credit facilities management believes that the REIT has sufficient liquidity to fund its financial obligations and distributions.

ADJUSTED CASH SURPLUS (SHORTAGE) FROM OPERATING ACTIVITIES TO DISTRIBUTIONS

	Three months ended December 31,		Year ended December 31,	
	2024	**2023**	**2024**	**2023**
Surplus (shortfall) of cash flows from operating activities attributable to unitholders over distributions paid and payable	$ (9,577)	$ 2,090	$ (38,324)	$ (72,997)
Add: Value of REIT Units issued pursuant to the DRIP	2,792	—	10,054	18,222
Add: Distribution income from investments	8,592	5,093	19,714	22,051
Add: Premiums paid on derivative financial instruments	—	11,137	6,725	37,355
Adjusted surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	$ 1,807	$ 18,320	$ (1,831)	$ 4,631

During the three months and year ended December 31, 2024, there was $2.8 million and $10.1 million in value of REIT units issued under the DRIP (three months and year ended December 31, 2023, there was nil and $18.2 million, respectively). While reducing the cash required to settle the REIT's distributions, the REIT Units issued, pursuant to the DRIP, may in future result in additional cash distributions, should the holders of these REIT Units opt out of the DRIP.

Pursuant to National Policy 41-201 “Income Trusts and Other Indirect Offerings”, the following table, reconciles the REIT’s cash flows from operations to AFFO:

RECONCILIATION OF CASH FLOWS FROM OPERATIONS TO AFFO				
	Three months ended December 31,		**Year ended December 31,**	
	2024	**2023**	**2024**	**2023**
Cash flows from operating activities	**$ 21,835**	**$ 22,749**	**$ 86,644**	**104,765**
Add (deduct):				
Interest expense in excess (shortfall) of interest paid	2,745	10,966	7,383	39,322
Current tax expense (recovery) in excess of taxes paid	(3,613)	(1,696)	7,849	873
Changes in non-cash working capital balances	4,761	6,824	6,829	2,224
AFFO of equity accounted investments	1,140	1,703	41,035	29,562
Employee termination benefits and related expenses	—	—	3,807	—
Other FFO adjustments	621	2,854	5,649	15,089
Internal leasing costs	300	462	1,263	1,932
Property taxes accounted for under IFRIC 21	47	—	—	847
Amortization of recurring financing charges	(1,542)	(1,648)	(7,225)	(5,040)
Leasing costs and non-recoverable maintenance capital expenditures	(2,739)	(3,228)	(12,163)	(13,582)
Amortization of lease liabilities	4	(184)	(435)	(441)
Interest income and other	5,943	2,596	18,840	14,171
Straight-line revenue	1,400	(1,941)	813	(2,628)
Redemption of units issued under the unit-based incentive plans	738	109	2,735	1,573
Amortization of furniture and office equipment	(522)	(310)	(3,671)	(1,266)
Share of profit (loss) from equity accounted investments	1,359	685	(30,725)	(19,232)
AFFO attributable to non-controlling interests	(8,196)	(7,106)	(32,980)	(30,414)
AFFO	**$ 24,281**	**$ 32,835**	**$ 95,648**	**$ 137,755**

PART V – BALANCE SHEET AND CAPITALIZATION

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

BALANCE SHEET

	December 31, 2024			December 31, 2023		
	IFRS Basis	**Adjustments (1)**	**Proportionate Basis**	IFRS Basis	Adjustments (1)	Proportionate Basis
Assets						
Investment properties	$ 5,260,990	$ (1,113,404)	$ 4,147,586	$ 6,874,660	$ (1,140,455)	$ 5,734,205
Equity accounted investments	325,965	(325,965)	—	362,340	(362,340)	—
Intangible assets	47,687	—	47,687	43,780	—	43,780
Goodwill	37,178	—	37,178	38,566	—	38,566
Deferred tax assets	2,450	413	2,863	9,177	—	9,177
Derivative financial Instruments	16,185	(5,632)	10,553	26,057	(7,801)	18,256
Assets held for sale	59,278	—	59,278	55,972	(1,160)	54,812
Cash, cash equivalents, and restricted cash	52,980	5,013	57,993	72,090	(5,973)	66,117
Other assets	246,863	(5,317)	241,546	145,973	(2,365)	143,608
Total assets	**$ 6,049,576**	**$ (1,444,892)**	**$ 4,604,684**	**$ 7,628,615**	**$ (1,520,094)**	**$ 6,108,521**
Liabilities						
Mortgages and loans payable	2,635,545	(333,721)	2,301,824	3,583,248	(320,371)	3,262,877
Convertible debentures	356,963	—	356,963	320,854	—	320,854
Lease Liabilities	21,506	(5,843)	15,663	17,562	(3,192)	14,370
Class B exchangeable units	—	—	—	8,721	—	8,721
Deferred tax liabilities	315,221	(83,114)	232,107	418,446	(91,489)	326,957
Derivative financial instruments	6,181	(2,224)	3,957	6,574	(1,527)	5,047
Liabilities related to assets held for sale	—	—	—	18,485	—	18,485
Other liabilities	132,645	(1,892)	130,753	169,457	(12,559)	156,898
Total liabilities	**$ 3,468,061**	**$ (426,794)**	**$ 3,041,267**	**$ 4,543,347**	**$ (429,138)**	**$ 4,114,209**
Unitholders' Equity						
Unitholders' equity	1,563,417	—	1,563,417	1,994,312	—	1,994,312
Non-controlling interests	1,018,098	(1,018,098)	—	1,090,956	(1,090,956)	—
Total liabilities and unitholders' equity	**$ 6,049,576**	**$ (1,444,892)**	**$ 4,604,684**	**$ 7,628,615**	**$ (1,520,094)**	**$ 6,108,521**

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

INVESTMENT PROPERTIES

The estimated fair value of proportionate investment properties as at December 31, 2024 was $4.1 billion (December 31, 2023 - $5.7 billion) representing an implied weighted average capitalization rate of 6.5% (December 31, 2023 - 6.1%). The movements in the REIT's investment properties on a proportionate basis are as follows:

INVESTMENT PROPERTIES BY REGION

	Three months ended December 31, 2024				
	Income Producing Properties				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 1,339,361**	**$ 666,942**	**$ 530,318**	**$ 2,528,698**	**$ 5,065,319**
Adjustments [1]	—	—	184,310	(1,123,809)	(939,499)
Non-IFRS proportionate share balance, beginning of period	**1,339,361**	**666,942**	**714,628**	**1,404,889**	**4,125,820**
Additions	1,142	2,319	2,213	3,503	9,177
Increase in straight-line rents	412	53	—	260	725
Transfers from (to) properties under development	—	—	—	8,716	8,716
Fair value gain (loss)	(21,893)	(13,922)	26,019	(6,868)	(16,664)
Foreign currency translation	21,614	(42,648)	(7,377)	(69,824)	(98,235)
Non-IFRS proportionate share closing balance, end of period	**$ 1,340,636**	**$ 612,744**	**$ 735,483**	**$ 1,340,676**	**$ 4,029,539**
	Properties Under Development				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 9,300**	**$ —**	**$ 15,988**	**$ 338,623**	**$ 363,911**
Adjustments [1]	—	—	—	(237,120)	(237,120)
Non-IFRS proportionate share balance, beginning of period	**9,300**	**—**	**15,988**	**101,503**	**126,791**
Additions	26	—	1,217	10,464	11,707
Transfers from (to) income producing	—	—	—	(8,716)	(8,716)
Fair value gain (loss)	674	—	(6,455)	(973)	(6,754)
Foreign currency translation	—	—	(152)	(4,829)	(4,981)
Non-IFRS proportionate share closing balance, end of period	**$ 10,000**	**$ —**	**$ 10,598**	**$ 97,449**	**$ 118,047**
	Total				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 1,348,661**	**$ 666,942**	**$ 546,306**	**$ 2,867,321**	**$ 5,429,230**
Adjustments [1]	—	—	184,310	(1,360,929)	(1,176,619)
Non-IFRS proportionate share balance, beginning of period	**1,348,661**	**666,942**	**730,616**	**1,506,392**	**4,252,611**
Additions	1,168	2,319	3,430	13,967	20,884
Increase in straight-line rents	412	53	—	260	725
Fair value gain (loss)	(21,219)	(13,922)	19,564	(7,841)	(23,418)
Foreign currency translation	21,614	(42,648)	(7,529)	(74,653)	(103,216)
Non-IFRS proportionate share closing balance, end of period	**$ 1,350,636**	**$ 612,744**	**$ 746,081**	**$ 1,438,125**	**$ 4,147,586**

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

INVESTMENT PROPERTIES BY REGION

	Year ended December 31, 2024				
	Income Producing Properties				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 1,629,881**	**$ 818,170**	**$ 1,567,647**	**$ 2,431,040**	**$ 6,446,738**
Adjustments (1)	—	—	178,428	(1,043,802)	(865,374)
Non-IFRS proportionate share balance, beginning of period	**1,629,881**	**818,170**	**1,746,075**	**1,387,238**	**5,581,364**
Dispositions	(260,064)	—	(885,000)	(19,079)	(1,164,143)
Additions	10,772	3,805	8,629	16,036	39,242
Increase in straight-line rents	3,201	53	—	1,470	4,724
Transfers from (to) properties under development	—	—	—	59,539	59,539
Transfers from (to) assets held for sale	(35,132)	—	(50,464)	(11,190)	(96,786)
Fair value gain (loss)	(43,838)	(94,718)	(145,664)	(67,722)	(351,942)
Foreign currency translation	35,816	(114,566)	61,907	(25,616)	(42,459)
Non-IFRS proportionate share closing balance, end of period	**$ 1,340,636**	**$ 612,744**	**$ 735,483**	**$ 1,340,676**	**$ 4,029,539**
	Properties Under Development				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 16,877**	**$ —**	**$ 19,883**	**$ 391,162**	**$ 427,922**
Adjustments (1)	—	—	—	(275,081)	(275,081)
Non-IFRS proportionate share balance, beginning of period	**16,877**	**—**	**19,883**	**116,081**	**152,841**
Dispositions	—	—	—	(1,961)	(1,961)
Additions	85	—	4,739	42,569	47,393
Transfers from (to) income producing	—	—	—	(59,539)	(59,539)
Transfers from (to) assets held for sale	(7,600)	—	—	—	(7,600)
Fair value gain (loss)	638	—	(14,399)	(381)	(14,142)
Foreign currency translation	—	—	375	680	1,055
Non-IFRS proportionate share closing balance, end of period	**$ 10,000**	**$ —**	**$ 10,598**	**$ 97,449**	**$ 118,047**
	Total				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 1,646,758**	**$ 818,170**	**$ 1,587,530**	**$ 2,822,202**	**$ 6,874,660**
Adjustments (1)	—	—	178,428	(1,318,883)	(1,140,455)
Non-IFRS proportionate share balance, beginning of period	**1,646,758**	**818,170**	**1,765,958**	**1,503,319**	**5,734,205**
Dispositions	(260,064)	—	(885,000)	(21,040)	(1,166,104)
Additions	10,857	3,805	13,368	58,605	86,635
Increase in straight-line rents	3,201	53	—	1,470	4,724
Transfers from (to) assets held for sale	(42,732)	—	(50,464)	(11,190)	(104,386)
Fair value gain (loss)	(43,200)	(94,718)	(160,063)	(68,103)	(366,084)
Foreign currency translation	35,816	(114,566)	62,282	(24,936)	(41,404)
Non-IFRS proportionate share closing balance, end of period	**$ 1,350,636**	**$ 612,744**	**$ 746,081**	**$ 1,438,125**	**$ 4,147,586**

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

2024 Dispositions

On an IFRS basis, during the three months and year ended December 31, 2024, the REIT disposed of investment properties for total proceeds of $71.8 million and $1.4 billion, respectively.

DISPOSITIONS						
Region	**Quarter**	**Properties[2]**		**Disposition proceeds**		**Property specific debt**
North America	Q1	11	$	**163,444**	$	**18,370**
Australasia[1]	Q1	1		**1,774**		**—**
North America	Q2	5		**139,810**		**—**
Australasia[1]	Q2	5		**73,974**		**—**
Europe	Q2	1		**20,616**		**12,257**
Europe	Q3	14		**885,000**		**470,732**
North America	Q4	1		**2,939**		**—**
Australasia[1]	Q4	3		**39,005**		**—**
Europe	Q4	11		**29,840**		**10,149**
Total		52	$	**1,356,402**	$	**511,508**

(1) The table above is presented on an IFRS basis. Australasia disposition only consists of properties in Vital Trust. The REIT's proportionate ownership of Vital Trust as at December 31, 2024 is 28.3%.
(2) Properties disposed includes two development properties in Vital Trust in Q1 and Q2.

On August 8, 2024, the REIT's sold its investment properties in the United Kingdom ("UK Portfolio") at their fair value of $885.0 million to Assura, a publicly-listed REIT on the London Stock Exchange (LSE: AGR). 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. In conjunction with the disposition of the REIT's UK portfolio, the UK term debt of $470.7 million was settled. For the year ended December 31, 2024, the REIT incurred $22.2 million in loss on disposal of investment properties related to the sale, primarily consisting of direct transaction costs attributable to the sale.

During the fourth quarter, the REIT sold 11 properties in Europe, three properties in Australasia, and one property in North America previously classified as assets held for sale at the fair value of $71.8 million. The proceeds from dispositions were used primarily towards repayment of debt.

Subsequent to the year ended December 31, 2024, the REIT sold 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. See **Subsequent Events**.

For the three months and year ended December 31, 2024, the REIT incurred total losses on the disposal of investment properties of $3.3 million and $34.7 million, respectively, directly associated with the above-noted disposition activity, related primarily to broker commissions and professional fees associated with the dispositions.

Valuation of Investment Properties

The estimated fair values of the income producing properties at December 31, 2024 were determined either on internal valuation models incorporating available market evidence or on valuations performed by independent third-party appraisers. During the year ended December 31, 2024, income producing properties with an aggregate estimated proportionate fair value of $3.0 billion representing approximately 71% of the portfolio, were valued by independent third-party appraisers (year ended December 31, 2023 - $4.4 billion and 77%).

DEVELOPMENT ACTIVITY

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

MAJOR DEVELOPMENT ACTIVITY BY REGION

	Number of Projects	Estimated Completion Date	Estimated Project Costs	Estimated Costs to Complete	% Pre-leased	Anticipated Project Yield
Australasia	6	Q2 2025 - Q2 2026	$ 255,236	$ 102,166	55 %	5.6%
	6		$ 255,236	$ 102,166		

The reader is cautioned that the above information is forward-looking, and actual results may vary materially. See **Forward-looking Information Advisory.**

Australasia

The REIT currently has a total of 6 active expansion projects in Australasia within the Vital Trust and JV funds, with completion dates ranging from the second quarter of 2025 to the second quarter of 2026. Projects include a mix of modernization and expansion projects at surgical and mental health facilities to meet the growing demand for services. The developments are expected to be funded through existing liquidity and financing arrangements. Expansion projects are approximately 55% leased at premium yields. The REIT's share of Australasian development costs is $73.7 million of which the estimated costs to complete is $29.5 million.

During the year ended December 31, 2024, the REIT completed 5 development projects in Australasia at a combined cost of $174.4 million ($50.1 million at Northwest ownership share) and an average project yield of approximately 6%.

In efforts to continue enhancing the sustainability of the Northwest portfolio, all major Australasian developments target a minimum of 5-star Green Star ratings (Australian sustainability rating and certification system), with one of the five development projects completed during the year ended December 31, 2024 achieving a 6-star Green Star rating..

LEASING COSTS AND CAPITAL EXPENDITURES

PROPORTIONATE LEASING COSTS AND CAPITAL EXPENDITURES

	Three months ended December 31, 2024				
	North America	**Brazil**	**Europe**	**Australasia**	**Total**
Additions to investment properties					
Leasing costs [1]	$ 315	$ (72)	$ —	$ —	**$ 243**
Tenant improvements [2]	14	—	1,135	311	**1,460**
Maintenance capital expenditures	431	—	480	55	**966**
Other capital expenditures	145	—	14	1,536	**1,695**
	905	(72)	1,629	1,902	**4,364**
Internal leasing costs expensed	240	—	60	—	**300**
	1,145	(72)	1,689	1,902	**4,664**
Less:					
Recoverable maintenance capital expenditures	(431)	—	(12)	—	**(443)**
Other value enhancing leasing and capital expenditures	(313)	72	(765)	(2,098)	**(3,104)**
Leasing costs and non-recoverable maintenance capital expenditures	401	—	912	(196)	**1,117**
AFFO adjustment for leasing costs and non-recoverable maintenance capital expenditures	2,109	—	711	(196)	**2,624**
Leasing costs and non-recoverable maintenance capital expenditures in excess of (below) AFFO adjustment [3]	$ (1,708)	$ —	$ 201	$ —	**$ (1,507)**

PROPORTIONATE LEASING COSTS AND CAPITAL EXPENDITURES

	Year ended December 31, 2024				
	North America	**Brazil**	**Europe**	**Australasia**	**Total**
Additions to investment properties					
Leasing costs [1]	$ 1,157	$ 1,316	$ —	$ 475	**$ 2,948**
Tenant improvements [2]	3,124	—	2,546	856	**$ 6,526**
Maintenance capital expenditures	2,338	—	2,600	427	**$ 5,365**
Other capital expenditures	2,643	97	951	11,820	**$ 15,511**
	9,262	1,413	6,097	13,578	**30,350**
Internal leasing costs expensed	1,081	—	182	—	**$ 1,263**
	10,343	1,413	6,279	13,578	**31,613**
Less:					
Recoverable maintenance capital expenditures	(3,136)	—	(212)	—	**$ (3,348)**
Other value enhancing leasing and capital expenditures	(1,714)	(1,413)	(2,658)	(13,501)	**$ (19,286)**
Leasing costs and non-recoverable maintenance capital expenditures	5,493	—	3,409	77	**8,979**
AFFO adjustment for leasing costs and non-recoverable maintenance capital expenditures	8,708	—	3,048	77	**$ 11,833**
Leasing costs and non-recoverable maintenance capital expenditures in excess of (below) AFFO adjustment [3]	$ (3,215)	$ —	$ 361	$ —	**$ (2,854)**

(1) Leasing costs exclude internal leasing department compensation costs, which have been expensed.
(2) Tenant improvements include tenant allowances and landlord work and maintenance activities.
(3) In North America and in Europe, due to the nature of the portfolios, on a quarterly basis and during portfolio repositioning, leasing costs, tenant improvements and maintenance capital expenditures can fluctuate and as such, should not be regarded as stabilized. As a result, the REIT uses a reserve of 6% of revenue from MOBs in North America and in Europe when determining AFFO. In Brazil and US within North America and Australasia due to the long term, triple net nature of the leases the REIT uses actual leasing costs and non-recoverable maintenance capital expenditures when determining AFFO.

The REIT's current leasing cost and capital expenditure reserves (the "**LC and CAPEX reserve**") are based on its views of stabilized, constant-occupancy leasing costs and maintenance capital expenditures. These views are underpinned by both the REIT's 10 plus years of experience as an owner and operator of healthcare real estate (including Canadian and Europe medical outpatient buildings) as well as 5-year forecast expenditures, which incorporate a series of asset and space specific assumptions made by management supported by third party appraisers via valuation reports and engineers via building condition reports. The REIT's 6% per annum LC and CAPEX reserves for North America and Europe medical outpatient buildings are based on a 5-year forecast of leasing costs based on historic results, known leasing activity at constant occupancy levels and maintenance requirements as well as forecast market trends. Leases relating to the REIT's investments in Brazil and Australasia are typically structured on a long-term triple-net basis, and as such leasing costs and maintenance capital expenditures are reported on an actual basis.

North America

In the North American portfolio on a quarterly basis and during asset repositioning, leasing costs, tenant improvements and capital expenditures can fluctuate and as such, should not be regarded as stabilized. Further, in accordance with the REIT's strategy of extending average lease terms whenever possible, especially for primary medical tenancies, often non-recurring leasing costs are involved.

During the three months and year ended December 31, 2024, additions for the North America investment properties totaled $1.1 million and $10.3 million, respectively. During the fourth quarter, leasing costs of $0.5 million included costs attributable to four transactions in the Canadian portfolio, of which all were new leases, lease renewals and expansions with an aggregate WALE of 10.4 years. Included in the other value enhancing capital expenditures for the fourth quarter are development capital expenditures incurred for recently completed developments.

Brazil

The REIT's hospitals in Brazil are leased to single tenant, hospital operators under long-term, inflation indexed triple net lease structures.

During the year ended December 31, 2024, additions to the Brazil investment properties totaled $1.4 million which relates to leasing cost associated with renewal negotiations for the Sabara Children's Hospital.

Europe

On a quarterly basis leasing cost, tenant improvements and capital expenditures can fluctuate and as such, should not be regarded as stabilized. Additions to the European investment properties for the three months and year ended December 31, 2024 were $1.7 million and $6.3 million, respectively.

During the three months and year ended December 31, 2024, value enhancing capital expenditures costs of $0.8 million and $2.7 million, respectively, included tenant fit-outs in Berlin and Lübeck, capex including ventilation system upgrades, fire protection enhancements, and repairs of roof leakages and construction defects in Berlin, Hamburg, and Lübeck.

Australasia

The majority of Australasian assets, including Vital Trust, represent hospitals leased to single tenant, hospital operators under long-term, inflation-indexed or fixed-rate increases, triple-net lease structures. As a result, the Australasian portfolio does not incur significant leasing or maintenance capital expenditures. For the Australasian MOB portfolio and certain hospital assets, leasing costs, tenant improvements and maintenance capital expenditures can be incurred. The REIT has elected to recognize actual leasing and maintenance capital expenditures incurred in determining AFFO due to the significant proportion of Australasian portfolio comprised of triple net leased hospitals.

During the three months and year ended December 31, 2024, additions to the Australasian investment properties totaled $1.9 million and $13.6 million respectively which were largely attributable to tenant and building improvement works at Ascot Hospital, St Asaph property, Kelvin Grove and the Healthscope leased investment properties.

CAPITAL STRUCTURE

The REIT considers its capitalization to consist of debt and equity capital, as is common in the real estate industry. The REIT actively manages both its debt and equity capital with the objective of ensuring that the REIT can continue to grow and operate its businesses.

The REIT monitors its debt regularly for compliance with debt covenants contained in its loan agreements. At the date of this MD&A, the REIT is in compliance with all such financial covenants in respect of the loans and mortgages disclosed in note 8 of the consolidated financial statements.

The following table shows the REIT's total capital as at December 31, 2024 and December 31, 2023:

CAPITAL STRUCTURE				
		As at December 31, 2024		**As at December 31, 2023**
Mortgages and loans payable [1]	$	2,648,685	$	3,608,608
Lease Liabilities	$	21,506	$	17,562
Mortgages related to assets held for sale		—		18,485
Debt - Declaration of Trust		**2,670,191**		**3,644,655**
Convertible Debentures at Fair Value		356,963		320,854
Debt - Including Convertible Debentures		**3,027,154**		**3,965,509**
Mortgages and loans payable - unamortized financing costs		(13,140)		(25,360)
Total Debt		3,014,014		3,940,149
Unit-based Liabilities		9,929		15,161
Class B Exchangeable Units		—		8,721
Unitholders' equity		1,563,417		1,994,312
Total Capitalization	**$**	**4,587,360**	**$**	**5,958,343**

(1) Excluding deferred financing fees

Unitholders' Equity

The following table reconciles the movements in the units outstanding for the year ended December 31, 2024:

UNITS OUTSTANDING	
Trust Units outstanding, December 31, 2023	**243,292,126**
Issuance of Trust Units under the DRIP	481,560
Issuance of Trust Units pursuant to conversion of Exchangeable Units	1,710,000
Issuance of Trust Units under the Unit-based incentive plans	274,939
Trust Units outstanding, March 31, 2024	**245,758,625**
Issuance of Trust Units under the DRIP	531,455
Issuance of Trust Units under the Unit-based incentive plans	10,473
Trust Units outstanding, June 30, 2024	**246,300,553**
Issuance of Trust Units under the DRIP	533,071
Issuance of Trust Units under the Unit-based incentive plans	346,372
Trust Units outstanding, September 30, 2024	**247,179,996**
Issuance of Trust Units under the DRIP	**570,099**
Issuance of Trust Units under the Unit-based incentive plans	**34,150**
Trust Units outstanding, December 31, 2024	**247,784,245**

Class B Exchangeable Units

Under IFRS the REIT's Exchangeable Units are treated as a financial liability rather than equity. As the Exchangeable Units are convertible into Trust Units at the option of the holder, the REIT considered the Exchangeable Units equity for capital management purposes.

During the year ended December 31, 2024, all of the Exchangeable Units were converted to REIT units.

Consolidated Debt

DEBT

	As at December 31, 2024					
	Weighted Average Interest Rate	**Outstanding Balance**	**Marked to Market**	**Unamortized Financing Costs**	**Balance**	**Maturity**
North America debt	5.46 %	567,200	—	(2,590)	564,610	April 2025 - August 2031
Brazil debt	4.37 %	131,715		(1,575)	130,140	November 2027 - June 2031
Europe debt	4.56 %	392,165	—	(2,680)	389,485	January 2025 - Dec 2047
Australasia term loans	6.04 %	1,142,498	—	(3,727)	1,138,771	March 2026 - March 2029
Corporate debt	6.72 %	415,106	—	(2,567)	412,539	March 2026 - March 2027
Total mortgages and loans payable	**5.72 %**	**$2,648,684**	**$ —**	**$ (13,139)**	**$2,635,545**	
Lease liabilities	5.45 %	21,506	—	—	21,506	April 1, 2088
Corporate Debentures	7.88 %	366,500	(9,537)	—	356,963	March 2025 - April 2028
Total Debt	**5.98 %**	**$ 3,036,690**	**$ (9,537)**	**$ (13,139)**	**$3,014,014**	

The debt above includes variable rate debt fixed, or capped, by derivatives. As at December 31, 2024, the economic weighted average interest rate is 5.52%, excluding financing leases and including convertible debentures. See **Gain/Loss on Financial Instruments.**

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

	For the three months ended December 31, 2024					
	North America Debt	**Brazil Term Loans**	**Europe Mortgages and Term Loans**	**Australasia Term Loans**	**Corporate Debt**	**Total**
Opening balance, September 30, 2024	**$ 557,279**	**$ 142,997**	**$ 405,204**	**$ 1,205,023**	**$ 426,625**	**$ 2,737,128**
Principal amortization	(2,661)	(5,770)	(2,108)	—	—	(10,539)
Repayments	(48,708)		(10,117)	(43,718)	(25,912)	(128,455)
Advances	47,077	—		35,624	22,034	104,735
Additional financing fees incurred	(290)	—	(119)	(53)	(282)	(744)
Amortization of finance fees	292	141	433	488	460	1,814
Inflation adjustment	—	1,875	—	—	—	1,875
Foreign exchange adjustment	11,621	(9,103)	(3,808)	(58,593)	(10,386)	(70,269)
Ending balance, December 31, 2024	**$ 564,610**	**$ 130,140**	**$ 389,485**	**$ 1,138,771**	**$ 412,539**	**$ 2,635,545**

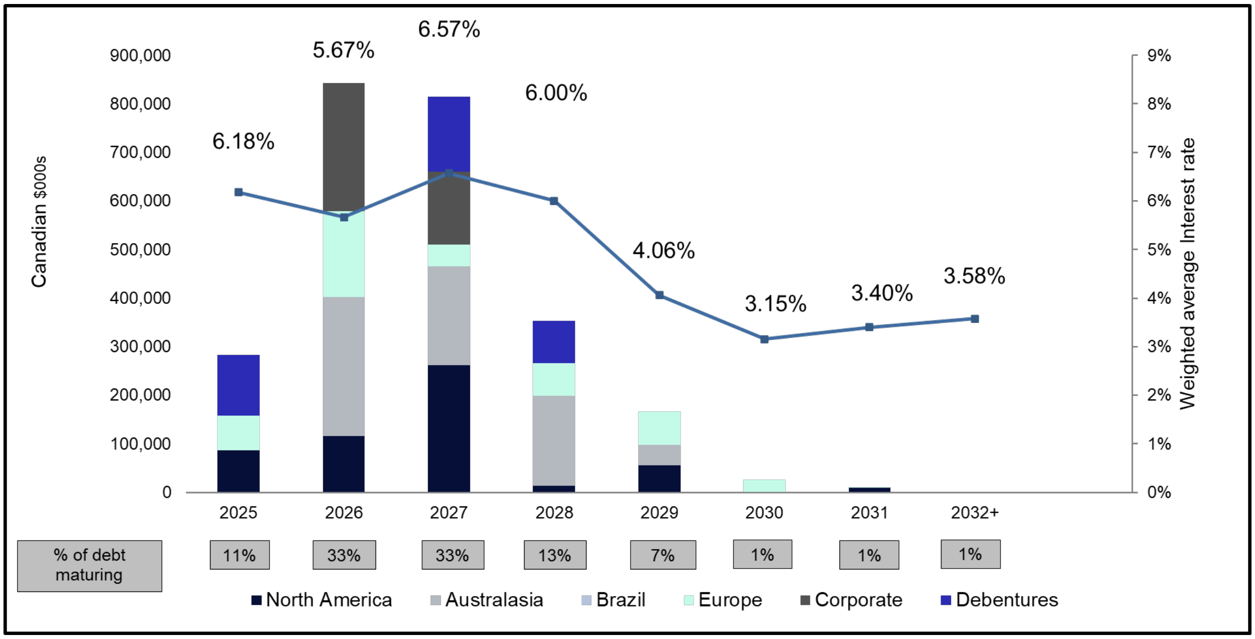
	For the year ended December 31, 2024					
	North America Debt	Brazil Term Loans	Europe Mortgages and Term Loans	Australasia Term Loans	Corporate Debt	Total
Opening balance, January 1, 2024	**$ 777,266**	**$ 304,950**	**$ 782,708**	**$ 1,114,739**	**$ 622,069**	**$ 3,601,733**
Principal amortization	(11,352)	(23,845)	(11,060)	—	—	(46,257)
Debt settled upon sale of subsidiary	—	—	(470,732)	—	—	(470,732)
Repayments	(338,267)	(140,000)	(25,865)	(152,328)	(351,752)	(1,008,212)
Advances	116,084	—	79,845	191,898	144,850	532,677
Additional financing fees incurred	(2,076)	(2,800)	(2,297)	(984)	(2,252)	(10,409)
Amortization of finance fees	2,263	8,535	6,944	1,873	3,015	22,630
Inflation adjustment	—	7,245	—	—	—	7,245
Foreign exchange adjustment	20,692	(23,945)	29,942	(16,427)	(3,391)	6,870
Ending balance, December 31, 2024	**$ 564,610**	**$ 130,140**	**$ 389,485**	**$ 1,138,771**	**$ 412,539**	**$ 2,635,545**

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

DEBT						
As at	**December 31, 2024**			**December 31, 2023**		
	IFRS Basis	Adjustments (1)	Proportionate Basis	IFRS Basis	Adjustments (1)	Proportionate Basis
Mortgage payable, net of financing costs	$ 678,710	$ 91,510	$ 770,220	$ 733,934	$ 91,638	$ 825,572
Term debt, net of financing costs	1,694,092	(425,231)	1,268,861	2,417,423	(412,009)	2,005,414
Credit facilities, net of financing costs	262,743	—	262,743	450,376	—	450,376
Total mortgages and loans payable	2,635,545	(333,721)	2,301,824	3,601,733	(320,371)	3,281,362
Less: Liabilities related to assets held for sale, net of financing costs	—	—	—	(18,485)	—	(18,485)
Mortgages and loans payable	**$2,635,545**	**$ (333,721)**	**$ 2,301,824**	**$3,583,248**	**$ (320,371)**	**$ 3,262,877**
Lease liabilities	21,506	(5,843)	15,663	17,562	(3,192)	14,370
Convertible Debentures	356,963	—	356,963	320,854	—	320,854
Total Debt	**$3,014,014**	**$ (339,564)**	**$ 2,674,450**	**$3,921,664**	**$ (323,563)**	**$ 3,598,101**

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

The following chart summarizes, as at December 31, 2024, the REIT's debt maturities on a proportionate basis at their weighted average interest rate:



Debt repayments including principal amortization and debt maturities of the REIT's mortgages and loans payables, including convertible debentures, on a proportionate basis with weighted average interest rates are disclosed below. The proportionate WAIR for the total portfolio is 5.82%.

DEBT REPAYMENTS

	North America		Brazil		Europe		Australasia		Corporate		Total	
	Total debt payable	WAIR	Total debt payable	WAIR	Total debt payable	WAIR	Total debt payable	WAIR	Total debt payable	WAIR	Total debt payable	Total WAIR
2025	$ 95,675	2.91 %	$ 23,025	4.79 %	$ 79,071	3.61 %	—	— %	125,000	10.00 %	**$ 322,771**	**5.96 %**
2026	121,987	4.02 %	24,168	4.80 %	180,852	6.06 %	285,496	5.52 %	264,718	6.34 %	**877,221**	**5.65 %**
2027	265,038	7.21 %	24,493	4.76 %	48,374	4.54 %	203,616	5.81 %	305,637	6.82 %	**847,158**	**6.51 %**
2028	16,867	5.48 %	16,356	3.88 %	69,925	3.36 %	184,712	6.16 %	86,250	7.75 %	**374,110**	**5.87 %**
2029	57,839	5.09 %	16,978	3.88 %	70,656	1.98 %	41,679	6.09 %	—	— %	**187,152**	**4.03 %**
2030	452	3.32 %	17,626	3.88 %	26,491	3.16 %	—	— %	—	— %	**44,569**	**3.45 %**
2031	9,341	3.40 %	9,070	3.88 %	376	3.19 %	—	— %	—	— %	**18,787**	**3.63 %**
2032+	—	— %	—	— %	8,365	3.49 %	—	— %	—	— %	**8,365**	**3.49 %**
	$ 567,199	5.47 %	$ 131,716	4.37 %	$ 484,110	4.31 %	$ 715,503	5.80 %	$ 781,605	7.27 %	**$2,680,133**	5.82 %
Unamortized financing costs	(2,589)	— %	(1,576)	— %	(3,114)	— %	(1,963)	— %	(2,567)	— %	**(11,809)**	
Total	$564,610	5.47 %	$ 130,140	4.37 %	$480,996	4.31 %	$ 713,540	5.80 %	$779,038	7.27 %	**$2,668,324**	5.82 %

Convertible Debentures

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

CONVERTIBLE DEBENTURES

	Fair Value [1]	Face Value	Interest Rate	Conversion Price per Unit	Maturity	Interest Payment Dates
Series NWH.DB.G	$ 126,000	$ 125,000	10.00 %	$ 7.25	March 2025	June 30 and December 31
Series NWH.DB.H	147,300	155,250	6.25 %	$ 16.00	August 2027	February 28 and August 31
Series NWH.DB.I	83,663	86,250	7.75 %	$ 10.55	April 2028	April 30 and October 31
	$ 356,963	**$ 366,500**				

(1) The fair value of the Convertible Debentures is based on the closing trading price of the REIT's Convertible Debentures as at the reporting date.

Unit-Based Liabilities

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

As at December 31, 2024 the Unit-Based Liabilities is $9.9 million (December 31, 2023 - $15.2 million) representing 1,644,373 deferred units, 1,383,683 restricted units and 1,310,134 performance units accrued. (December 31, 2023 - 2,475,150 deferred units, 846,893 restricted units and 577,918 performance units accrued).

The Plan and DUP are administered by the Compensation, Governance and Nominating Committee.

Deferred Units

The deferred units can be settled at the holders' option in units or cash subject to the REIT's approval and are classified as a financial liability until redeemed. Deferred unit compensation expense is measured on grant at the service commencement date, based on the fair market value of a REIT unit or Vital Trust unit, as applicable, and amortized over the applicable vesting period.

Restricted Units

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

Performance Units

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

Under IFRS, the REIT's Unit-Based Liabilities with respect to deferred units and restricted units is measured at fair value every reporting period, based on the fair market value of a REIT Trust Unit at the reporting date. Unit-Based Liability related to the performance units is measured at fair value every reporting period using a Monte-Carlo simulation at the reporting date. The change in fair value of the Unit-Based Liabilities is recognized in net income (loss).

FINANCIAL RATIOS

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

DECLARATION OF TRUST RATIOS		
As at	**December 31, 2024**	December 31, 2023
Gross book value	**$6,049,576**	$7,628,615
Debt - declaration of trust	**$2,670,191**	$3,644,655
Debt to Gross Book Value - Declaration of Trust	**44.1 %**	47.7 %
Debt - including convertible debentures	**$3,027,154**	$3,965,509
Debt to Gross Book Value - Including Convertible Debentures	**50.0 %**	51.9 %

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

The REIT's overall borrowing policy is to obtain secured and unsecured debt on a primarily fixed rate basis, with a term to maturity that is appropriate having regard to the lease maturity profile for the portfolio and which allows the REIT to (i) achieve and maintain staggered debt maturities to lessen exposure to interest rate fluctuations and re-financing risk in any particular period and (ii) fix the rates and extend loan terms as long as possible when borrowing conditions are favourable.

The following summarizes the status of Interest Coverage for the three months and year ended December 31, 2024 and 2023:

INTEREST COVERAGE[2]

For the three months ended,	December 31, 2024			December 31, 2023		
	IFRS Basis	Adjustments [1]	Proportionate Basis	IFRS Basis	Adjustments [1]	Proportionate Basis
Net Income (Loss)	**2,928**	**5,537**	**8,465**	(188,900)	52,065	(136,835)
Add (deduct):						
Mortgage and loan interest expense	**36,936**	**(240)**	**36,696**	57,142	666	57,808
Interest income from equity accounted investments	**—**	**(1,243)**	**(1,243)**	—	(1,200)	(1,200)
Income tax expense (recovery)	**5,137**	**768**	**5,905**	8,375	4,903	13,278
Depreciation and Amortization	**522**	**—**	**522**	310	—	310
Amortization of deferred financing costs	**1,813**	**(156)**	**1,657**	3,138	(112)	3,026
Fair market value losses (gains)	**40,868**	**(14,349)**	**26,519**	181,814	(63,470)	118,344
Finance cost - Exchangeable Unit distributions	**—**	**—**	**—**	154	—	154
Revaluation of financial liabilities	**1,876**	**—**	**1,876**	2,556	—	2,556
Unrealized foreign exchange loss (gain)	**(21,542)**	**(283)**	**(21,825)**	9,969	(88)	9,881
Transaction costs	**4,393**	**(1,329)**	**3,064**	10,369	1,257	11,626
Net loss on disposal of investment properties	**3,274**	**(587)**	**2,687**	5,925	(2,077)	3,848
Convertible Debenture issuance costs	**—**	**—**	**—**	2,682	—	2,682
Unit-based compensation expense	**2,102**	**—**	**2,102**	(696)	—	(696)
Net adjustments for equity accounted investments	**1,092**	**(1,092)**	**—**	1,838	(1,838)	—
Adjusted EBITDA[1]	**$ 79,399**	**$ (12,974)**	**$ 66,425**	**$ 94,676**	**$ (9,894)**	**$ 84,782**
Mortgage and loan interest expense	36,936	(240)	36,696	57,142	666	57,808
Capitalized interest	5,695	(3,648)	2,047	6,153	(3,956)	2,197
Adjusted Interest Expense	**$ 42,631**	**$ (3,888)**	**$ 38,743**	**$ 63,295**	**$ (3,290)**	**$ 60,005**
Interest Coverage[2]	**1.86**		**1.71**	**1.50**		**1.41**

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

(2) Adjusted EBITDA and Interest Coverage for December 31, 2023 has been restated to align with the REIT's updated definition. See **Performance Management.** Definitions have been updated to align with the REIT's expectation of how the market evaluates its ratios and financial performance.

INTERESTING COVERAGE [2]

For the year ended	December 31, 2024			December 31, 2023		
	IFRS Basis	Adjustments [1]	Proportionate Basis	IFRS Basis	Adjustments [1]	Proportionate Basis
Net Income (Loss)	**(320,204)**	**20,447**	**(299,757)**	(480,736)	133,046	(347,690)
Add (deduct):						
Mortgage and loan interest expense	**190,457**	**(237)**	**190,220**	224,692	780	225,472
Interest income from equity accounted investments	**—**	**(4,889)**	**(4,889)**	—	(4,974)	(4,974)
Income tax expense (recovery)	**(49,509)**	**(2,127)**	**(51,636)**	(18,289)	1,358	(16,931)
Depreciation and Amortization	**3,671**	**—**	**3,671**	1,266	—	1,266
Amortization of deferred financing costs	**22,630**	**(680)**	**21,950**	11,787	(783)	11,004
Fair market value losses (gains)	**426,432**	**(14,739)**	**411,693**	535,174	(141,008)	394,166
Finance cost - Exchangeable Unit distributions	**(63)**	**—**	**(63)**	1,180	—	1,180
Revaluation of financial liabilities	**7,245**	**—**	**7,245**	9,158	—	9,158
Unrealized foreign exchange loss (gain)	**(32,635)**	**(623)**	**(33,258)**	3,512	9	3,521
Transaction costs	**16,693**	**(1,684)**	**15,009**	38,745	544	39,289
Employee termination benefits and related costs	**3,807**	**—**	**3,807**	—	—	—
Net loss on disposal of investment properties	**34,670**	**(1,142)**	**33,528**	12,237	(2,543)	9,694
Convertible Debenture issuance costs	**27**	**—**	**27**	7,283	—	7,283
Unit-based compensation expense	**4,463**	**—**	**4,463**	6,684	—	6,684
Net adjustments for equity accounted investments	**40,982**	**(40,982)**	**—**	29,881	(29,881)	—
Adjusted EBITDA [2]	**$ 348,666**	**$ (46,656)**	**$ 302,010**	**$ 382,574**	**$ (43,452)**	**$ 339,122**
Mortgage and loan interest expense	190,457	(237)	190,220	224,692	780	225,472
Capitalized Interest	23,436	(15,143)	8,293	56,127	(21,738)	34,389
Adjusted Interest Expense	**$ 213,893**	**$ (15,380)**	**$ 198,513**	**$ 280,819**	**$ (20,958)**	**$ 259,861**
Interest Coverage [2]	**1.63**		**1.52**	**1.36**		**1.31**

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

(2) Adjusted EBITDA and Interest Coverage for December 31, 2023 has been restated to align with the REIT's updated definition. See **Performance Management.** Definitions have been updated to align with the REIT's expectation of how the market evaluates its ratios and financial performance.

LIQUIDITY

Cash Resources

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

Restricted cash represents cash held in the REIT's designated bank accounts pledged as collateral. $1.1 million of the total restricted cash forms part of the security for certain European mortgages.

The REIT is has certain restrictions to its access to cash, being (1) it can only access cash from Vital Trust and the JVs though distributions, (2) withholding tax in certain circumstances when moving cash between jurisdictions, (3) cash management or cash collateral requirements under certain credit facilities and (4) restrictions arising in connection with REIT status compliance.

Contractual cash flows

Liquidity risk arises from the REIT's financial obligations and in the management of its assets, liabilities and capital structure. This risk is managed by regularly evaluating the liquid financial resources available to fund current and long-term obligations and to meet the REIT's capital commitments in a cost-effective manner.

Based on the expectation that occupancy levels remain strong, and that the REIT will be able to obtain financing on reasonable terms, Management anticipates meeting all current and future obligations as they come due.

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

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

CONTRACTUAL CASH FLOWS

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

(1) Contractual cash flows related to accounts payable and accrued liabilities includes a charitable commitment entered in 2021 and will be paid at the end of 10 years to support eligible investment initiatives in capital infrastructure or equipment.
(2) Contractual cash flows related to convertible debentures, lease liabilities, and mortgages and loans payable include interest payments based on interest rates as of December 31, 2024.

As at December 31, 2024, the REIT's current liabilities of $531.4 million exceeded current assets of $161.5 million (including assets held for sale), resulting in a difference of $369.9 million.

Current liabilities include:

- Convertible debentures series NWH.DB.G maturing March 2025, which can be settled through conversion into REIT units and have a fair value of $126.0 million. The REIT's objective is to repay these Convertible debentures on maturity using proceeds and liquidity from the issuance of the senior unsecured debenture in February 2025 (see **Subsequent Events**);
- Canadian and European mortgage maturities of $155.1 million. The REIT currently expects the remaining balance of these mortgages to be refinanced on or before maturity or repaid using proceeds from the issuance of the senior unsecured debentures in February 2025 (see **Subsequent Events**) or using existing liquidity;

- Scheduled principal repayments and interest payments of $134.1 million related to mortgages and loans that will be paid using existing liquidity; and
- Accounts payable and accrued liabilities of $95.8 million which is expected to be repaid in normal course using existing liquidity.

There are no assurances that the timing, amounts and/ or terms of any refinancing, or other efforts will be on terms favourable or otherwise satisfactory to the REIT. If the terms of any such refinancing or other efforts are less favourable than the terms of the existing loans, then the financial condition of the REIT, as well as the REIT's ability to continue to meet required interest and principal payments, meet capital commitments, or to continue to make distributions at current levels, may be materially adversely affected.

Changes in Cash

The following table sets out the REIT's net change in cash and cash equivalents:

NET CHANGE IN CASH

	Three months ended December 31,		Year ended December 31,	
	2024	**2023**	**2024**	**2023**
Cash provided by / (used in):				
Operating activities	$ 21,835	$ 22,749	$ 86,644	$ 104,765
Investing activities	37,066	126,163	540,082	194,262
Financing activities	(64,355)	(148,223)	(650,566)	(318,503)
Net increase / (decrease) in cash during the period	**(5,454)**	**689**	**(23,840)**	**(19,476)**
Effect of foreign currency translation	(7,225)	3,810	2,997	3,519
Net increase / (decrease) in cash during the period	**$ (12,679)**	**$ 4,499**	**$ (20,843)**	**$ (15,957)**

Operating activities

Cash generated by operating activities totaled $21.8 million for the three months ended December 31, 2024, as compared to cash generated by operating activities of $22.7 million for the three months ended December 31, 2023, a decrease of $0.9 million. This decrease is primarily related to a $17.8 million decrease in mortgage and loan interest paid, and $2.1 million positive working capital movement, partially offset by a decrease in net operating income of $20.3 million as a result of non-core asset sales.

Cash generated by operating activities totaled $86.6 million for the year ended December 31, 2024, as compared to $104.8 million for the year ended December 31, 2023, a decrease of $18.1 million. This decrease is primarily related to a $37.2 million decrease in NOI, a $2.8 million increase in G&A when excluding unit-based compensation expense, an increase in taxes paid of $6.6 million, $4.6 million negative working capital movement, and $1.2 million increase in cash redemption of deferred units, partially offset by $36.0 million decrease in mortgage and loan interest paid.

Investing activities

Cash generated by investing activities totaled $37.1 million for the three months ended December 31, 2024, which is primarily related to $64.7 million cash proceeds from the sale of investment properties, net of disposition costs, $13.9 million from the redemption and sale of unlisted securities and distributions received from associates and unlisted securities of $7.3 million, offset by $45.0 million used for additions to investment properties, primarily on developments in Australasia, and $4.3 million of transaction costs associated with strategic initiatives.

Cash generated by investing activities totaled $540.1 million for the year ended December 31, 2024, which is attributable to $661.5 million from the sale of investment properties, net of disposition costs, and $66.3 million from redemption of unlisted securities and distributions received from associates and unlisted securities of $14.8 million, offset by $185.3 million used for additions to investment properties and $16.6 million of transaction costs associated with strategic initiatives.

Financing activities

During the three months ended December 31, 2024 cash used by financing activities totaled $64.4 million as compared to cash used of $148.2 million during the three months ended December 31, 2023. The financing activities during the three months ended December 31, 2024 include $35.0 million of net repayment of mortgages, loans payable and credit facilities, and distributions paid to REIT unitholders and to non-controlling interests of $27.8 million.

For the year ended December 31, 2024, cash used by financing activities of $650.6 million as compared to cash used of $318.5 million during the year ended December 31, 2023. The financing activities include $521.8 million of net mortgages, loans payable and credit facilities repayments, payment of distributions to REIT unit holders and to non-controlling interests of $115.3 million and financing fees paid of $10.4 million.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three months and year ended December 31, 2024, the majority of the REIT's AFFO, including certain corporate costs such as certain amounts in interest expenses and interest income, was conducted in currencies other than Canadian dollars, while its distributions to unitholders were denominated only in Canadian dollars.

For the three months and year ended December 31, 2024, a portion of the AFFO generated in foreign currencies was retained in those foreign currencies to provide funds for operations, future investments in those foreign jurisdictions and to minimize currency conversion costs, while a portion has been repatriated back to Canada to fund distributions, interest payments and other corporate expenses.

Canadian dollar AFFO for the three months and year ended December 31, 2024 was a loss of $1.0 million and $24.2 million, respectively, while Canadian dollar distributions paid in cash totaled $19.4 million and $78.4 million, respectively. The shortfall was funded from cash repatriated to Canada from US, Brazil, the UK, Europe, Australia, and New Zealand.

As at December 31, 2024, the REIT held approximately $11.6 million of cash and receivables denominated in Canadian Dollars.

The REIT monitors its foreign exchange exposure on an ongoing basis.

The REIT may utilize currency hedges, when necessary, practicable and economically feasible to do so, to mitigate the impact of foreign currency fluctuations and to provide more certainty regarding the payment of distributions to unitholders if the Canadian dollar increases in value compared to foreign currencies. The REIT's current hedging arrangements include natural currency hedges through local-currency denominated debt, inflation-indexed leases that provide protection against currency devaluation, and exposure to a diversified basket of currencies. Future economic hedging arrangements may include implementing specific foreign currency hedging derivatives. The REIT does not currently have any specific foreign currency hedging derivatives in place.

PART VI – RELATED PARTY TRANSACTIONS

Related party transactions are described in the REIT's audited consolidated financial statements and accompanying notes (note 16) for the year ended December 31, 2024.

PART VII – MATERIAL ACCOUNTING POLICIES AND ESTIMATES

A summary of material accounting policies is described in note 2 of the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2024.

The preparation of financial statements in conformity with IFRS requires the REIT to make judgments, estimates, and assumptions that affect the reported amounts recognized in the financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the financial statements. Actual results could differ from estimates. The critical judgments and key estimates made by the REIT are outlined below:

CRITICAL ACCOUNTING ESTIMATES

Impairment of goodwill and intangible asset

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

Goodwill impairment is reviewed annually, or more frequently if indicators of potential impairment exist. The 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. Goodwill and intangible assets are recorded in Australasia.

Investment properties

Investment properties across all of the REIT's reporting segments 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 of the REIT’s audited consolidated financial statements, 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.

Financial Instruments

The measurement of fair value of the REIT's derivative financial instruments, investment in 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 of the REIT’s audited consolidated financial statements. The REIT has entered financial instrument arrangements in all of its reporting segments, with the exception of Brazil.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Leases

The REIT makes judgments in determining whether leases in which the REIT is the lessor are operating or finance leases, and has determined that all of its leases are operating leases with the exception of the lease assets disclosed in note 7 of the REIT’s audited consolidated financial statements and accompanying notes for the year ended December 31, 2024.

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.

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. 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.

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.

Classification of assets and liabilities 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 as described in note 4 of the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2024.

PART VIII – RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Trust Units and the Convertible Debentures and in the activities of the REIT which current and prospective unitholders and current or prospective investors in Convertible Debentures should carefully consider. The risks described in the REIT's Annual Information Form, which can be found on SEDAR+ at www.sedarplus.ca, are incorporated by reference herein.

PART IX – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Changes in Internal Controls Over Financial Reporting

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

PART X – NET ASSET VALUE

		Q4 2024		Q4 2023
Total Assets		**$ 6,049,576**		**$ 7,628,615**
less Total Liabilities		(3,468,061)		(4,543,347)
less Non-controlling interests		(1,018,098)		(1,090,956)
Unitholders' equity		**1,563,417**		**1,994,312**
Add/(deduct):				
Goodwill		(37,178)		(38,566)
Unit-based compensation liabilities		9,929		15,161
Net deferred tax liability	312,771		409,269	
less NCI	(84,710)	228,061	(91,490)	317,779
Financial instruments - net	(10,004)		(19,483)	
less NCI	2,598	(7,406)	5,524	(13,959)
Exchangeable Units		—		8,721
Global Manager valuation adjustment (1)		361,285		378,220
Net Asset Value ("NAV")		**$ 2,118,108**		**$ 2,661,668**
Adjusted units outstanding ('000s) - period end (2)		247,784		245,002
NAV per Unit		**$ 8.55**		**$ 10.86**

(1) Global Manager includes the European and Australasian asset management operations.
(2) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic per unit measure that includes the Class B LP Units in basic units outstanding/ weighted average units outstanding.

Global Manager Valuation

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

CORPORATE INFORMATION

Head Office
Northwest Healthcare Properties Real Estate
Investment Trust
180 Dundas Street West, Suite 1100
Toronto, Ontario
M5G 1Z8
Phone: 416-366-2000
Fax: 416-366-2433

Transfer Agent
Odyssey Trust Company
1230-300 5 Ave SW
Calgary, Alberta
T2P 3C4

Auditors
KPMG LLP
333 Bay Street, Suite 4600
Bay Adelaide Centre
Toronto, Ontario
M5H 2S5

Corporate Counsel
Goodmans LLP
333 Bay St, Suite 3400
Toronto, Ontario
M5H 2S7

Investor Relations
Alyssa Barry
Phone: 604-997-0965
E-mail: investors@nwhreit.com
Website: www.nwhreit.com

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

Northwest Healthcare Properties
Real Estate Investment Trust
180 Dundas Street West, Suite 1100
Toronto, Ontario
M5G 1Z8

T 416 366 2000
F 416 366 2433

nwhreit.com