Northwest Healthcare Properties Real Estate Investment Trust

Management Discussion and Analysis

For the three months ended March 31, 2021

May 13, 2021

FINANCIAL AND OPERATIONAL SUMMARY

The following is a summary of key financial and operational information for the periods indicated:

FINANCIAL AND OPERATIONAL HIGHLIGHTS			
Expressed in thousands of Canadian dollars, except per unit amounts (unaudited)		As at March 31, 2021	As at December 31, 2020
Operational Information (1)			
Number of Properties		186	188
Gross Leasable Area (sf)		15,535,503	15,498,485
Occupancy %		97.0 %	97.1 %
WALE (Years)		14.3	14.5
Summary of Financial Information			
Assets Under Management (3)		$ 7,706,262	$ 7,847,121
Gross Book Value (2)		$ 5,681,585	$ 5,845,238
Debt - Declaration of Trust (3)		$ 2,224,729	$ 2,510,310
Debt to Gross Book Value - Declaration of Trust		39.2 %	42.9 %
Debt - Including Convertible Debentures (3)		$ 2,514,900	$ 2,803,131
Debt to Gross Book Value - Including Convertible Debentures		44.3 %	48.0 %
Percentage of Mortgages and Loans Payable at Fixed Rates (9)		68.6 %	62.6 %
Weighted Average Interest Rate on Fixed Rate Mortgages and Loans Payable (9)		3.65 %	3.54 %
Adjusted Units Outstanding - period end (5)			
Basic		195,154,587	177,687,780
	For the three months ended March 31, 2021	For the three months ended March 31, 2020	For the three months ended December 31, 2020
Operating Results			
Revenue from investment properties	$ 92,599	$ 95,594	$ 92,845
Net Income / (Loss)	$ 73,589	$ 116,060	$ 200,249
NOI (6)	$ 70,564	$ 72,646	$ 71,007
Funds From Operations ("FFO") (6)	$ 38,330	$ 38,348	$ 40,252
Adjusted Funds From Operations ("AFFO") (6)	$ 38,024	$ 36,207	$ 38,539
Distributions (7)	$ 37,869	$ 35,564	$ 35,520
Interest Coverage (4)	3.17	2.89	3.04
Per Unit Amounts (5)			
FFO per unit - Basic (8)	$ 0.21	$ 0.22	$ 0.23
FFO per unit - diluted (8)	$ 0.20	$ 0.21	$ 0.22
AFFO per unit - Basic	$ 0.21	$ 0.21	$ 0.22
AFFO per unit - diluted (8)	$ 0.20	$ 0.20	$ 0.21
Distributions per unit	$ 0.20	$ 0.20	$ 0.20
AFFO Payout Ratio	97 %	97 %	92 %
AFFO Payout Ratio - fully diluted (8)	100 %	100 %	95 %
Adjusted Weighted Average Units Outstanding (5)			
Basic	184,349,757	176,400,438	177,563,647
Diluted - FFO (8)	208,067,475	199,638,328	201,349,114
Diluted - AFFO (8)	208,067,475	199,638,328	201,349,114

Notes

(1) Operational information includes 100% of Vital Trust and joint venture ("JV") investments. The REIT has an exposure to an approximate 26% interest in Vital Trust and 30% - 33% of the JV investments.

(2) Gross Book Value is defined as total assets.

(3) As defined in Non-IFRS measures used in this MD&A.

(4) See Ratios and Covenants for the REIT's calculation of Interest Coverage.

(5) 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 LP Units in basic and diluted units outstanding/weighted average units outstanding, which is on a non-IFRS basis. There were 1,710,000 Class B LP Units outstanding as at March 31, 2021 (December 31, 2020 - 1,710,000 Class B LP Units).

(6) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. These terms are defined in this MD&A and reconciled to IFRS-based amounts reported in the consolidated financial statements of the REIT. NOI is an additional IFRS measure and NOI as calculated by the REIT may not be comparable to similar titled measures reported by other issuers.

(7) Represents distributions to Unitholders and Class B LP Units on an accrual basis. Distributions are payable as 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.

(8) Diluted units includes vested but unissued deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual conversion price. Convertible Debentures are dilutive if the interest (net of tax and other changes in income or expense) per unit obtainable on conversion is less than the basic per unit measure.

(9) The REIT classifies variable rate debt hedged with fixed rate swaps as fixed rate debt.

HIGHLIGHTS FOR THE QUARTER

Sale of Dutch Investment Properties to the European JV

During the quarter, the REIT sold four wholly owned Dutch Clinics to the European JV for $23.5 million. Two of the properties are under development, the REIT is expected to earn $21.2 million of development revenue upon completion of the developments by Q2 2022, and expected to incur $14.9 million of sub-contracted development costs. During the three months ended March 31, 2021, the REIT has recognized development profits of $0.5 million, net of its 30% interest in the European JV.

Australian Development Land Acquisitions

On February 2, 2021, Vital Trust completed an acquisition of a strategic development site located in Australia for approximately $30.2 million (A$30.9 million).

European Investment Property Acquisitions

On February 18, 2021, the REIT completed an acquisition of a life sciences building located in the Netherlands for approximately $27.0 million (€17.5 million).

Completion of $215.3 million Offering of Trust Units

On February 22, 2021, the REIT completed a public offering of 17,020,000 units at a price of $12.65 per unit for gross proceeds of approximately $215.3 million, which included partial exercise of the over-allotment option granted to the underwriters, whereby an additional 1,200,000 units were issued at a price of $12.65 per unit. Subsequently, on March 1, 2021, using the proceeds from the equity raise, the REIT partially repaid an unsecured corporate facility of $50.0 million with a weighted average interest rate of 7.52% and fully repaid the remaining balance of a revolving credit facility of $125.0 million with a weighted average interest rate of 5.94%.

Financing Activity

I. During the quarter, the REIT amended and upfinanced Canadian mortgages totaling of $35.0 million maturing in in the upcoming year, bearing weighted average interest rate of 3.62% with new mortgages of $52.0 million, bearing weighted average interest rate of 2.76% with weighted average term to maturity extended by 5 years.

II. On January 19, 2021, subsidiaries of the REIT amended the New Zealand Dollar denominated bank loan facility and upsized it by $22.7 million (NZ$25.0 million) from to a total of $136.0 million (NZ$150.0 million) to $158.7 million (NZ$175.0 million) by securing additional 2,538,875 units of Vital Trust owned indirectly by the REIT. All other terms remained unchanged.

III. On March 1 2021, Vital Trust amended and refinanced its syndicated revolving multi-currency facility. Facility limits of $314.7 million (A$320.0 million) and $69.1 million (NZ$75.0 million) have been secured from new banks, over terms of 4 and 5 years, to refinance near term facility expiries, resulting in a $39.3 million (A$40.0 million) net increase in facility limits and weighted average facility term to maturity increasing from 1.3 to 2.9 years.

SUBSEQUENT EVENTS

Canadian Investments Activity

On April 1, 2021, the REIT completed the disposition of investment property located in Canada with value of $7.1 million and associated liabilities of $2.1 million that were classified as asset held for sale and liabilities held for sale, respectively as at March 31, 2021.

On April 14, 2021, the REIT acquired a life science building located in Canada for approximately $15.0 million. The acquisition was partially funded by new property specific mortgage of $10.0 million, bearing interest of 3.53% with term to maturity of 25 years.

Completion of $5.0 million Private Placement of Trust Units

In connection with a public offering of units in February 22, 2021, the REIT closed a private placement of 395,257 Trust Units to NWVP on April 9, 2021, for gross proceeds of approximately $5.0 million.

Redemption/Conversion of $74.7 million of Convertible Debentures

On May 10, 2021, $60.9 million of the $74.7 million principal amount 5.25% NWH.DB.E convertible debenture series were converted by the debenture holders into 4,818,001 Trust Units. The REIT fully repaid the remaining $13.8 million principal balance outstanding in cash.

Financing Activity

In April 2021, the REIT amended and upfinanced Canadian mortgages totaling of $52.5 million maturing in in the upcoming year, bearing weighted average interest rate of 2.86% with new mortgages of $56.0 million, bearing weighted average interest rate of 2.63% with weighted average term to maturity extended by 5 years.

Other

On April 15, 2021, the REIT announced a distribution of $0.06667 per REIT unit to unitholders of record on April 30, 2021, and paid on May 14, 2021.

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PART I - BASIS OF PRESENTATION

This interim 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 unaudited condensed interim financial statements and accompanying notes for the three months ended March 31, 2021, prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are presented in thousands of Canadian dollars, except where otherwise stated. Per unit amounts are presented in Canadian dollars, and are calculated using an aggregate of REIT Units and Class B LP Units (as defined hereafter), except where otherwise stated.

This MD&A should also be read in conjunction with the Annual Information Form of the REIT dated March 29, 2021 (the "**Annual Information Form**") and the REIT's Management Information Circular dated October 30, 2020 (the "**Circular**"). This MD&A is current as of May 13, 2021 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.sedar.com.

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

- "**Convertible Debentures**" has the meaning set out in the Section "**CAPITAL STRUCTURE– Convertible Debentures**" and includes the following series of convertible debentures:
    - NWH.DB.E;
    - NWH.DB.F;
    - NWH.DB.G.

- "**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;
- "**Special Voting Unit**" means a special voting unit of the REIT attached to a Class B LP Unit;
- "**Trust Unit**" or "**REIT Trust 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 contains forward-looking statements which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT. The words "plans", "expects", "does not expect", "scheduled", "estimates", "intends", "anticipates", "does not anticipate", "projects", "believes", "normalized", "run rate", "contracted", "stabilized", or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "might", "occur", "be achieved" or "continue" and similar expressions identify forward-looking statements. Some of the specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the following:

- the duration and impact of the COVID-19 pandemic on the business, operations and financial condition of the REIT
- the intention of the REIT to pay stable and growing distributions;
- the ability of the REIT to execute its growth strategies;
- the ability of the REIT to refinance maturing debt obligations;
- any projections of financial performance of the REIT for the periods set out herein; including normalized, run-rate, contracted or stabilized metrics;
- development opportunities;
- the expected tax treatment of the REIT's distributions to Unitholders; and

- the expectations regarding real estate, the healthcare industry and demographic trends.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The REIT's estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the REIT's future growth potential, results of operations, future prospects and opportunities, demographic and industry trends remaining unchanged, future levels of indebtedness, the ability to access debt and capital markets, the tax laws as currently in effect remaining unchanged, the current economic and political conditions in the countries in which the REIT operates remaining unchanged, anticipated capital expenditures, future general and administrative expenses (including estimated synergies resulting therefrom) and contracted acquisition, disposition and development opportunities.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Risks and Uncertainties" in this MD&A, as well as the section titled "Risk Factors" in the Annual Information Form and the Circular, which are hereby incorporated by reference in this MD&A.

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

MARKET AND INDUSTRY DATA

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

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

PERFORMANCE MEASUREMENT

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

- Net income (loss);
- Cash flows from operations;
- Funds from operations ("**FFO**");
- Adjusted funds from operations ("**AFFO**");
- Normalized AFFO;
- Weighted average lease expiry ("**WALE**");
- Weighted average interest rate;
- 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**");
- Adjusted Liabilities;
- Same Property NOI ("**SPNOI**"); and
- Adjusted Same Property NOI ("**Adjusted SPNOI**").

"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.

"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.

Explanation of Non-IFRS measures used in this MD&A

FFO and AFFO are not measures recognized under International Financial Reporting Standards ("**IFRS**") and do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. FFO and AFFO are supplemental 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 defined as net income (computed in accordance with IFRS), excluding: (i) fair value adjustments on investment properties; (ii) gains (or losses) from sales of investment properties; (iii) amortization of tenant incentives; (iv) fair value adjustments and other effects of redeemable units classified as liabilities; (v) revaluation adjustments of financial liabilities; (vi) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; (vii) deferred income tax expense; (viii) convertible debentures issuance costs; (ix) goodwill impairment; (x) internal leasing costs; (xi) transaction costs; (xii) unrealized foreign exchange gains and losses; (xii) amortization of finance leases; (xiii) amortization on Right of Use ('ROU') assets, net of payments on leases where the REIT is a lessee; and includes (xiv) 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, all after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.

"**AFFO**" is defined by management as FFO, subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on mortgages acquired; (ii) amortization of transactional deferred financing charges; (iii) compensation expense related to deferred unit incentive plans; (iv) differences, if any, resulting from recognizing property revenues on a straight line basis as opposed to contractual rental amounts, (v) debt repayment costs; and (vi) stabilized amounts for tenant inducements, leasing costs, and sustaining capital expenditures, as determined by the REIT. Other adjustments may be made to AFFO as determined by management at their discretion. Management's definition of AFFO is intended to reflect a stabilized business environment.

In February 2019, the Real Property Association of Canada ("**REALpac**") issued amendments to white papers with recommendations for calculations of FFO and AFFO. The REIT reviewed the REALpac white papers and determined its FFO and AFFO definitions are substantially aligned with the white paper guidelines with some exceptions, which are outlined below.

We have provided an analysis of FFO and AFFO under **PART III - RESULTS FROM OPERATIONS, FUNDS FROM OPERATIONS ("FFO")** and **ADJUSTED FUNDS FROM OPERATIONS ("AFFO")**.

"**Normalized AFFO"** is a non-IFRS measure which management believes is relevant in representing its ability to earn and distribute cash returns to Unitholders. In addition to the adjusting items to arrive at AFFO, Normalized AFFO also adjusts for the full year effect of transactions occurring in the reporting period, transactions that have occurred subsequent to the reporting period, and adjusts for other items management believes were non-recurring or seasonal in nature and estimated based on management's judgment and expectations on a normalized level of activity in a stabilized operating environment. The REIT considers Normalized AFFO to be a meaningful measure because it provides, in management's view, an estimate of AFFO reflecting the annualized results of the REIT's stabilized operations at a point in time. There is no standard industry-defined measure of Normalized AFFO. As such, the REIT's method of calculating Normalized AFFO will differ from other issuers' methods and, accordingly, will not be comparable to such amounts reported by other issuers. We have provided an analysis of Normalized AFFO under **NORMALIZED AFFO**.

The REIT's "**Weighted average interest rate**" includes secured debt with fixed interest rates, including variable rate debt hedged with fixed rate swaps, and excludes secured debt with floating interest rates. This calculation is a useful measure because it allows management to compare movements in interest rates period over period and to compare the average rate to the current market rates at that point in time.

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

"**Debt - Declaration of Trust**" is a non-IFRS 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 and excludes the Class B LP Units and the REIT's Convertible Debentures. The Debt - Declaration of Trust is measured as a percentage of total assets or 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 non-IFRS 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 outstanding stated at fair value. 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. The 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.

"**EBITDA**" is a non-IFRS measure that is comprised of income (loss) before taxes, excluding mortgage and loan interest expense, distributions on Exchangeable Units and depreciation expense and amortization expense. It is a metric that can be used to determine the REIT's ability to satisfy its obligations, including servicing its debt; but it may be affected by non-recurring items.

"**Adjusted EBITDA**" is a non-IFRS measure, defined by the REIT as, income (loss) before taxes excluding mortgage and loan interest expense, distributions on Exchangeable Units, other finance costs, depreciation expense and amortization expense, IFRS fair value changes associated with investment properties and financial instruments, DUP Compensation Expense, foreign exchange gains and losses, gains and losses on disposal of investment properties, adjustments for equity accounted investments, as well as, other items 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.

"**Net Asset Value**" or **("NAV")** is a non-IFRS measure, defined by the REIT as, total assets less total liabilities and less non-controlling interest, adjusted further to exclude the REIT's proportionate share of the following: goodwill, DUP Liability, deferred tax liability, accrued Ontario land transfer tax liability, 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 ANZ Manager intangible asset. "**NAV per Unit"** or sometimes presented as "**NAV/unit**" is an extension of NAV and 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 value of the REIT's units. There is no standard industry-defined measure of NAV per Unit. As such, the REIT's method of calculating NAV per Unit will differ from other issuers' methods, and accordingly, will not be comparable to such amounts reported by other issuers. We have provided an analysis of NAV under **PART IX - NET ASSET VALUE**.

"**Adjusted Liabilities**" is a non-IFRS measure, defined by the REIT as, total liabilities and non-controlling interests, excluding the REIT's proportionate share of DUP Liability, deferred tax liability, derivative instruments and Class B LP Unit liability. Adjusted Liabilities is deducted from total assets to calculate the REIT's non-IFRS measure, NAV per Unit, defined above. The REIT considers Adjusted Liabilities to be a meaningful measure because it provides, in management's view, an estimate of the REIT's liabilities that are expected to be settled in cash in the near term. Further, management views the Class B LP Unit liability to form part of the REIT's equity regardless of it being accounted for as a financial liability under IFRS. There is no standard industry-defined measure of Adjusted Liabilities. As such, the REIT's method of calculating Adjusted Liabilities will differ from other issuers' methods, and accordingly, will not be comparable to such amounts reported by other issuers.

"**Same Property NOI"** is a non-IFRS measure, defined by the REIT as, NOI for investment properties that were owned for a full quarterly reporting period in both the current and comparative year, and excludes properties held for redevelopment. Management considers Same Property NOI to be a key operating metric used to evaluate same property performance. There is no standard industry-defined measure of Same Property NOI. As such, the REIT's method of calculating Same Property NOI will differ from other issuers' methods, and accordingly, will not be comparable to such amounts reported by other issuers.

"Adjusted Same Property NOI" is a non-IFRS measure, defined by the REIT as Same Property NOI, 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.

Explanation of additional IFRS measure used in this MD&A

"**NOI**" is an industry term in widespread use. NOI as calculated by the REIT may not be comparable to similar titled measures reported by other issuers. The REIT considers NOI a meaningful additional measure of operating performance of its property assets, prior to financing considerations. NOI is defined as income from properties after operating expenses have been deducted, but before deducting interest expense, finance costs, depreciation and amortization expense, general and administrative expenses, income taxes, leasehold improvement and external leasing costs, unrecoverable capital costs, and excluding fair value adjustment of investment properties.

We have provided an analysis of NOI under **PART III - RESULTS FROM OPERATIONS - NET OPERATING INCOME**.

KEY PERFORMANCE DRIVERS

In addition to monitoring and analyzing the performance of operations through such measures as NOI, FFO and AFFO, management considers the following to be key drivers of current and future financial performance:

- the ability to access equity capital at a competitive/reasonable cost;
- the ability to access debt, including mortgages, credit facilities, and term debt, with terms and conditions that are cost effective; and
- the ability to acquire new properties on a yield accretive basis that enhance the REIT's portfolio.

PART II – BUSINESS OVERVIEW

BUSINESS OVERVIEW AND STRATEGIC DIRECTION

The REIT

The REIT is a Canadian open-ended trust created pursuant to an amended and restated Declaration of Trust dated May 15, 2015, under the laws of the Province of Ontario (the "**Declaration of Trust**" or "**DOT**"). The REIT completed its initial public offering ("**IPO**") on March 25, 2010. The REIT Trust Units are listed and publicly traded on the Toronto Stock Exchange ("**TSX**") under the symbol NWH.UN. The REIT's Convertible Debentures are listed and publicly traded on the TSX under the symbols NWH.DB.E, NWH.DB.F and NWH.DB.G.

The REIT's strategic objectives are to:

- provide sustainable and growing cash distributions through investment in healthcare real estate globally;
- build a diversified global portfolio of healthcare properties concentrated in Australia/New Zealand, Brazil, Canada and Europe;
- capitalize on growth opportunities both within its existing portfolio and through accretive acquisitions in its target markets; and
- grow the value of its assets and maximize the long-term value of its Trust Units through active and efficient management.

<u>Declaration of Trust</u>

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

Investment Guidelines (condensed summary)

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

Operating Policies (condensed summary)

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

At March 31, 2021, the REIT was in compliance with all investment guidelines and operating policies stipulated in the Declaration of Trust.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The REIT has made a commitment to issue its inaugural Environmental, Social and Governance ("ESG") report in 2021. In support of this initiative, the REIT has established a 10-person steering committee consisting of members of its global management team and representatives from each of the REIT's functional areas. In addition, working groups of between five and seven members have been established for each of the environmental, social and governance categories.

The REIT intends to submit its ESG initiatives for independent review and validation. The REIT will consider participation in the GRESB (formerly Global Real Estate Sustainability Benchmark) Assessment and will look to build on the previous year's submission, on behalf of Vital Healthcare Trust ("Vital") (for which the REIT provides management services) to CDP (formerly Carbon Disclosure Project).

The global management team believes that ESG issues have played, and will continue to play, an important part in defining the REIT, given the REIT's singular focus on healthcare real estate and the impact that role can have in improving the provision of healthcare services as delivered by the REIT's operator and tenant partners. The REIT has consistently focused on partnering with healthcare providers to provide well-located, appropriately appointed and safe facilities in which to provide their services, all at an affordable cost. Since its inception the REIT has recognized that its efforts would impact not only its tenants, but also patients at the REIT's properties. As such, the REIT has been cognizant of the social impact its properties can have on the surrounding community as a whole. The REIT has also reinforced this commitment to healthcare by supporting a number of charitable causes focused on improving the health and well-being of the communities in which it operates.

In many of the REIT's high-traffic buildings housing essential medical service providers, the costs to tenants of utility and water usage as well as waste management are higher than it would traditionally be for a typical office tenant. As such, the REIT has strived to lessen the impacts of it properties on the environment through conservation strategies designed to reduce demand and reduce related costs. Similarly, the REIT has acted to reduce environmental harm through the use of lower-impact construction techniques and longer lasting materials, whether for the construction of an entire building or a specific tenant's suite.

As a publicly traded real estate investment trust since 2010, the REIT has long been attuned to the importance of good governance practices. This awareness is heightened due to the REIT's status as the manager and responsible entity for Vital while also being the fiduciary manager for two joint venture co-ownerships the REIT has with a sovereign wealth fund partner. These arrangements focus the REIT on a broad range of governance issues.

The REIT's Board of Trustees and management are committed to ESG, furthering what is already central to the REIT's role as part of the broader healthcare marketplace.

RELATIONSHIP WITH NWVP

As at March 31, 2021, NorthWest Value Partners Inc. and affiliates ("**NWVP**") indirectly owned approximately 14% (approximately 12% on a fully-diluted basis assuming conversion of the REIT's Convertible Debentures and redemption of its deferred Trust Units) of the REIT through a combination of Trust Units of the REIT and Class B LP Units. Established in 1994, Toronto-based NWVP is one of Canada's leading privately-owned real estate companies. The scope of its business includes real estate, ownership and management, in Canada and internationally with a significant focus on the healthcare sector. The Principal of NWVP serves as the Chief Executive Officer and Chairman of the REIT.

PORTFOLIO PROFILE

Summary

The REIT provides investors with access to a portfolio of high quality healthcare real estate comprised of interests in a diversified portfolio of 186 income-producing properties and 15.5 million square feet of gross leasable area located throughout major markets in Canada, Brazil, Europe, Australia, and New Zealand.

Canada: The largest non-government owner/manager of medical office buildings ("MOBs") and healthcare related facilities comprised of high quality real estate with stable cash flow underpinned by tenancies supported by the Canadian publicly funded healthcare system.

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

Europe: The REIT's investment in Europe consists of:

i. 30% interest in a joint venture ("European JV") with a third party institutional partner that is equity accounted for under IFRS and has initial seed investments in hospitals and rehabilitation clinics located in the major markets.
ii. Direct interest in high quality MOBs, hospitals, medical clinics and life sciences assets located in the major markets including Berlin, and Frankfurt in Germany; Netherlands; and Greater London and Birmingham in the United Kingdom.

The assets are supported by fully integrated property management and asset management capabilities allowing for efficient operation and deal sourcing.

Australia/New Zealand: The REIT has exposure to a portfolio of hospitals, medical centers, life sciences assets and aged care facilities through :

i. an approximate 26% interest in New Zealand Stock Exchange ("NZX") listed Vital Healthcare Properties Trust ("Vital Trust") which is consolidated by the REIT for financial reporting purposes,
ii. 30% interest in a joint venture ("JV") with a third party institutional investor that is equity accounted for under IFRS (certain investments proportionately consolidated).

The Australasian portfolio generates stable and growing cash flows underpinned by tenancies of high quality hospital and healthcare operators with long-term, inflation-indexed leases.

Global Asset Manager:

The REIT's Global Asset Manager is a fully integrated operation comprised of leading investment, development, asset management and property operations professionals, with offices located in Canada, Brazil, Europe, Australia and New Zealand. The Global Asset Manager derives fees from $4.7 billion of third-party assets under management (December 31, 2020 - $3.3 billion), and is scaled to support the over $3.9 billion of further capital commitments.

Below summarizes the REIT's managed funds as at March 31, 2021:

FUNDS UNDER MANAGEMENT AND CAPITAL COMMITMENTS

Cdn$ Billions	Total Commitment	FV of Assets Under Management	Available Capacity	REIT Ownership	Term
Australian Core Hospital JV	3.5	2.1	1.4	30%	Perpetuity
Vital Trust	2.1	2.1	Open	26%	Perpetuity
European JV	3.0	0.5	2.5	30%	12 Years
Total	**8.6**	**4.7**	**3.9**		

The following table summarizes the REIT's assets by region as at March 31, 2021:

SUMMARY OF ASSETS

	Canada	Brazil	Europe [1]	Vital Trust (2) (Australasia)	Australia(3) (Australasia)	Consolidated Total (4)
Number of Properties	57	8	55	43	23	186
Asset Mix	100% MOB	100% Hospital	58% MOB & 42% Hospitals & Healthcare Facilities	23% MOB & 77% Hospitals & Healthcare Facilities	26% MOB & 74% Hospitals & Healthcare Facilities	46% MOB & 54% Hospitals & Healthcare Facilities
Gross Leaseable Area ("GLA") (million sf)	3.6	1.9	4.3	2.7	3.0	15.5
Total Assets (Cdn$ millions)	$1,211	$601	$1,237	$2,084	$427	$5,682
Occupancy	91.9%	100.0%	97.1%	98.7%	99.4%	97.0%
WALE (Years)	5.1	19.4	15.0	19.2	17.0	14.3
Average Building Age (Years)	33	16	25	17	29	25
Weighted Average Implied Cap Rate	6.4%	6.8%	5.1%	5.3%	5.2%	5.7%

Notes

(1) Shown at 100% ownership for assets held as part of Joint Venture Agreements ("JV"), including both German and Netherlands Seed Portfolios. The REIT owns 33.57% and 30% interest, respectively in these JV portfolios.

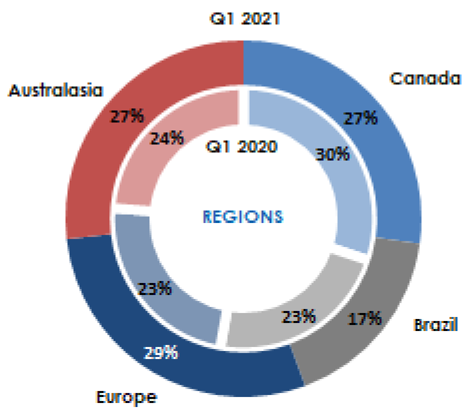
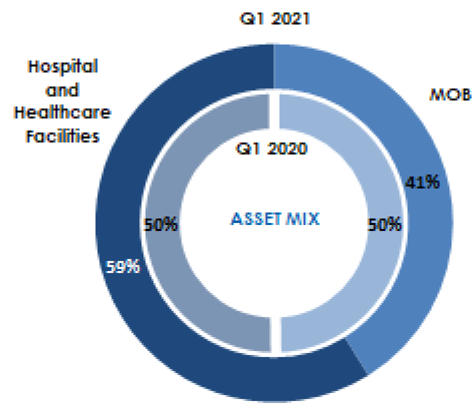
(2) Shown on a 100% basis. The REIT has an approximate 26% interest in Vital Trust and consolidates its investment in Vital Trust.

(3) Shown at 100% ownership for assets held as part of Joint venture Agreements ("JV"). The REIT owns 30% interest in these JV portfolios.

(4) Consolidated Total includes corporate assets, and Global Manager.

Diversification of Assets

The REIT's assets are diversified geographically and by asset type as follows:

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

Notes

(1) Based on Q1 2021 and Q1 2020 actual NOI.

(2) Vital Trust shown on a proportionate basis. The REIT has an approximate 26% ownership interest in Vital Trust and consolidates its investment in Vital Trust.

(3) Australia REIT is shown at proportionate ownership. The REIT owns 30% interest in the JV.

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

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

Tenant Mix

The following table summarizes the REIT's 10 largest tenants by percentage of proportionate revenue for the three months ended March 31, 2021:

10 LARGEST TENANTS BY PERCENTAGE OF RENT

	Tenant	Region	%	# of locations
1	Rede D'Or	Brazil	9.2 %	7
2	Aspen Healthcare	Europe	6.8 %	4
3	Healthscope Limited (1)	Australia	5.7 %	14
4	BMI Healthcare	Europe	3.1 %	6
5	Healthe Care (1)	Australia	2.9 %	15
6	Epworth Foundation (1)	Australia	1.7 %	7
7	CISSS / CIUSSS	Canada	1.3 %	5
8	Alberta Health Services	Canada	0.8 %	5
9	Hospital Sabara	Brazil	0.7 %	1
10	Median Kliniken (2)	Europe	0.7 %	5
			32.9 %	69

Notes:
(1) Australia is shown at proportionate ownership basis for assets held as part of Joint Venture Agreements ("JV"). The REIT owns 30% interest in the JV and Vital Trust within Australia is included on a proportionate ownership basis. The REIT has an approximate 26% interest in Vital Trust and consolidates its investment in Vital Trust.
(2) Europe Median Kliniken is shown at proportionate ownership basis for assets held as part of Joint Venture Agreements ("JV"). The REIT owns 33.6% interest in the JV.

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

Rede D'Or is the largest private hospital operator in Brazil. The company operates 52 hospitals, with 32 under construction, and more than 40 specialized oncology outpatient clinics, comprising over 7,200 inpatient beds - an average of 153 beds per hospital. With more than 40 years of experience in the healthcare business, the company has solid business positions and operational scale in its strategically located key states: Rio de Janeiro, Sao Paulo, Pernambuco, Brasilia, Maranhao and Bahia. Since 2004, the company has grown substantially through a series of strategic partnerships and acquisitions. Since 2015, Rede D'Or has added Carlyle Group and GIC Group as investors. Rede D'or was valued at 112.5 billion reais ($22 billion) in an initial public offering priced on December 8 2020, placing it among Brazil's 10 biggest companies by market capitalization.

Aspen Healthcare is currently the REIT's second largest tenant in four directly held properties, accounting in total for 6.8% of the REIT's proportionate revenues. Aspen Healthcare, a wholly owned subsidiary of NMC Health, was formed in 1998 and is a leading private healthcare provider and the 7th largest acute care provider in the UK with a portfolio of 8 healthcare facilities, Aspen Healthcare is able to offer a complete range of private healthcare and clinical services. The group treats and cares for around 305,800 patients each year.

Healthscope Limited ("HSO") is currently the REIT's third largest tenant in three directly held properties and occupying the HSO Portfolio, accounting in total for 5.7% of the REIT's proportionate revenues, consistent with the REIT's ownership level of 30%. HSO, formed in 1985, is a leading private healthcare provider in both Australia and New Zealand. With a portfolio of 43 private hospitals in Australia and 24 laboratories in New Zealand, comprising a market-leading international pathology operation, Healthscope has a presence in every Australian state and territory. Specializing in medical and surgical, mental health, rehabilitation and maternity services, its hospitals are concentrated in large metropolitan centres, constituting 30 acute, 7 mental health and 6 rehabilitation hospitals. In New Zealand, it is the largest provider of human pathology services to New Zealand's District Health Boards and provides veterinary and analytical pathology services though the Gribbles brand. In 2018, Healthscope divested its 39 pathology laboratories in Asia for $279 million, allowing the company to redirect its focus to its core hospital and pathology operations.

BMI Healthcare is the largest independent acute hospital operator in the UK measured by bed-count (~2,400) and 3rd largest measured by revenue, representing 15.8% share of the independent acute market. BMI operates 51 hospitals throughout the UK, and provides surgical, diagnostic and rehabilitative care on an in-patient and out-patient basis to self-payors, those with private medical insurance and those whose treatments are publicly funded by the National Health Service ("NHS"). BMI's revenues are split roughly 50/50 between private (self-pay and PMI) and public funding (NHS). In December, 2019, Circle Health, a competing independent acute hospital provider, agreed to acquire BMI Healthcare. The transaction has been approved by the Competition Market Authority ("CMA"), subject to Circle Health divesting two of its UK hospital operations (Circle Bath and Circle Birmingham). This divestment and subsequent completion of the conditions precedent of the merger is anticipated to occur in Q2 or Q3 2021.

Healthe Care Australia is currently the REIT's fifth largest tenant accounting in total for 2.9% of the REIT's proportionate revenues, consistent with the REIT's ownership level of approximately 25%. Healthe Care Australia was founded in 2005 and is the third largest private hospital operator in Australia and one of the country's largest privately-owned healthcare organizations. Healthe Care Australia operates a network of 34 private healthcare facilities, comprising medical and surgical, rehabilitation and mental health hospitals and day surgeries throughout Queensland, New South Wales, Victoria, Tasmania, Western Australia and New Zealand. These include approximately 2,500 beds and 70 operating theatres. The company also provides a range of outpatient services including workplace rehabilitation and community nursing which offer patients flexibility and continuity of care beyond their hospital stay. Healthe Care is one of the largest private providers of mental health services, with more than 800 mental health beds. The company is a subsidiary of Luye Medical Group, a leading healthcare service provider headquartered in Singapore.

Median Kliniken was created in 2015 through the merger of MEDIAN clinics with RHM clinics and nursing homes. Median Kliniken is the largest private operator of rehabilitation facilities in Germany with 18,500 beds in 120 rehabilitation clinics, acute hospitals, therapy centers, outpatient clinics and reintegration facilities. The company, based in Berlin, has expertise in all therapeutic measures and actively helps to shape the development of medical rehabilitation in Germany. The group's approximately 15,000 employees treat and care for around 230,000 patients each year.

INVESTMENT PROPERTIES

The estimated fair value of investment properties as at March 31, 2021 was $5.2 billion (December 31, 2020 - $5.3 billion) representing an implied weighted average capitalization rate of 5.7% (December 31, 2020 - 5.8%).

INVESTMENT PROPERTIES

Expressed in thousands of Canadian dollars	Three months ended March 31, 2021					
	Income Properties					
	Canada	**Brazil**	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$1,189,145**	**$ 648,226**	**$1,132,055**	**$1,943,553**	**$ 170,224**	**$5,083,203**
Acquisitions of investment properties	—	—	26,969	8	—	26,977
Right of use asset	108	—	—	—	—	108
Disposition of investment properties	(12,000)	—	(16,658)	—	—	(28,658)
Addition to investment properties	3,062	18	1,044	1,613	188	5,925
Increase in straight-line rents	160	—	—	—	555	715
Transfers from (to) properties under development	—	—	—	6,154	—	6,154
Transfers from (to) assets held for sale	(7,120)	—		—	—	(7,120)
Fair value gain (loss)	(1,342)	12,555	1,767	9,702	(608)	22,074
Foreign currency translation	—	(67,260)	(30,987)	(60,454)	(4,198)	(162,899)
Closing Balance	**$1,172,013**	**$ 593,539**	**$1,114,190**	**$1,900,576**	**$ 166,161**	**$4,946,479**
	Properties Under Development					
	Canada	**Brazil**	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$ 15,712**	**$ —**	**$ 40,421**	**$ 122,725**	**$ 2**	**$ 178,860**
Acquisitions of investment properties	—	—	—	30,237	—	30,237
Disposition of investment properties	—	—	(9,131)	—	—	(9,131)
Addition to investment properties	2,269	—	595	27,598	—	30,462
Transfers from (to) income properties	—	—	—	(6,154)	—	(6,154)
Fair value gain (loss)	—	—	(18)	264	—	246
Foreign currency translation	—	—	(1,873)	(2,863)	—	(4,736)
Closing Balance	**$ 17,981**	**$ —**	**$ 29,994**	**$ 171,807**	**$ 2**	**$ 219,784**
	Total					
	Canada	**Brazil**	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$1,204,857**	**$ 648,226**	**$1,172,476**	**$2,066,278**	**$ 170,226**	**$5,262,063**
Acquisitions of investment properties	—	—	26,969	30,245	—	57,214
Right of use asset	108	—	—	—	—	108
Disposition of investment properties	(12,000)	—	(25,789)	—	—	(37,789)
Addition to investment properties	5,331	18	1,639	29,211	188	36,387
Increase in straight-line rents	160	—	—	—	555	715
Transfers from (to) assets held for sale	(7,120)	—	—	—	—	(7,120)
Fair value gain (loss)	(1,342)	12,555	1,749	9,966	(608)	22,320
Foreign currency translation	—	(67,260)	(32,860)	(63,317)	(4,198)	(167,635)
Closing Balance	**$1,189,994**	**$ 593,539**	**$1,144,184**	**$2,072,383**	**$ 166,163**	**$5,166,263**

Investment Properties on Proportionate Basis[1]	
Expressed in thousands of Canadian dollars	March 31, 2021
Total reported investment properties	5,166,263
Proportionate share of the JV investments[2]	693,682
NCI share of investment properties	(1,554,367)
Total investment properties at proportionate share	**4,305,578**

Notes:

(1) Investment Properties on a proportionate basis is a non-IFRS financial measure that presents the value of investment properties at the REIT's effective ownership interest.

(2) Proportionate share of jointly owned investments where the REIT's interest is equity accounted. The JV includes properties that are accounted both on a proportionate basis and using equity accounting method.

See **LEASING COSTS AND CAPITAL EXPENDITURES** for additional information on additions to investment properties.

2021 Acquisitions

During the three months ended March 31, 2021, the following investment property acquisitions were completed by the REIT including properties interest acquired in joint ventures with third-parties:

ACQUISITIONS			
Region	**Quarter**	**GLA**	**Acquisition Cost (in millions)** [1]
Australasia [2]	Q1	—	$ 30.2
Europe	Q1	58,970	$ 27.0
Total		**58,970**	**$ 57.2**

(1) Acquisition costs includes purchase price of properties and related transaction costs.

(2) On February 2, 2021, Vital Trust completed an acquisition of a strategic development site located in Australia.

2021 Dispositions

During the three months ended March 31, 2021, the following dispositions of investment property were completed by the REIT including properties interests disposed of to joint ventures with institutional partners that are third-parties:

DISPOSITIONS			
Region	**Quarter**	**Disposition Proceeds (in millions)**	**Property Specific Debt (in millions)**
Europe	Q1	$ 23.5	$ —
Canada	Q1	$ 12.0	$ —
Other	Q1	$ 2.3	$ —
Total		**$ 37.8**	**$ —**

Valuation of Investment Properties

The estimated fair values of the investment properties at March 31, 2021 were determined either on internal valuation models incorporating available market evidence or on valuations performed by independent third party appraisers. As at March 31, 2021, the weighted average capitalization rate remained steady at 5.7% for the consolidated portfolio as compared to 5.8% as at December 31, 2020.

During the three months ended March 31, 2021, the REIT recorded a fair value gain on income producing property of $22.3 million. The fair value gains for the three months ended March 31, 2021, were mainly attributable to rental growth and rentalisation of development costs at Vital Trust, inflation indexation of rents in Brazil and a revaluation of the UK portfolio driven primarily by slight changes to valuation parameters, which was partially offset by a decrease in Canada driven by changes to valuation parameters mostly in western Canada.

DEVELOPMENT ACTIVITY

The REIT develops new properties and reinvests capital in its existing properties, through expansions and refurbishments, as a way to create value for our tenants and unitholders. It is expected that development activity will become a more important component of the REIT's growth over time, to help our tenants meet the growing healthcare needs of the populations they serve. Meeting these needs is largely contingent upon completing the development projects in the manner contemplated. The most important factor affecting completion will be the successful execution of construction plans, while meeting the timing and cost goals of each project.

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

Expressed in thousands of Canadian dollars, except percentage amounts

	Number of Projects	Estimated Completion Date	Estimated Project Costs	Estimated Costs to Complete	% Pre-leased	Anticipated Project Yield	Anticipated Stabilized NOI	Potential value accretion
Australasia	7	Q4 2021 - Q4 2023	298,067	173,846	97 %	6.2 %	18,342	46,672
Europe	2	Q4 2021 - Q1 2022	18,986	18,705	100 %	5.3 %	1,006	—
Brazil	2	Q2 2021 - Q4 2022	24,200	24,200	100 %	7.5 %	1,815	2,596
Canada	1	Q2 2022	23,700	17,200	52 %	7.1 %	1,683	2,412
	12		$ 364,953	$ 233,951	94 %	6.3 %	$ 22,846	$ 51,680

Anticipated stabilized NOI is Management's estimate of the amount of annual NOI the development activity will generate upon substantial completion and the commencement of rent payments. Estimated total cost includes acquisition cost, estimated total construction and financing costs. The material assumption made in formulating the estimated total cost is that construction and financing costs remain stable for the remainder of the development period in each of the REIT's regions. Estimated project yield on cost is the estimated annual NOI as a percentage of the estimated total cost. Estimated cost to complete is the difference between the estimated total cost and the costs incurred to date. Value accretion is based on stabilized value upon completion less project costs.

The reader is cautioned that the above information is forward-looking and actual results may vary materially. See **FORWARD-LOOKING INFORMATION ADVISORY.**

Australasia

During the quarter, the REIT completed three development projects, Darwin Private Hospital and South Eastern Private, for a total cost of $41.9 million. In addition, the REIT commenced one development project for $6.8 million.

The REIT currently has a total of seven active expansion projects in Australasia with completion dates ranging from the second quarter of 2021 to the fourth quarter of 2023.Projects include a mix of modernisation and expansion projects at acute surgical and mental health facilities to meet the growing demand for healthcare services. Expansion projects are with Vital Trust's existing tenants, HealtheCare, Acurity and Epworth and Australian JV tenant Healthscope. The developments are expected to be funded through existing resources. Expansion projects are over 97% leased at premium yields and expected to generate significant NAV growth on completion.

In addition to those projects included in the table above, Vital Trust has an active pipeline of potential expansions and developments that are expected to replace development completions over time.

Europe

Europe currently has two Netherlands projects that are being developed in conjunction with a developer. The REIT is expected to earn $21.2 million of fixed development revenue upon completion of the project and expected to incur $14.9 million of fixed sub-contracted development costs. The properties are 100% pre-leased and development overages, if any, will be the responsibility of the property developer.

Brazil

The Brazilian development activity relates to expansion planned for the REIT's Hospital e Maternidade Brasil ("**HMB**") and Hospital Sao Luiz Morumbi and is expected to be funded through a combination of existing resources and property financing.

Canada

The Canadian development is located in Pickering, Ontario and commenced in the fourth quarter of 2020. The development is financed with an at-market construction loan.

LEASING COSTS AND CAPITAL EXPENDITURES

LEASING COSTS AND CAPITAL EXPENDITURES						
Expressed in thousands of Canadian dollars	Three months ended March 31, 2021					
	Canada	Brazil	Europe	Vital Trust	Australia	Total
Additions to investment properties						
Leasing costs [1]	$ 226	$ —	$ —	$ 442	$ 2	$ 670
Tenant improvements [2]	1,042	—	626	996	25	2,689
Maintenance capital expenditures	801	—	298	166	161	1,426
Other capital expenditures	993	18	120	9	—	1,140
	3,062	18	1,044	1,613	188	5,925
Internal leasing costs expensed	475	—	370	—	—	845
	3,537	18	1,414	1,613	188	6,770
Less:						
Recoverable maintenance capital expenditures	(801)	—	(7)	—	—	(808)
Other value enhancing and non-recurring capital expenditures	(260)	(18)	(609)	(1,438)	(161)	(2,486)
Leasing costs and non-recoverable maintenance capital expenditures	**$ 2,476**	**$ —**	**$ 798**	**$ 175**	**$ 27**	**$ 3,476**
AFFO adjustment for leasing costs and and non-recoverable maintenance capital expenditures [3]	**$ 1,931**	**$ —**	**$ 482**	**$ 175**	**$ 27**	**$ 2,615**
Leasing costs and non-recoverable maintenance capital expenditures in excess of AFFO adjustment	**$ 545**	**$ —**	**$ 316**	**$ —**	**$ —**	**$ 861**

Notes

(1) The leasing costs exclude base salary and benefits of the internal leasing department which have been expensed.

(2) Tenant improvements include tenant allowances and landlord's work.

(3) In Canada 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. As a result, the REIT uses a reserve of 6% of revenue from MOBs in Canada and Europe when determining AFFO. In Brazil and Australasia due to the long term, triple net nature of the leases the REIT uses actual leasing costs and non-recoverable maintenance capital expenditures when determining AFFO.

The REIT's current leasing cost and capital expenditure reserves (the "**LC and CAPEX reserve**") are based on its views of stabilized, constant-occupancy leasing costs and maintenance capital expenditures. These views are underpinned by both the REIT's 10 plus years of experience as an owner and operator of healthcare real estate (including Canadian and Europe medical office buildings) as well as 5-year forecast expenditures, which incorporate a series of asset and space specific assumptions made by management supported by third party appraisers via valuation reports and engineers via building condition reports. The REIT's 6% LC and CAPEX reserves for Canadian and Europe medical office buildings are based on a 5 year forecast of leasing costs based on historic results, known leasing activity at constant occupancy levels and maintenance requirements as well as forecast market trends. Leases relating to the REIT's investments in Brazil and Australasia are typically structured on a long term (20+ year), triple net basis and as such leasing costs and maintenance capital expenditures are reported on an actual basis.

Canada

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 term whenever possible, especially for primary medical tenancies, often non-recurring leasing costs are involved.

During the three months ended March 31, 2021 additions for the Canadian investment properties totaled $3.1 million. During the quarter leasing costs of $0.8 million included costs attributable to six transactions, of which three were lease renewals and expansions with an aggregate WALE of 7.2 years.
Included in other value enhancing and non-recurring capital expenditures for the quarter were one-time capital expenditures incurred at two recently acquired buildings and non-recurring costs to lease up never-before-occupied space.

Brazil

All of the REIT's hospitals in Brazil are leased to single tenant, hospital operators under long-term, inflation indexed, triple net lease structures in which the REIT does not absorb any property operating cost risk. As a result, the REIT does not incur any leasing or capital expenditures at the REIT's Brazil hospitals and therefore the REIT uses actual expenditures (if applicable) in determining AFFO.

Europe

On a quarterly basis leasing costs, tenant improvements and capital expenditures can fluctuate and as such, should not be regarded as stabilized. Additions to the European investment properties for the three months ended March 31, 2021 were $1.0 million.

Included in the value enhancing and non-recurring capital expenditures for the quarter were primarily (i) tenant fit-out in the Berlin and Leipzig MOB-portfolios and (ii) non-recurring capex in the Berlin, Hamburg and Luebeck portfolio for fire safety systems, elevator and ventilation systems; expenditure for elevator systems in Berlin portfolio has been for upgrades.

Australasia

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

During the three months ended March 31, 2021, additions to the Australasian investment properties totaled $1.8 million which were largely attributable to updating facades at various properties.

PART III – RESULTS FROM OPERATIONS

NET INCOME (LOSS)

The following is a summary of selected financial information from the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the three months ended March 31, 2021 and 2020:

RESULTS FROM OPERATIONS

Expressed in thousands of Canadian dollars	Three months ended March 31,		
	2021	**2020**	**Variance**
Net Operating Income [1]			
Revenue from investment properties	$ 92,599	$ 95,594	$ (2,995)
Property operating costs	(22,035)	(22,948)	913
	70,564	**72,646**	**(2,082)**
Other income			
Share of profit (loss) from equity accounted investments	6,145	7,518	(1,373)
Management fees	3,556	1,423	2,133
Development revenue	1,853	—	1,853
Interest and other	354	620	(266)
	11,908	**9,561**	**2,347**
	82,472	**82,207**	**265**
Expenses and Other			
Mortgage and loan interest expense	(23,111)	(24,852)	1,741
General and administrative expenses	(10,157)	(7,019)	(3,138)
Transaction costs	(1,793)	(16,413)	14,620
Other finance costs	(6,298)	108,429	(114,727)
Foreign exchange gain (loss)	12,460	(7,465)	19,925
Development costs	(1,305)	—	(1,305)
Income (loss) before the under noted items	**52,268**	**134,887**	**(82,619)**
Fair value adjustment of DUP Liability	(599)	3,892	(4,491)
Fair value adjustment of investment properties	22,320	(5,234)	27,554
Gain (loss) on derivative financial instruments	15,489	(13,820)	29,309
Income (loss) before taxes	**89,478**	**119,725**	**(30,247)**
Income tax expense	(15,889)	(3,665)	(12,224)
Net income (loss)	**$ 73,589**	**$ 116,060**	**$ (42,471)**
Net income (loss) attributable to:			
Unitholders	$ 52,957	$ 114,717	$ (61,760)
Non-controlling interests	20,632	1,343	19,289
	$ 73,589	**$ 116,060**	**$ (42,471)**

Notes

(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A and analyzed in greater detail in section "Net Operating Income".

Revenue from investment properties

Revenue from investment properties for the three months ended March 31, 2021 was $92.6 million as compared to $95.6 million for the three months ended March 31, 2020. The decrease of $3.0 million is primarily attributable to a $2.6 million decrease in Brazilian revenues as a result of the weakening of the Brazilian Real, and a decrease in Australian revenues of $6.6 million as a result of disposition activity. These were partially offset by an increase in European and Vital Trust revenues of $2.0 million and $4.6 million, respectively, as a result of acquisitions and leasing activity.

See also **NET OPERATING INCOME**.

Property operating costs

In Canada, Europe and Australasia, property operating costs are comprised of amounts recoverable from tenants (including property taxes, maintenance, utilities and insurance) and non-recoverable expenses including certain property management costs. The nature of the leases in Brazil is such that the tenant is responsible for all operating costs of the property.

Property operating costs for the three months ended March 31, 2021 were $22.0 million as compared to $22.9 million for the three months ended March 31, 2020. The $0.9 million decrease in operating costs is mainly related to Australasian portfolio due to the sale of 70% interest in Northwest Healthcare Properties Australia REIT ("AREIT"), and a decrease in European portfolio due to property dispositions to the European JV, partially offset by acquisitions and development completions.

See also **NET OPERATING INCOME**.

Share of profit (loss) of equity accounted investments

For the three months ended March 31,	2021			2020			
	Australia	Europe	Total	Australia	Europe	Total	Variance
Total revenues	**$ 27,781**	**$ 7,773**	**$ 35,554**	$17,622	$ —	$ 17,622	**$ 17,932**
Expenses							
Operating costs	**3,845**	**1,344**	**5,189**	1,645	—	1,645	**3,544**
Mortgage and loan interest expense	**3,473**	**1,220**	**4,693**	4,245	—	4,245	**448**
General and administrative expenses	**102**	**1,404**	**1,506**	109	—	109	**1,397**
Other	**170**	**—**	**170**	112	—	112	**58**
Fair value (gain) loss adjustments and transaction costs	**701**	**1,789**	**2,490**	(13,547)	—	(13,547)	**16,037**
Income tax expense	**—**	**642**	**642**	—	—	—	**642**
Net income (loss)	**$ 19,490**	**$ 1,374**	**$ 20,864**	$25,058	$ —	$ 25,058	**$ (4,194)**
Non-controlling interest	**897**	**—**	**897**	—	—	—	**897**
Net profit attributable to unitholders	**$ 18,593**	**$ 1,374**	**$ 19,967**	$25,058	$ —	$ 25,058	**$ (5,091)**
Weighted average share of profits (loss)	**30.0%**	**30% to 33.6%**		30.0 %	N/A		
REIT's share of income (loss)	**$ 5,578**	**$ 567**	**$ 6,145**	$7,518	$ —	$ 7,518	**$ (1,373)**

Share of profit (loss) of associate for the three months ended March 31, 2021 represents the REIT's share of profit (loss) in the Australasian and European JVs with an institutional partner. The REIT's share of profit (loss) of associate decreased by $1.4 million for the three months ended March 31, 2021, compare to the respective period in 2020. The decrease was mainly attributable to a higher revaluation of investment property for the HSO Portfolio related to rent indexation and changes in valuation parameters in the first quarter of 2020, partially offset by the formation of the European JV towards the end of 2020.

Management Fees

In exchange for its services, the Global Asset Manager earns management fees, activity-based fees for acquisitions and development activity, as well as an incentive fee from Vital Trust and joint arrangements.

With respect to investment and property management services rendered to joint arrangements, the REIT is entitled to various market-based fees.

The following table summarizes the management fees earned by Global Asset Manager for the three months ended March 31, 2021 and 2020:

GLOBAL MANAGER FEES

Expressed in thousands of Canadian dollars	Three months ended March 31,		
	2021	**2020**	**Variance**
Base fee	$ 6,715	$ 4,814	$ 1,901
Incentive and performance fee	6,917	1,926	4,991
Trustee fees	226	188	38
Project and Acquisition fees	1,920	1,551	369
Total Management Fees	**$ 15,778**	**$ 8,479**	**$ 7,299**
less: inter-company elimination (1)	(12,222)	(7,056)	(5,166)
Consolidated Management Fees (2)	**$ 3,556**	**$ 1,423**	**$ 2,133**
add: fees charged to non-controlling interests	8,246	4,841	3,405
Proportionate Management Fees (3)	**$ 11,802**	**$ 6,264**	**$ 5,538**

Notes

(1) Management fees charged to Vital Trust and to the JVs are eliminated on consolidation as an inter-company transaction.

(2) Represents the reported consolidated management fees.

(3) Represents the REIT's total management fees earned from third parties

Consolidated management fees for the three months ended March 31, 2021, increased by $2.1 million. The increase for three months ended March 31, 2021 is mainly driven by base fees from the REIT's joint venture agreements, offset partially by decrease in acquisition fees from Vital Trust compared to the three months ended March 31, 2020.

Incentive and performance fees for the three months ended March 31, 2021, increased by $5.0 million. The increase for three months ended March 31, 2021 is driven by updated forecasts to reflect anticipated net tangible assets growth at Vital Trust.

The Global Asset Manager fees to Vital Trust are eliminated on consolidation as inter-company transactions but the REIT receives the benefit of approximately 74% of the fees; representing the non-controlling interest ownership in Vital Trust. Management fees charged to the JV are eliminated to the extent of the REIT's 30% interest in the JV.

Development Revenue and Costs

During the three months ended March 31, 2021, the REIT has recognized development profits of $0.5 million, net of its 30% interest in the European JV.

Interest and other

For the three months ended March 31, 2021 and 2020, the REIT recorded interest and other income of $0.4 million and $0.6 million, respectively. The decrease during the three month period mainly relates to lower cash balances and deposits in both Brazil and Australia.

Mortgage and loan interest expense

The mortgage and loan interest expense for the three months ended March 31, 2021 was $23.1 million, a decrease of $1.7 million over the prior year period.

The composition of mortgage and loan interest expense for the three months ended March 31, 2021 and 2020 is as follows:

MORTGAGE AND LOAN INTEREST EXPENSE

Expressed in thousands of Canadian dollars	Three months ended March 31, 2021	2020	Variance
Canada			
Mortgages[1]	$ 4,078	$ 4,480	$ 402
Brazil			
Brazil debt	1,805	2,529	724
Europe			
Mortgages	2,948	2,333	(615)
Australasia			
Term loans	7,376	9,931	2,555
Corporate			
Australasian Secured Financing	1,079	1,097	18
Corporate credit facilities	3,328	2,002	(1,326)
Other	5	—	(5)
Convertible Debentures	3,704	3,988	284
	8,111	7,087	(1,024)
less: capitalized interest	(1,237)	(1,527)	(290)
add: prepayment penalties	30	19	(11)
Total mortgage and loan interest expense	**$ 23,111**	**$ 24,852**	**$ 1,741**

Notes

(1) Includes interest from the non-revolving secured credit facility.

For additional information on the REIT's debt see **CAPITAL STRUCTURE – Debt**.

Canada

Mortgage interest expense for the three months ended March 31, 2021 has decreased by $0.4 million over the three months ended March 31, 2020. The decrease in mortgage interest expense over the comparable prior year period primarily reflects a lower weighted average interest rate due to refinance activities. The weighted average interest rate for the Canadian mortgage portfolio as at March 31, 2021 decreased to 3.19% compared to 3.64% as at March 31, 2020.

Brazil

Mortgage interest expense for the three months ended March 31, 2021 decreased by $0.7 million compared to prior periods. The decrease in interest expense over comparable prior year period is primarily due to the weakening of the BRL relative to the Canadian dollar by approximately 23% as compared to the prior period.

Europe

Mortgage interest expense for the three months ended March 31, 2021 has increased by $0.6 million compared to prior period. The increase over the comparable prior year periods is due to interest on the mortgage associated with property acquisitions that occurred throughout 2020. The increase is further compounded by the strengthening of the Euro by approximately 3.2% against the Canadian dollar over the prior period.

The weighted average interest rate of the German mortgages was 2.77% as at March 31, 2021, which is an increase from 2.15% as at March 31, 2020.

Australasia

Mortgage interest expense for the three months ended March 31, 2021 has decreased by $2.6 million over the three months ended March 31, 2020. The decrease over the comparable prior year periods is attributable to the repayment of term loans related to the sale of investment properties as well as a decrease in weighted average interest rates. The weighted average interest rate as at March 31, 2021 decreased to 3.44% compared to 3.68% as at March 31, 2020.

Corporate

The increase in the interest expense for the three months ended March 31, 2021 over the comparable prior year period is primarily due to refinancing and expansion in corporate credit facilities to fund acquisition and investment activities. On March 1, 2021, the REIT repaid $175.0 million outstanding balance of corporate facilities with a weighted average interest rate of 6.57% (see **Highlights for the Quarter**).

For additional information on the REIT's Convertible Debentures and associated interest rates see **CAPITAL STRUCTURE - Debt.**

General and administrative expenses ("G&A")

G&A expenses for the three months ended March 31, 2021 were $10.2 million as compared to $7.0 million for the three months ended March 31, 2020. G&A for the three months ended March 31, 2021 includes DUP Compensation Expense (as defined under **ADJUSTED FUNDS FROM OPERATIONS ("AFFO") - DUP Compensation Expense**) of $1.7 million (three months ended March 31, 2020 - $1.1 million). G&A, excluding amounts associated with DUP Compensation Expenses, increased $2.6 million over the prior year period primarily as a result of scaling the REIT's platform.

DUP expense for the three months ended March 31, 2021 has increased over the prior year period; which is primarily due of higher amortization expense related to DUPs granted during the three months ended March 31, 2021.

Transaction costs

For the three months ended March 31, 2021, the REIT incurred transaction costs of $1.8 million (three months ended March 31, 2020 $16.4 million). For the three months ended March 31, 2021, transaction costs related to internal allocation and third party costs related to acquisition and disposition activities, investment opportunities and capital raising initiatives, including JV formation, being explored by the REIT.

Other finance costs

Other finance costs for the three months ended March 31, 2021 and 2020 consisted of the following:

OTHER FINANCE COSTS			
	Three months ended March 31,		
	2021	2020	Variance
Distributions on Exchangeable Units	$ 342	$ 2,475	$ 2,133
Loss (gain) on revaluation of financial liabilities	4,082	2,702	(1,380)
Amortization of deferred financing costs	4,057	1,246	(2,811)
Amortization of marked to market adjustment	(97)	(291)	(194)
Fair value adjustment of Convertible Debentures	(2,650)	(26,210)	(23,560)
Fair value adjustment of Exchangeable Units	564	(88,351)	(88,915)
Total Finance Costs	**$ 6,298**	**$(108,429)**	**$ (114,727)**

Loss on revaluation of financial liabilities

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

For the three months ended March 31, 2021, accretion expense of $4.1 million (for the three months ended March 31, 2020 - expense of $2.7 million). The increase in accretion expense for the three months ended March 31, 2021, is related to the increase in the annual inflation rates in Brazil. The annual inflation rate for March 31, 2021 was 6.10% as compared to 3.30% for March 31, 2020.

Amortization of deferred financing costs

For the three months ended March 31, 2021, the REIT recorded amortization of deferred financing fees of $4.1 million (for the three months ended March 31, 2020 - $1.2 million). The increase in amortization during three months ended March 31, 2021 is primarily attributable to amortization on the UK debt which was assumed in August 2020, new debt assumed due to acquisition activity in Europe and accelerated amortization on debt which was refinanced as a result of the dispositions in Australia and Europe that occurred during 2020.

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 closing prices of the REIT's Convertible Debentures at each quarter end for the last six quarters:

CLOSING PRICE OF CONVERTIBLE DEBENTURES						
	Mar-21	Dec-20	Sept-20	Jun-20	Mar-20	Dec-19
Month-end closing price (Canadian $)						
NWH.DB.E	1,021.6	1,025.0	1,019.9	1,010.0	975.6	1,043.3
NWH.DB.F	1,018.0	1,040.0	1,015.0	1,000.2	960.0	1,057.6
NWH.DB.G	1,055.0	1,060.0	1,030.0	1,002.5	950.0	1,059.8

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

Foreign exchange gain (loss)

The REIT and its subsidiaries financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing balance sheet rate. For the three months ended March 31, 2021, the REIT recorded a foreign exchange gain of $12.5 million, which includes realized exchange $2.8 million loss. The REIT's unrealized foreign exchange gain (loss) for three months ended March 31, 2021, relates primarily to revaluation of third-party debt and intercompany loans between subsidiaries of the REIT that are denominated in foreign currencies. For the three months ended March 31, 2021, the REIT recorded a realized foreign exchange loss of $2.8 million, related to refinancing activities in Vital Trust.

See also **FOREIGN EXCHANGE AND CURRENCY MANAGEMENT.**

Fair value adjustment of DUP Liability

Under IFRS, the REIT's unit-based deferred unit compensation liability ("**DUP Liability**") is measured at fair value each reporting period. The fair value of the DUP Liability mirrors the trading price of the REIT Trust Units for deferred units exchangeable into REIT Trust Units, and the trading price of Vital Trust units for deferred units exchangeable into Vital Trust units.

The fair value adjustment on revaluation of the DUP Liability for the three months ended March 31, 2021 was a loss of $0.6 million, as compared to a gain of $3.9 million for the three months ended March 31, 2020. The change in the fair value adjustment related to the DUP liability over the comparable prior year periods reflects changes in the trading price of the REIT's Trust Units and Vital Trust's units during the period.

Fair value adjustment of investment properties

For the three months ended March 31, 2021, the REIT recorded a fair value gain on investment properties of $22.3 million consisting of a $12.6 million revaluation increase of the Brazil portfolio, a $1.7 million revaluation gain of the European portfolio, a $10.0 million increase in the Vital Trust investment properties and a revaluation loss related to the Canadian and Australian portfolios of $1.3 million and $0.6 million, respectively. The revaluation of the Brazil portfolio during the three months ended March 31, 2021 is driven by rental growth resulting from the change in the IPCA index across all assets. The revaluation gain on the European portfolio during the three months ended March 31, 2021 is driven primarily by changes to valuation parameters for the German MOB portfolio partially offset by revaluation of the UK portfolio driven primarily by slight changes to valuation parameters. The increase in the Vital Trust relates to rental growth and rentalisation of development costs. The revaluation loss in Canada is primarily driven by slight changes in valuation parameters mostly in western Canada. and the revaluation loss in Australia relates to straight line adjustments.

See also **INVESTMENT PROPERTIES**.

Gain/Loss on derivative financial instruments

Gain/loss on derivative financial instruments for the three months ended March 31, 2021 and 2020 consisted of the following:

GAIN (LOSS) ON DERIVATIVE FINANCIAL INSTRUMENTS			
Expressed in thousands of Canadian dollars	Three months ended March 31,		
	2021	2020	Variance
Canada			
Interest rate swaps	$ 311	$ (1,548)	$ 1,859
Europe			
Interest rate swaps	831	(477)	1,308
Australasia			
Interest rate swaps	15,714	(12,164)	27,878
Option contracts	(1,356)	—	(1,356)
Foreign exchange contracts	(11)	369	(380)
Total gain (loss) on derivative financial instruments	**$ 15,489**	**$ (13,820)**	**$ 29,309**

On December 24, 2020, the REIT together with a capital partner, has entered into option agreements to acquire a strategic interest of approximately 16% of the units in Australian Unity Healthcare Property Trust ("AUHPT"). The derivative financial instruments were recognized during the first quarter of 2021 upon exchange of consideration with arms-length party. The arrangement between the REIT and its Australian JV partner has been recognized as a separate derivative under financial liabilities from the call/put option.

Income tax expense

The combined current tax and deferred tax expense of the REIT for the three months ended March 31, 2021 was $15.9 million.

For the three months ended March 31, 2021, the REIT recognized current income tax expense of $2.8 million (three months ended March 31, 2020 - $17.1 million). The current taxes relate primarily to withholding tax in Australia and Brazil of $0.5 million and $0.3 million, respectively, $1.5 million in Europe related to the UK portfolio, $2.1 million tax recovery at Vital Trust primarily related to an increase in foreign tax credits, and $2.6 million by Global Asset Manager on management fees earned.

The deferred tax expense for the three months ended March 31, 2021 of $13.1 million (for the three months ended March 31, 2020 - $13.5 million) was primarily comprised of the deferred tax expense in Australia of $0.5 million, $7.4 million at Vital Trust as a result of fair value adjustments and movement in interest rate derivatives, a deferred tax expense related to Brazil of $5.2 million related to fair value adjustments, partially offset by a deferred tax recovery of $0.1 million in Europe.

NET OPERATING INCOME

NOI is an additional IFRS measure of the REIT's operating performance. NOI is defined as income from properties after operating expenses have been deducted, computed in accordance with IFRS, but before deducting interest expense, finance costs, depreciation and amortization expense, general and administrative expenses, income taxes, leasehold improvement and leasing costs, and unrecoverable capital costs. The REIT uses NOI to assess its property operating performance on an unleveraged basis. Same Property NOI for the three months ended March 31, 2021 represents income from currently owned investment properties, excluding properties held for redevelopment, acquired prior to January 1, 2020.

The REIT's same property NOI for the three months ended March 31, 2021 and 2020 is summarized in the tables below in Canadian dollars and in constant currency:

SAME PROPERTY NOI

In thousands of CAD	Three months ended March 31,		
	2021	**2020**	**Var %**
Same property NOI (1)			
Canada	$ 16,044	$ 16,862	(4.9)%
Brazil	10,272	12,863	(20.1)%
Europe	5,261	5,019	4.8 %
Vital Trust - New Zealand	22,966	19,707	16.5 %
Australia	2,721	2,444	11.3 %
Same property NOI (1)	**$ 57,264**	**$ 56,895**	**0.6 %**
Developments	235	164	
Acquisitions	12,467	3,274	
Dispositions	190	11,975	
Intercompany/Elimination	408	338	
NOI (2)	**$ 70,564**	**$ 72,646**	**(2.9)%**

Notes:
(1) Same property NOI is a non-IFRS measure, defined in this MD&A.
(2) NOI is an additional IFRS measure presented on the consolidated statement of income (loss) and comprehensive income (loss). NOI is defined in this MD&A.

ADJUSTED SAME PROPERTY NOI

In thousands of CAD	Three months ended March 31,			
	2021	**2020**	**Var $**	**Var %**
Same property NOI (1)	$ 57,264	$ 56,895	$ 369	0.6 %
Adjustments				
Straight-line rental revenue recognition	(35)	(675)	640	
Amortization of operating leases	83	92	(9)	
Lease termination fees	(31)	(6)	(25)	
Other transactions	377	218	159	
Adjusted same property NOI (2)	**$ 57,658**	**$ 56,524**	**$ 1,134**	**2.0 %**

Notes:
(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A.
(2) Adjusted same property NOI is a non-IFRS measure defined in this MD&A.

CONSTANT CURRENCY ADJUSTED SAME PROPERTY NOI

In thousands of CAD, in constant currency	Three months ended March 31,		
	2021	2020	Var %
Adjusted same property NOI (1)			
Canada	$ 17,244	$ 16,906	2.0 %
Brazil	10,272	9,862	4.2 %
Europe	5,263	5,186	1.5 %
Vital Trust - New Zealand	22,718	21,189	7.2 %
Australia	2,161	2,118	2.0 %
Constant currency Adjusted SPNOI (2)	**$ 57,658**	**$ 55,261**	**4.3 %**

Notes:
(1) These include adjustment for straight-line rental revenue recognition, lease termination fees and allowance for doubtful accounts.
(2) The constant currency adjusted same property NOI change is calculated by converting the comparative same property NOI at current FX rates.

Consolidated

The REIT's Adjusted Same Property NOI in constant currency for three months ended March 31, 2021 increased by 4.3% over the comparable prior year period mainly due to inflationary adjustments on rents and rentalization of development activity reflecting a steady growth in our underlying lease rentals additionally supported by a long term wale of 14.3 years.

The REIT's Same Property NOI in constant currency for the three months ended March 31, 2021 were at 2.8% over the comparable prior year period mainly due to inflationary adjustments on rents and rentalization of development activity offset by impact of COVID-19 related transient parking, cost and prior period recovery adjustments and straight-line rent adjustment as a result of retroactive rent reviews.

Canada

Adjusted same property NOI (adjustments include COVID-19 impact relating to lower transient parking) for the three months ended March 31, 2021 increased by 2.0% over the comparable prior year period mainly driven by higher rental income and lower non-recoverable costs.

Same Property NOI for the three months ended March 31, 2021 decreased by 4.9% over the comparable prior year period, primarily due to impact of COVID-19 on transient parking income; offset partially by increase in rental income and decrease in non-recoverable costs.

Brazil

Adjusted Same Property and Same Property NOI for the three months ended March 31, 2021 on a constant currency basis increased by 4.2% (decreased by 20.1% in Canadian dollars after including impact of currency conversion) over the comparable prior year period mainly due to inflationary adjustment on rents of approximately 3.5%. The remaining increase is primarily attributable to the rentalization of the expansion at HMB (see **Development Activity**) and Sabara Q2 2020 rent adjustment.

Europe

Adjusted Same Property NOI for the three months ended March 31, 2021 on a constant currency basis, increased by 1.5% (increased by 4.7% in Canadian dollars after including impact of currency conversion) over the comparable prior year period reflecting growth in rental revenue and indexation increases.

Same Property NOI for the three months ended March 31, 2021 on a constant currency basis by 1.6% (increased by 4.8% in Canadian dollars after including impact of currency conversion) over the comparable prior year period, reflecting growth in rental revenue and indexation increases and prior period recovery adjustments.

Vital Trust

Adjusted Same Property NOI for the three months ended March 31, 2021 on a constant currency basis over the comparable prior year period increased by 7.2% (increased by 14.6% in Canadian dollars after including impact of currency conversion) over the comparable prior year period driven by indexed rental increases and development rentalization.

Same Property NOI for the three months ended March 31, 2021 on a constant currency basis increased by 9.0% (increased by 16.5% in Canadian dollars after including impact of currency conversion) over the comparable prior year period, driven by indexed rental increases, development rentalization, favorable exchange movement Australia dollar to New Zealand dollar partly offset by softening CPI, Ascot & Apollo vacancies and Southport renewal reversion.

Australia

Adjusted Same Property NOI for the three months ended March 31, 2021 on a constant currency basis over the comparable prior year period increased by 2.0% (increased by 13.2% in Canadian dollars after including impact of currency conversion) driven mainly by indexed rental increases.

Same property NOI for the three months ended March 31, 2021 on a constant currency basis by 0.4% (increased by 11.3% in Canadian dollars after including impact of currency conversion) over the comparable prior year period, driven by straight-line rent adjustment as a result of dispositions into JV.

LEASING

Lease Maturities

The REIT's asset diversification is complemented by a long term maturity profile, with a weighted average lease expiry of 14.3 years as at March 31, 2021. Below is a table of the percentage of leases of expiring by year by region.

	2021	2022	2023	2024	2025	2026	2027	2028	Thereafter	**Total**
Canada	7.2%	13.0%	14.6%	9.1%	9.0%	9.5%	7.4%	5.7%	24.5%	**100.0%**
Brazil	—%	—%	—%	8.4%	—%	—%	—%	—%	91.6%	**100.0%**
Europe (1)	2.1%	7.2%	3.5%	2.9%	4.3%	4.6%	1.6%	1.6%	72.2%	**100.0%**
Australasia (2)	0.9%	0.7%	4.2%	1.8%	1.7%	5.1%	0.2%	2.9%	82.5%	**100.0%**
Total Portfolio	2.5%	5.1%	5.7%	4.5%	3.8%	5.3%	2.1%	2.8%	68.2%	**100.0%**

(1) Europe is shown at 100% ownership for assets held as part of Joint Venture Agreements ("JV"). The REIT owns 30%-33.57% interest in the JV.

(2) Australia is shown at 100% ownership for assets held as part of Joint Venture Agreements ("JV"). The REIT owns 30% interest in the JV.

The REIT's expiry profile benefits from its Brazilian Hospitals, Australian Hospitals and European Clinic properties which are subject to long term leases. The eight Brazil hospitals are each occupied by single tenants that are leading hospital operators, and have leases expiring between September 30, 2024 and November 14, 2043. The European Clinic properties are occupied by single tenants with an average WALE of 12.5 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 19.2 years and the Australian portfolio which has a WALE of 17.0 years.

The below table summarizes the REIT's WALE allocated by asset type as at March 31, 2021:

	Asset Mix		**WALE (in years)**		
	MOB	**Hospitals & Healthcare Facilities**	**MOB**	**Hospitals & Healthcare Facilities**	**Total**
Canada[1]	100 %	— %	5.1	—	**5.1**
Brazil	— %	100 %	—	19.4	**19.4**
Europe	58 %	42 %	5.9	12.5	**15.0**
Vital[1]	23 %	77 %	8.7	20.5	**19.2**
Australia[2]	26 %	74 %	12.4	18.1	**17.0**

Notes

1 Excluding development projects.

2 Australia is shown at 100% ownership for assets held as part of Joint Venture Agreements ("JV"). The REIT owns 30% interest in the JV.

Lease Indexation

As at March 31, 2021, over 75.9% of the REIT's rental income (98.3% of the International Portfolio) is subject to inflationary adjustments and market reviews. The below table summarizes the percentage of revenue by region which receives the benefit of regular inflationary adjustments:

Revenue Subject to Inflationary/Market Based Adjustments	
As at March 31, 2021	**% of Revenue** [1]
Canada	2.2%
Brazil	100.0%
Europe	94.7%
Vital	99.6%
Australia [2]	99.5%
International Total/Weighted Average	**98.3%**
Portfolio Total / Weighted Average	**75.9%**

Notes

(1) Includes revenue which is subject to inflationary adjustments and market reviews.

(2) Australia is shown at proportionate share ownership for assets held as part of Joint Venture Agreements ("JV"). The REIT owns 30% interest in the JV.

Leasing Activity

LEASING ACTIVITY						
	Three months ended March 31, 2021					
in thousands of square feet	**Canada**	**Brazil**	**Europe** [(1)]	**Vital Trust** [(2)]	**Australia**	**Total**
Opening Occupancy	91.8%	100.0%	97.6%	98.7%	99.3%	97.1%
Opening Balance	3,347	1,879	4,160	2,675	2,974	15,035
Acquisition	—	—	59	—	—	59
Disposition	(39)	—	—	—	—	(39)
Transfers from/(to) Properties under Development	—	—	—	24	—	24
Expiries and Early Terminations	(136)	—	(248)	(202)	(1)	(587)
Renewal	95	—	212	200	1	508
New Leasing	21	—	16	—	3	40
Other [(3)]	6	—	3	9	—	19
Closing Balance	3,294	1,879	4,202	2,706	2,977	15,059
Closing Occupancy	**91.9%**	**100.0%**	**97.1%**	**98.7%**	**99.4%**	**97.0%**

Notes

(1) Europe is shown at 100% ownership for assets held as part of Joint Venture Agreements ("JV"), including both German and Netherlands Seed Portfolios. The REIT owns 33.57% and 30% interest, respectively in these JV portfolios.

(2) Shown on a 100% basis. The REIT has an approximate 26% interest in Vital Trust and acts as manager of Vital Trust, it therefore consolidates Vital Trust.

(3) Other includes Remeasurements and Month-to-Month leases.

Canada

During the quarter, the REIT completed 95 thousand square feet of renewal leasing representing a 85% renewal rate. The REIT completed the renewals at an initial net rent of $17.48 per square foot versus an expiring net rent per square foot of $17.87 per square foot, a decrease of $0.39 per square foot or 2.2%. The decrease was mainly driven by the market conditions in the West region.

During the quarter, the REIT also completed 21 thousand square feet of new leasing at an initial net rent of $12.19 per square foot. The low rate was the result of a number of new leases completed in lower rent market in Atlantic Canada.

Expiring net rent decreased slightly to $18.40 per square foot in the first quarter 2021, from $18.44 per square foot in the fourth quarter of 2020. This was primarily attributable to the lower net rent in the West region.

EXPIRING NET RENT ($PSF)		
March 31, 2021		
	Canada	
Month-to-Month	$	12.62
2021	$	15.01
2022	$	15.86
2023	$	15.24
2024	$	17.69
2025	$	20.43
2026+	$	20.86
Total Expires	**$**	**18.40**

Brazil

The REIT's Brazil properties are subject to long term leases (portfolio WALE of 19.4 years). There was no leasing activity during the quarter.

Europe

During the quarter, the REIT completed 212 thousand square feet of renewal leasing representing an 85.1% renewal rate. These renewals were completed at an initial net rent of €10.68 per square foot versus an expiring net rent per square foot of €10.52, an increase of 1.5%.

During the quarter, the REIT completed 16 thousand square feet of new leasing at an initial net rent of €9.30.

EXPIRING NET RENT (€PSF)	
March 31, 2021	
	Europe
Month-to-Month	€ 6.38
2021	11.20
2022	11.99
2023	12.17
2024	11.42
2025	13.03
2026+	7.51
Total Expires	**€ 8.64**

Vital Trust

Vital Trust's properties are generally subject to long term leases. During the quarter, Vital Trust completed 200 thousand square feet representing a 99.1% renewal rate. 191 thousand square feet was a 5-year renewal secured with Health Care at South Eastern Private Hospital and Lingard Private Hospital. The renewals were a result of tenants exercising their renewal options and were completed at an initial net rent per square foot of NZ$63.11 versus expiring net rent of NZ$62.53, an increase of 0.9%. There were no new leases during the quarter.

Australia

The Australian portfolio is generally subject to long term leases, and as such there was no material leasing activity.

FUNDS FROM OPERATIONS ("FFO")

FFO is a supplemental non-IFRS industry wide financial measure of a REIT's operating performance. The REIT calculates FFO based on certain adjustments to net income (computed in accordance with IFRS) as detailed below. Other adjustments may be made to FFO as determined by management at their discretion. REALpac has established a standardized definition of FFO in a White Paper dated February 2019 ("**REALpac Guidance**"). The REIT's FFO definition differs from the REALpac Guidance in that the REIT excludes the revaluation of financial liabilities, convertible debenture issuance costs, all transaction costs, and other FFO adjustments discussed in (x) below in its calculation of FFO.

FUNDS FROM OPERATIONS

Expressed in thousands of Canadian dollars, except per unit amounts	Three months ended March 31,		
	2021	**2020**	**Variance**
Net income (loss) attributable to unitholders	**$ 52,957**	**$ 114,717**	**$ (61,760)**
Add / (Deduct):			
(i) Fair market value losses (gains)	(39,296)	(99,399)	60,103
Less: Non-controlling interests' share of fair market value losses (gains)	19,662	(2,532)	22,194
(ii) Finance cost - Exchangeable Unit distributions	342	2,475	(2,133)
(iii) Revaluation of financial liabilities	4,082	2,702	1,380
(iv) Unrealized foreign exchange loss (gain)	(15,276)	7,442	(22,718)
Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	1,404	870	534
(v) Deferred taxes	13,088	(13,476)	26,564
Less: Non-controlling interests' share of deferred taxes	(5,487)	1,374	(6,861)
(vi) Transaction costs	4,245	31,509	(27,264)
Less: Non-controlling interests' share of transaction costs	(167)	(5,084)	4,917
(vii) Net adjustments for equity accounted investments	1,244	(4,065)	5,309
(viii) Internal leasing costs	845	824	21
(ix) Net adjustment for lease amortization	(84)	(65)	(19)
(x) Other FFO adjustments	771	1,056	(285)
Funds From Operations ("FFO") (1)	**$ 38,330**	**$ 38,348**	**$ (18)**
FFO per Unit - Basic	$ 0.21	$ 0.22	$ (0.01)
FFO per Unit - fully diluted (3)	$ 0.20	$ 0.21	$ (0.01)
Adjusted weighted average units outstanding (2)			
Basic	184,349,757	176,400,438	7,949,319
Diluted (3)	208,067,475	199,638,328	8,429,147

Notes

(1) FFO is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. FFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO as reported by other such issuers. FFO is defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(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 and diluted per unit measure that includes the Class B LP Units in basic and diluted units outstanding/weighted average units outstanding. There were 1,710,000 Class B LP Units outstanding as at March 31, 2021 and 1,710,000 outstanding as at March 31, 2020.

(3) Diluted units includes vested but unissued deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual conversion price. Convertible Debentures are dilutive if the interest (net of tax and other changes in income or expense) per unit obtainable on conversion is less than the basic per unit measure.

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

(i) Fair market value losses (gains)

FAIR MARKET VALUE LOSSES (GAINS)			
Expressed in thousands of Canadian dollars	Three months ended March 31,		
	2021	2020	Variance
Fair market value losses (gains)			
Fair value adjustment of Convertible Debentures	$ (2,650)	$ (26,210)	$ 23,560
Fair value adjustment of Exchangeable Units	564	(88,351)	88,915
Fair value adjustment of investment properties	(22,320)	5,234	(27,554)
Loss (Gain) on derivative financial instruments	(15,489)	13,820	(29,309)
Fair value adjustment of DUP liability	599	(3,892)	4,491
Total	**$ (39,296)**	**$ (99,399)**	**$ 60,103**

Additional details are below:

a. 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. Consistent 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).

b. Exchangeable Units and DUP Liability

Under IFRS the REIT's Exchangeable Units and DUP Liability are classified as financial liabilities and any related unrealized fair value changes in re-measuring the financial liability impact net income. Consistent 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 DUP Liability have been added back to the REIT's net income (loss).

c. 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 sheet 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. Consistent 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).

d. 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. Consistent 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).

(ii) **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. Consistent 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).

(iii) **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 consistent with REALpac Guidance, the REIT believes the adjustment is consistent with industry practice.

(iv) **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 rate. The REIT's unrealized foreign exchange movements for the periods relate primarily to the revaluation of the Australasian debt which are denominated in Australian and/or New Zealand dollars and held by a Canadian and/or New Zealand subsidiary of the REIT, and revaluation of short-term loans with subsidiaries of the REIT that are denominated in a different source currency than the functional currency of the subsidiary. Consistent with REALpac Guidance, the unrealized foreign exchange movements on the indebtedness and intercompany transactions have been added back to the REIT's net income.

(v) **Deferred taxes**

Under IFRS, the REIT has recorded deferred tax liabilities in Europe, Brazil, Australian and Vital Trust arising primarily due to the difference between the book value and tax cost of its investment properties. Consistent 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 to its net income (loss).

(vi) **Transaction costs**

Under IFRS the REIT expenses transaction costs related to acquisitions which have been determined to be business combinations and business development costs. In accordance with the 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 to transaction costs related to business combinations, the REIT also adds back to net income (loss) internally allocated and third party transaction costs related to disposition activities, 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 and other capital raising initiatives being explored by the REIT, which are not contemplated in the REALpac Guidance.

(vii) Net adjustments for equity accounted investments

Under IFRS the REIT's investment in joint ventures is accounted for using the equity method of accounting. As such, the REIT's share of post acquisition net income (loss) was recognized in its net income (loss), and its share of post-acquisition movements in other comprehensive income (loss) was recognized in other comprehensive income (loss). Consistent 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, the REIT's share of its equity accounted investment's post-acquisition net income (loss) is added/(deducted) to/(from) net income and FFO is presented after including the REIT's proportionate share of the equity accounted investment's FFO.

Funds From Operations of Equity Accounted Investments

Expressed in thousands of Canadian dollars	Three months ended March 31, 2021	2020	Variance
Share of profit (loss) of Equity Accounted Investments	$ 6,145	$ 7,518	$ (1,373)
Add/(Deduct):			
Fair market value losses (gains)	835	(4,065)	4,900
Deferred taxes	210	—	210
Non-recurring transaction costs	199	—	199
Net FFO Adjustment for Equity Accounted Investments	**$ 1,244**	**$ (4,065)**	**$ 5,309**
Proportionate share of Equity Accounted Investments FFO	**$ 7,389**	**$ 3,453**	**$ 3,936**

(viii) 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. Consistent 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 in determining FFO.

(ix) Amortization of finance leases

Consistent 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.

(x) Other FFO adjustments

For the three months ended March 31, 2021, other FFO adjustments relate to non-recurring advisory fees.

The above adjustments 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 calculates AFFO as FFO, plus/minus certain adjustments as detailed below. Other adjustments may be made to AFFO as determined by management at their discretion.

In February 2019, REALpac issued an amended White Paper with recommendations for the calculation of AFFO. The REIT's AFFO definition differs from the recently-issued REALpac Guidance in that the REIT excludes the revaluation of financial liabilities, amortization of transactional deferred financing charges, debt mark-to-market adjustments, DUP compensation expense, and debt repayment costs in its AFFO calculations.

ADJUSTED FUNDS FROM OPERATIONS

Expressed in thousands of Canadian dollars, except per unit amounts	Three months ended March 31,		
	2021	**2020**	**Variance**
FFO (1)	**$ 38,330**	**$ 38,348**	**$ (18)**
Add / (Deduct):			
(i) Amortization of marked to market adjustment	(97)	(291)	194
(ii) Amortization of transactional deferred financing charges	759	206	553
(iii) Straight-line revenue	437	(183)	620
Less: non-controlling interests' share of straight-line revenue	(408)	(161)	(247)
(iv) Leasing costs and non-recoverable maintenance capital expenditures	(2,615)	(2,796)	181
Less: non-controlling interests' share of actual capex and leasing costs	130	—	130
(v) DUP Compensation Expense	1,658	1,074	584
(vi) Debt repayment costs	30	19	11
(vii) Net adjustments for equity accounted investments	(200)	(9)	(191)
Adjusted Funds From Operations ("AFFO") (1)	**$ 38,024**	**$ 36,207**	**$ 1,817**
AFFO per Unit - Basic	$ 0.21	$ 0.21	$ —
AFFO per Unit - fully diluted (3)	$ 0.20	$ 0.20	$ —
Distributions per Unit - Basic	$ 0.20	$ 0.20	$ —
Adjusted weighted average units outstanding: (2)			
Basic	184,349,757	176,400,438	7,949,319
Diluted (3)	208,067,475	199,638,328	8,429,147

Notes

(1) FFO and AFFO are not measures recognized under IFRS and does not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. FFO and AFFO are defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(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 and diluted per unit measure that includes the Class B LP Units in basic and diluted units outstanding/weighted average units outstanding. There were 1,710,000 Class B LP Units outstanding as at March 31, 2021 and 1,710,000 outstanding as at March 31, 2020.

(3) Diluted units includes vested but unissued deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual conversion price. Convertible Debentures are dilutive if the interest (net of tax and other changes in income or expense) per unit obtainable on conversion is less than the basic per unit measure.

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

(i) **Amortization marked to market adjustment**

Under IFRS, the REIT has amortized the debt premium on mortgages assumed at fair value on acquisition. As the amortization is a non-cash item, the REIT has included an adjustment in AFFO.

(ii) **Amortization of transactional deferred financing charges**

Under IFRS, the REIT has recorded amortization of deferred financing charges. The REIT believes the amortization of deferred financing charges to be a proxy for the financing fees incurred over the term of the related debt and thus does not make an adjustment to AFFO for amortization financing charges, except for the amortization of fees 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.

(iii) **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. Consistent with the REALpac Guidance, to account for the non-cash nature of these differences the REIT has included an adjustment in AFFO.

(iv) **Leasing costs and non-recoverable maintenance capital expenditures**

In Canada 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. As a result the REIT uses a reserve of 6% of revenue from the medical office properties in Canada 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.

For additional information see **Leasing Costs and Capital Expenditures.**

(v) **DUP Compensation Expense**

The REIT's unit-based deferred unit compensation expense is measured at the service commencement date, based on the fair market value of a REIT Trust Unit or Vital Trust unit, as applicable, and this value is amortized to income over the vesting period ("DUP Compensation Expense"). Unit-based compensation does not qualify as an equity award and is classified as a liability. As a result the DUP Liability is measured at fair-value every reporting period, based on the fair market value of a REIT Trust Unit or Vital Trust unit at the reporting date, and the change in fair value is also recognized in income.

The period over period change in fair value of the DUP Liability is added back to income when determining FFO in accordance with REALpac Guidance. However, as the DUP Compensation Expense may be settled units, at the REIT's option, the REIT has added back DUP Compensation Expense to income when determining AFFO.

(vi) **Debt repayment costs**

For the three months ended March 31, 2021, the REIT incurred debt repayment costs of related to the refinancing of a corporate facility.

(vii) **Net adjustments for equity accounted investments**

Under IFRS the REIT's investments in associate are accounted for using the equity method of accounting. As such, the REIT's share of its associate's post acquisition net income (loss) was recognized in its net income (loss), and its share of post-acquisition movements in other comprehensive income (loss) was recognized in other comprehensive income (loss). In order to enhance the usefulness and comparability of AFFO as a supplemental measure of the operating performance of the REIT, the REIT's share of its equity accounted investment's post acquisition net income (loss) is added/(deducted) to/(from) net income and AFFO is presented after including the REIT's proportionate share of the equity accounted investment's AFFO.

Adjusted Funds From Operations of Equity Accounted Investments

Expressed in thousands of Canadian dollars	Three months ended March 31,		
	2021	**2020**	**Variance**
Proportionate share of Equity Accounted Investments FFO	**$ 7,389**	**$ 3,453**	**$ 3,936**
Add / (Deduct):			
Amortization of deferred financing charges	9	—	9
Straight-line revenue	(118)	(9)	(109)
Leasing costs and non-recoverable maintenance capital expenditures	(91)	—	(91)
Net AFFO adjustment	**$ (200)**	**$ (9)**	**$ (191)**
Proportionate share of Equity Accounted Investments AFFO	**$ 7,189**	**$ 3,444**	**$ 3,745**

NORMALIZED AFFO

In the schedule below we present the REIT's reported AFFO as well as the REIT's Normalized AFFO (both defined in **PART I - BASIS OF PRESENTATION - PERFORMANCE MEASUREMENT**). Normalized AFFO provides, in management's view, an annualized view of the REIT's AFFO, adjusted for the full year effect of transactions occurring in the current quarter, transactions that have occurred subsequent to the quarter, and adjusted for other items management believes are non-recurring or seasonal in nature and estimated based on management's expectations on a normalized level of activity.

The below Normalized AFFO information is not necessarily indicative of what the REIT's financial position or results of operations will be in future periods. Certain of the adjustments in the table above may be considered to be forward-looking in nature, including, without limitation, the estimated impact of increased revenues due to accrued indexation on Brazil leases, increased management fees expected to be earned by the ANZ Manager, interest savings resulting from debt optimization both during and subsequent to quarter end, and items relating to expected amounts for normalized revenues and general and administrative expenses. As a result, the discussion in this section is qualified in its entirety by the forward-looking statements set out under **PART I - BASIS OF PRESENTATION - FORWARD-LOOKING INFORMATION ADVISORY**.

Expressed in thousands of Canadian dollars, except per unit amounts	Q1 2021	Q1 2021 Per Unit	Q1 2021 Annualized	Annualized Per Unit
AFFO as reported	**$ 38,024**	**$ 0.21**	**$ 152,096**	
Normalization adjustments:				
(1) Acquisition and disposition activities			14,525	
(2) Accrued FX and indexation related to Brazil and HSO leases			1,652	
(3) ANZ manager base management fee			531	
(4) Interest expenses on completed financing activities during the quarter			7,418	
(5) Potential debt optimization post quarter			10,943	
(6) On-going developments			3,133	
Normalized AFFO on an annualized basis			**$ 190,298**	**$ 0.92**
Weighted average units outstanding during the current three month reporting period (000s)				184,350
(7) Normalization adjustment				23,133
Normalized Units Outstanding (000s)				207,483

Details of adjustments from AFFO to Normalized AFFO are as follows:

(1) To reflect the impact of the REIT's net investment activity completed during and post quarter as disclosed in **HIGHLIGHTS FOR THE QUARTER**, **SUBSEQUENT EVENTS** and **INVESTMENT PROPERTIES,** and investments activity for which close was still pending at reporting date.

(2) To reflect the estimated impact of an increase in inflation (IPCA) indexation on current net rents of Brazilian leases based on the actual YTD IPCA of 2.1% and Q1 2021 average exchange rates and the impact of contractual rent growth from HSO.

(3) To annualize the impact of recurring asset management and property management fees recorded by the Global Manager. Fees also reflect recurring base fees on acquisitions still pending at reporting date.

(4) To reflect the impact of the REIT's net financing activity completed during and post quarter as disclosed in **HIGHLIGHTS FOR THE QUARTER**, **SUBSEQUENT EVENTS** and **CAPITALIZATION AND LIQUIDITY** as summarized below:

Expressed in thousands of Canadian dollars	Value	Interest Rate %	Normalized interest expense	Reported interest expense	Quarterly interest savings (Expense)	Annualized interest savings (expense)
Adjustments to reflect full quarter activity:						
Corporate credit facility repayment	(204,000)	5.70 %	2,905	1,051	1,855	7,418
Total	**$(204,000)**	**5.70 %**	**$ 2,905**	**$ 1,051**	**$ 1,855**	**7,418**

(5) To reflect the estimated impact of debt optimization that occurred post-quarter and potential future debt optimization as summarized below:

Debt Optimization Expressed in thousands of Canadian dollars	Value	Interest Rate %	Normalized interest expense	Reported interest expense	Quarterly interest savings	Annualized interest savings
Adjustments to reflect potential debt optimization post quarter:						
Repayment of high cost debt	$(92,640)	3.00 %	—	695	695	2,779
Repayment of Convertible Debentures	$(155,500)	5.25 %	—	2,041	2,041	8,164
Total	**$(248,140.(**		**$ —**	**$ 2,736**	**$ 2,736**	**$ 10,943**

(6) To reflect the estimated impact of the completion of Canadian and Australian development activity as discussed under **DEVELOPMENT ACTIVITY.**

(7) To adjust unit count to period end number of units outstanding.

DISTRIBUTIONS

For the three months ended March 31, 2021, the REIT declared a total of $37.9 million in distributions, including distributions on Exchangeable Units (three months ended March 31, 2020 - $35.6 million). These distributions reflect an annualized distribution rate of $0.80 per unit per annum (three months ended March 31, 2020 - $0.80 per unit per annum).

Distribution Reinvestment Plan

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

During the three months ended March 31, 2021, a total of 443,537 trust units were issued under the DRIP (three months ended March 31, 2020, a total of 383,495 Trust Units).

For the three months ended March 31, 2021 the REIT's DRIP participation rate was 14.5%, respectively (three months ended March 31, 2020 - 13.5%).

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 and cash distributions, in accordance with the guidelines:

DIFFERENCES BETWEEN CASH FLOWS FROM OPERATIONS/NET INCOME AND CASH DISTRIBUTIONS

Expressed in thousands of Canadian dollars	Three months ended March 31,			
		2021		2020
Net income (loss) attributable to unitholders	$	52,957	$	114,717
Add: Finance cost - Exchangeable Unit distributions		342		2,475
Adjusted net income (loss)	$	53,299	$	117,192
Cash flows from operating activities attributable to unitholders	$	28,842	$	43,447
Distributions paid and payable				
Trust Units	$	37,527	$	33,089
Exchangeable Units		342		2,475
	$	37,869	$	35,564
Surplus (shortfall) of adjusted net income (loss) attributable to unitholders over distributions paid and payable	$	15,430	$	81,628
Surplus (shortfall) of cash flows from operating activities attributable to unitholders over distributions paid and payable	$	(9,027)	$	7,883

During the three months ended March 31, 2021, there was a shortfall in cash flows from operating activities attributable to unitholders over distributions paid and payable of $9.0 million. The shortfall is mainly as result of timing differences in working capital, interest accruals and payments for the convertible debentures which are reported under cash flows from operating activities in the financial statements. Cash flows from operating activities attributable to unitholders also excludes the distribution income from the REIT's investments in its JVs. The distributions earned from its JV investments are considered by management to be an integral part of the REIT's cash flow from operations due to the strategic nature of the equity invested. Remaining shortfall were financed by DRIP. As demonstrated in the table below, cash flows from operating activities, adjusted for the aforementioned were sufficient to fund distributions paid and payable to unitholders for three months ended March 31, 2021.

ADJUSTED CASH SURPLUS (SHORTAGE) FROM OPERATING ACTIVITES TO DISTRIBUTIONS

Expressed in thousands of Canadian dollars	Three months ended March 31,			
		2021		2020
Surplus (shortfall) of cash flows from operating activities attributable to unitholders over distributions paid and payable	$	(9,027)	$	7,883
Add: Value of Trust Units issued pursuant to the DRIP		5,528		11,207
Add: Distribution income from equity accounted associates		6,714		2,973
Distributions paid and payable	$	3,215	$	22,063

During the three months ended March 31, 2021, there was $5.5 million, in value of Trust Units issued under the DRIP (three months ended March 31, 2020, there was $11.2 million). While reducing the cash required to settle the REIT’s distributions, the Trust Units issued, pursuant to the DRIP, may in future result in additional cash distributions, should the holders of these Trust Units opt out of the DRIP.

See section **PART IV - CAPITALIZATION AND LIQUIDITY**.

For the three months ended March 31, 2021, the REIT had a surplus between adjusted net income and distributions paid to unitholders of $15.4 million. Adjusted net income attributable to unitholders for the period reflects material non-cash items such as fair value adjustments to investment properties, financial instruments and deferred taxes, which do not impact cash flows and are not considered in the REIT's distribution policy. In establishing distribution payments, the REIT does not take fluctuations in working capital into consideration.

In assessing its distribution policy, the REIT considers not only cash flows from operating activities (attributable to unitholders) but also AFFO. Due to the timing of cash receipts relating to certain adjustments affecting AFFO and the fact that certain AFFO adjustments are non-cash, a portion of the 2021 distributions were funded by financing activities. The REIT believes that it is able to sustain distributions in the near term as the REIT measures distributions in relation to AFFO and the REIT believes it will be able to obtain new financing to meet its cash flow requirements due to the timing of cash receipts relating to certain adjustments affecting AFFO.

REIT's distributions during 2020 were deemed a 40% return of capital and 60% other income for tax purposes. The composition for tax purposes may change over time thus affecting the after-tax return to a Unitholder. The REIT has chosen to make distributions partly representing an economic return on capital for tax purposes as its distribution policy is based on AFFO earned rather than the expected tax attributes of the distributions.

The REIT believes that distributions can continue to be funded from a combination of cash flows from operations, the cash distributions received from Vital Trust and JVs, future financing activities or asset sales. However, the REIT has at times paid cash distributions which exceed cash flows from operating activities and distribution income earned from its strategic investments in Vital Trust and the JVs. Distributions paid at times to unitholders have therefore been an economic return of capital. At times the REIT may be required to use additional debt capacity to finance its distributions, which would represent a further economic return of capital, or alternatively reduce distributions. The REIT's distribution policy is based on the REIT's AFFO. AFFO has exceeded actual cash flows from operations available to the REIT from time to time because of the recognition of certain items in AFFO that provide an economic benefit to the REIT but the timing of the realization of the cash flow associated with such economic benefit differs, such as the recognition of the REIT's proportionate share of Vital Trust's AFFO which is less than cash distributions received, and the exclusion of certain cash items in AFFO that affects cash flows from operations but to which management does not consider part of AFFO, such as debt repayment costs and the amortization of financing fees, as well as other items such as tenant allowances, leasing costs and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of AFFO. The REIT may be required to use part of its debt capacity, issue new equity or to reduce distributions in order to accommodate such items in the future. The REIT anticipates temporarily funding such items, if necessary, through new financing or asset sales, which the REIT has a demonstrated history of executing.

The REIT's Board of Trustees has targeted payment of distributions at: (i) 80-95% of the REIT's AFFO; and (ii) an amount at least equal to the net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. The amount of future distributions and the declaration and payment thereof is at the discretion of the Board of Trustees and will be based upon the REIT's financial position, results of operations, cash flow, capital requirements and restrictions under the REIT's debt obligations, as well as broader market and economic conditions, among other factors, and shall be in compliance with applicable Law.

Pursuant to National Policy 41-201 "Income Trusts and Other Indirect Offerings", the following table, reconciles the REIT's cash flow from operations to AFFO:

RECONCILIATION OF CASH FLOWS FROM OPERATIONS TO AFFO

Expressed in thousands of Canadian dollars	Three months ended March 31,		
	2021	**2020**	**Variance**
Cash flows from operating activities	**$ 32,079**	**$ 54,638**	**$ (22,559)**
Add (deduct):			
Non-cash interest expense	(669)	(436)	(233)
Non-cash current taxes	6,279	4,672	1,607
Changes in non-cash working capital balances	1,196	(18,362)	19,558
AFFO of equity accounted entities	1,044	(4,074)	5,118
Other FFO adjustments	771	1,056	(285)
Internal leasing costs	845	824	21
Amortization of recurring financing charges	(3,298)	(1,040)	(2,258)
Transaction costs	—	—	—
Leasing costs and non-recoverable maintenance capital expenditures	(2,615)	(2,796)	181
Amortization of lease liabilities	(84)	(65)	(19)
Interest income and other	354	620	(266)
Amortization of deferred revenue	—	—	—
Straight-line revenue	437	(183)	620
Redemption of units issued under the DUP	1,372	1,077	295
Amortization of furniture and office equipment	(364)	(407)	43
Foreign exchange	—	22	(22)
Convertible debenture issuance costs	—	—	—
Debt repayment costs	30	19	11
Share of profit (loss) from equity accounted investments	6,145	7,518	(1,373)
AFFO attributable to non-controlling interest	(5,498)	(6,876)	1,378
	$ 5,945	$ (18,431)	$ 24,376
AFFO	**$ 38,024**	**$ 36,207**	**$ 1,817**

QUARTERLY PERFORMANCE

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

QUARTERLY PERFORMANCE								
Expressed in thousands of Canadian dollars except per unit amounts	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19
Summary of Financial Information								
Assets Under Management (1)	$7,706,262	$7,847,120	$7,360,861	$6,831,914	$6,627,729	$6,462,767	$6,181,766	$6,229,156
Gross Book Value ("GBV") (2)	$5,681,585	$5,845,238	$5,666,577	$5,328,095	$5,444,457	$5,535,304	$5,201,319	$5,170,776
Debt - Declaration of Trust (1)	$2,224,729	$2,510,310	$2,695,247	$2,361,284	$2,428,409	$2,354,897	$2,360,477	$2,353,433
Debt to GBV - Declaration of Trust	39.2 %	42.9 %	47.6 %	44.3 %	44.6 %	42.5 %	45.4 %	45.5 %
Debt - Including Convertible Debentures (2)	$2,514,900	$2,803,131	$2,981,925	$2,642,592	$2,697,349	$2,746,098	$2,747,403	$2,778,369
Debt to GBV - Incl. Convertible Debentures	44.3 %	48.0 %	52.6 %	49.6 %	49.5 %	49.6 %	52.8 %	53.7 %
Operating Results								
Revenue from investment properties	$ 92,599	$ 92,845	$ 95,086	$ 90,293	$ 95,594	$ 91,608	$ 91,106	$ 91,409
Net income (loss)	$ 73,589	$ 200,249	$ 26,556	$ 38,549	$ 116,060	$ 25,909	$ 17,673	$ 83,696
NOI (4)	$ 70,564	$ 71,007	$ 72,239	$ 69,902	$ 72,646	$ 69,494	$ 69,787	$ 70,457
FFO (4)	$ 38,330	$ 40,252	$ 39,779	$ 33,910	$ 38,351	$ 30,352	$ 26,494	$ 31,147
AFFO (4)	$ 38,024	$ 38,539	$ 39,953	$ 35,568	$ 36,210	$ 31,009	$ 31,286	$ 30,360
Distributions (5)	$ 37,869	$ 35,520	$ 35,489	$ 35,489	$ 35,564	$ 31,474	$ 30,025	$ 27,045
Per Unit Amounts (6)								
FFO per unit - Basic	$ 0.21	$ 0.23	$ 0.22	$ 0.19	$ 0.22	$ 0.20	$ 0.18	$ 0.23
AFFO per unit - Basic	$ 0.21	$ 0.22	$ 0.23	$ 0.20	$ 0.21	$ 0.20	$ 0.22	$ 0.22
Distributions	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20
Adjusted Weighted Average Units Outstanding (5)								
Basic	184,349,757	177,563,647	177,438,398	177,421,006	176,400,438	153,331,021	145,301,905	135,178,069

Notes

(1) As defined in Non-IFRS measures used in this MD&A.

(2) Gross Book Value is defined as total assets.

(4) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. These terms are defined in this MD&A and reconciled to IFRS-based amounts reported in the consolidated financial statements of the REIT. NOI is an additional IFRS measure and NOI as calculated by the REIT may not be comparable to similar titled measures reported by other issuers.

(5) Represents distributions to Unitholders and Class B LP Units on an accrual basis. Distributions are payable as 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.

(6) 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 LP Units in basic and diluted units outstanding/weighted average units outstanding.

PART IV – CAPITALIZATION AND LIQUIDITY

CAPITAL STRUCTURE

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

The REIT monitors its debt regularly for compliance with debt covenants contained in its loan agreements. At the date of this MD&A, the REIT is in compliance with its loan covenants.

The following table shows the REIT's total capital as at March 31, 2021 and December 31, 2020:

CAPITAL STRUCTURE				
Expressed in thousands of Canadian dollars		As at March 31, 2021		As at December 31, 2020
Mortgages and loans payable	$	2,222,591	$	2,510,310
Mortgages related to assets held for sale		2,138		—
Debt - Declaration of Trust (1)		**2,224,729**		**2,510,310**
Convertible Debentures at Fair Value		290,171		292,821
Debt - Including Convertible Debentures (1)		**2,514,900**		**2,803,131**
Mortgages and loans payable - marked to market		1,037		1,135
Mortgages and loans payable - unamortized financing costs		(14,507)		(16,032)
Total Debt		2,501,430		2,788,234
DUP Liability		25,087		24,277
Class B LP Exchangeable Units		22,110		21,546
Unitholders' equity		1,783,290		1,638,419
Total Capitalization	**$**	**4,331,917**	**$**	**4,472,476**

Notes

(1) As defined in Non-IFRS measures used in this MD&A.

Unitholders' Equity

The following table reconciles the movements in the units outstanding for the three months ended March 31, 2021:

UNITS OUTSTANDING	
Trust Units outstanding, December 31, 2020	**175,977,780**
Issuance of Trust Units pursuant to equity offering	17,020,000
Issuance of Trust Units under the DRIP	443,537
Issuance of Trust Units under the DUP	3,270
Trust Units outstanding, March 31, 2021	**193,444,587**

On February 22, 2021, the REIT completed a public offering of 17,020,000 units at a price of $12.65 per unit for gross proceeds of approximately $215.3 million, which included partial exercise of the over-allotment option granted to the underwriters, whereby an additional 1,200,000 units were issued at a price of $12.65 per unit.

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 considers the Exchangeable Units equity for capital management purposes.

As at March 31, 2021 there were 1,710,000 Exchangeable Units outstanding (December 31, 2020 - 1,710,000).

Debt

DEBT

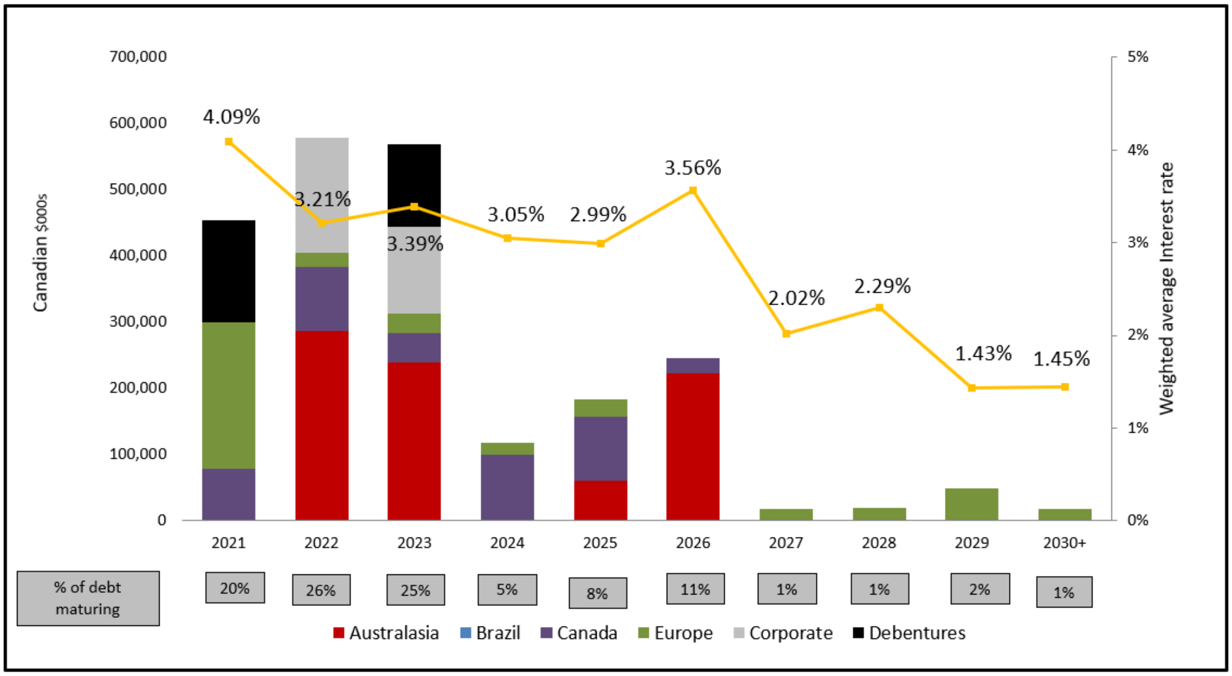
Expressed in thousands of Canadian dollars

	As at March 31, 2021					
	Weighted Average Interest Rate (1)	**Outstanding Balance**	**Marked to Market**	**Unamortized Financing Costs**	**Balance**	**Maturity**
Canada mortgages	3.19 %	$ 487,418	$ 1,037	$ (1,480)	$ 486,975	April 2021 - January 2029
Brazil debt (2)	4.51 %	157,844	—	(3,950)	153,894	November 2027 - June 2031
Europe mortgages	2.77 %	452,117	—	(4,007)	448,110	May 2022 - June 2030
Australasia term loans	3.44 %	808,014	—	(2,976)	805,038	March 2021 - October 2023
Corporate debt	2.33 %	306,128	—	(2,094)	304,034	November 2022
	3.17 %	**$ 2,211,521**	**$ 1,037**	**$ (14,507)**	**$ 2,198,051**	
Finance Lease		13,208	—	—	13,208	
Total Mortgages and Loans Payable	**3.15 %**	**$ 2,224,729**	**$ 1,037**	**$ (14,507)**	**$ 2,211,259**	
Deferred consideration	n/a	—	—	—	—	n/a
Total Debt excluding Convertible Debentures	**3.15 %**	**$ 2,224,729**	**$ 1,037**	**$ (14,507)**	**$ 2,211,259**	
Convertible Debentures (Corporate)	5.36 %	280,250	9,921	—	290,171	July 2021 - December 2023
Total Debt	**3.40 %**	**$ 2,504,979**	**$ 10,958**	**$ (14,507)**	**$ 2,501,430**	

(1) Weighted average interest rate of total debt has been calculated excluding deferred consideration.

(2) The Brazil debt fully amortizes over a ten year period.

The following chart summarizes, as at March 31, 2021, the REIT's debt maturities:



Additional details on the maturities of the REIT's mortgages and loans payables are detailed below:

DEBT MATURITIES

Expressed in thousands of Canadian dollars	Canada		Brazil		Europe		Australasia		Corporate	
	Total debt payable	**WAIR**	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**
2021	$ 89,327	2.75 %	$ 11,726	— %	$ 225,062	3.75 %	$ —	— %	$ —	— %
2022	110,009	3.41 %	15,183	— %	26,845	1.77 %	286,111	3.50 %	174,145	2.80 %
2023	53,856	4.16 %	15,930	— %	33,053	2.50 %	239,923	3.18 %	131,983	1.70 %
2024	107,064	3.28 %	16,620	— %	23,078	1.80 %	—	— %	—	— %
2025	101,629	2.87 %	17,431	— %	29,449	1.93 %	59,867	3.64 %	—	— %
2026	24,302	2.82 %	18,297	— %	3,357	— %	222,113	3.64 %	—	— %
2027	572	— %	17,304	— %	21,717	2.02 %	—	— %	—	— %
2028	606	— %	12,357	— %	20,958	2.29 %	—	— %	—	— %
2029	53	— %	12,827	— %	51,289	1.43 %	—	— %	—	— %
2030 and thereafter	—	— %	20,169	— %	17,309	1.45 %	—	— %	—	— %
	$ 487,418	3.19 %	$ 157,844	4.51 %	$ 452,117	2.77 %	$ 808,014	3.44 %	$ 306,128	2.33 %
Marked to market premium	1,037	(1.21)%	—	—	—	—	—	—	—	—
	$ 488,455	1.98 %	$ 157,844	4.51 %	$ 452,117	2.77 %	$ 808,014	3.44 %	$ 306,128	2.33 %
Unamortized financings costs	(1,480)		(3,950)		(4,007)		(2,976)		(2,094)	
Total	$ 486,975		$ 153,894		$ 448,110		$ 805,038		$ 304,034	

The table below summarizes the movements in the REIT's mortgages and loans during the three months ended March 31, 2021:

DEBT CONTINUITY

	Canada Mortgages	Brazil Debt	Europe Mortgages	Australasia Term Loans	Corporate Debt	Total [1]
Opening balance, January 1, 2021	**$ 485,216**	**$ 170,403**	**$ 467,666**	**$ 775,923**	**$ 583,816**	**$ 2,483,024**
Principal amortization	(3,868)	—	(8,953)	—	—	(12,821)
Repayments	(43,870)	(3,717)	—	—	(300,978)	(348,565)
Refinancing	—	—	1,535	—	—	1,535
Advances	52,000	—	—	53,506	31,900	137,406
Reclassified as held for sale	(2,138)	—		—	—	(2,138)
Additional financing fees incurred	(420)	—	—	(2,519)	(207)	(3,146)
Amortization of finance fees	152	804	2,171	312	616	4,055
Amortization of mark-to-market	(97)	—	—	—	—	(97)
Inflation adjustment	—	4,082	—	—	—	4,082
Foreign exchange adjustment	—	(17,678)	(14,309)	(22,184)	(11,113)	(65,284)
Ending balance, March 31, 2021	**$ 486,975**	**$ 153,894**	**$ 448,110**	**$ 805,038**	**$ 304,034**	**$ 2,198,051**

(1) Total debt excluding finance lease

Finance Lease Payable

The lease of land on which one of Australian investment properties is built is accounted for as a finance lease. The remaining term of the lease at March 31, 2021 was 67 years. There is no purchase option.

Convertible Debentures

The following table summarizes, as at March 31, 2021, the REIT’s Convertible Debentures:

CONVERTIBLE DEBENTURES

Expressed in thousands of Canadian dollars	Fair Value [1]	Face Value	Interest Rate	Conversion Price per Unit	Maturity Date	Interest Payment Dates
As at March 31, 2021						
Series NWH.DB.E	76,347	74,733	5.25 %	$ 12.75	**July 31, 2021**	**January 31, July 31**
Series NWH.DB.F	81,949	80,500	5.25 %	$ 12.80	**December 31, 2021**	**June 30, December 31**
Series NWH.DB.G	131,875	125,000	5.50 %	$ 13.35	**December 31, 2023**	**June 30, December 31**
	$ 290,171	**$ 280,233**	**5.36 %**			

Notes

(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.

DUP Liability

Under IFRS, the REIT’s DUP Liability is measured at fair value each reporting period. The fair value of the DUP Liability mirrors the trading price of the REIT Trust Units. As at March 31, 2021 the DUP Liability is $25.1 million (December 31, 2020 - $24.3 million) representing 2,734,172 deferred units of which 1,348,158 are vested but not exercised (December 31, 2020 -2,845,489 deferred units of which 1,882,999 are vested but not exercised).

RATIOS AND COVENANTS

Pursuant to the Declaration of Trust 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 GBV.

The REIT's overall borrowing policy is to obtain secured mortgage financing on a primarily fixed rate basis, with a term to maturity that is appropriate having regard to the lease maturity profile for each property 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 these key ratios as at and for the three months ended March 31, 2021 and 2020:

RATIOS [(1)]

As at	**March 31, 2021**	**December 31, 2020**
Gross book value [(1)]	$ 5,681,585	$ 5,845,238
Debt - declaration of trust [(1)]	$ 2,224,729	$ 2,510,310
Debt to Gross Book Value - Declaration of Trust	**39.2 %**	**42.9 %**
Debt - including convertible debentures [(1)]	$ 2,514,900	$ 2,803,131
Debt to Gross Book Value - Including Convertible Debentures	**44.3 %**	**48.0 %**

	Three months ended March 31,		
	2021	**2020**	**Variance**
Income (Loss) before taxes	$ 89,478	$ 119,725	$ (30,247)
Add (deduct):			
Mortgage and loan interest expense	23,111	24,852	(1,741)
Distributions on Exchangeable Units	342	2,475	(2,133)
Amortization of deferred financing costs	4,057	1,246	2,811
Amortization of marked to market adjustment	(97)	(291)	194
EBITDA	$ 116,891	$ 148,007	$ (31,116)
Loss on revaluation of financial liabilities	4,082	2,702	1,380
Fair market value losses (gains)	(39,296)	(99,399)	60,103
DUP compensation expense	1,658	1,074	584
Foreign exchange loss (gain)	(12,460)	7,465	(19,925)
Transaction costs	1,793	16,413	(14,620)
Less: share of (profit) loss of equity accounted investments	(6,145)	(7,518)	1,373
Add: distribution income from equity accounted investments	6,714	2,973	3,741
Adjusted EBITDA	$ 73,237	$ 71,717	$ 1,520
Mortgage and loan interest expense	$ 23,111	$ 24,852	$ 1,741
Less: debt repayment costs	(30)	(19)	11
Adjusted mortgage and loan interest expense	$ 23,081	$ 24,833	$ 1,752
Interest coverage	**3.17**	**2.89**	**0.28**

Notes

(1) As defined in Non-IFRS measures used in this MD&A.

LIQUIDITY AND CASH RESOURCES

Cash Resources and Liquidity

CASH AND LIQUIDITY		
Expressed in thousands of Canadian dollars		
	As at March 31, 2021	As at December 31, 2020
Cash and cash equivalents	$ 52,479	$ 144,106
Restricted Cash	37	41
Total	**$ 52,516**	**$ 144,147**

The REIT also has Credit Facilities that provide for additional liquidity. As at March 31, 2021, the drawn balance on the Credit Facilities was $145.1 million of the $290.5 million available to be drawn.

The liquidity of the Australasian secured financing fluctuates based on the market price (as defined in the agreement) of the pledged units securing the facilities and is currently fully drawn.

On the assumption that occupancy levels remain strong, and that the REIT will be able to obtain financing on reasonable terms, the REIT anticipates meeting all current and future obligations as they come due. Management expects to refinance maturing debt and finance future acquisitions from: (i) existing cash balances, and (ii) a mix of mortgage debt secured by investment properties, acquisition facilities, operating facilities, issuance of equity and convertible/unsecured debentures, and select asset sales. Cash flow generated from operating activities and distribution income received from the REIT's investment in Vital Trust are sources of liquidity to service debt (except maturing debt), sustain maintenance capital expenditures, leasing costs and unit distributions.

Contractual cash flows

Liquidity risk arises from the REIT's financial obligations and in the management of its assets, liabilities and capital structure. This risk is managed by regularly evaluating the liquid financial resources available to fund current and long-term obligations and to meet the REIT's capital commitments in a cost-effective manner. The REIT expects to be able to meet all of its obligations as they become due and have sufficient liquidity from the following sources: (i) cash flow from operating activities; (ii) distribution income received from its investment in Vital Trust; (iii) financing available through both conventional mortgage debt secured by income producing properties, as well as unsecured debt; (iv) the issuance of new equity and debt securities; and (v) to the extent necessary, the sale of assets.

The following table sets out the REIT's contractual cash flows as at March 31, 2021:

CONTRACTUAL CASH FLOWS

Expressed in thousands of Canadian dollars	Carrying amount	Contractual cash flow	2021	2022	2023	2024	2025	Thereafter
Accounts payable and accrued liabilities	$ 94,695	$ 94,695	$ 94,695	$ —	$ —	$ —	$ —	$ —
Distributions payable	12,897	12,897	12,897	—	—	—	—	—
Income tax payable	22,591	22,591	22,591	—	—	—	—	—
Liabilities associated with assets held for sale	2,138	2,138	2,138	—	—	—	—	—
Convertible debentures	290,171	307,063	168,313	6,875	131,875	—	—	—
Finance lease payable	13,208	13,215	1,528	1,678	1,581	1,160	713	6,555
Mortgages and loans payable	2,198,051	2,309,697	345,503	634,143	492,095	160,509	217,593	459,854
Total	**$2,633,751**	**$2,762,296**	**$ 647,665**	**$ 642,696**	**$ 625,551**	**$ 161,669**	**$ 218,306**	**$ 466,409**

The REIT currently intends to distribute a high percentage of its AFFO to Unitholders. As such, the REIT will not retain a material amount, or possibly none of operating cash flows or any cash distributions received from its investments in Vital Trust, to finance other capital requirements, such as acquisitions, maturing debt principal and significant capital expenditures. Instead, the REIT intends to finance such initiatives through the issuance of additional equity or debt securities. From time to time, the REIT may also consider other financing initiatives, such as the refinancing of mortgages on existing properties and entering into additional credit facilities.

The REIT's current liabilities totaled $726.0 million, exceeding current assets of $103.3 million, resulting in a working capital deficiency of $622.7 million as at March 31, 2021.

Current liabilities include:

1. Vital Trust term debt with an outstanding balance of $71.8 million at a weighted average rate of 3.64%, maturing January 1, 2022. The REIT currently expects these term debt facilities will be refinanced on or before maturity.

2. A term loan totaling $221.0 million bearing an interest rate at 3.75% related to the UK portfolio acquisition. The REIT currently expects to either repay or refinance the term loan on or before its maturity, through net proceeds generated from asset vend-ins into JVs or asset level financings.

3. Convertible debenture series NWH.DB.E and NWH.DB.F with fair value of $76.6 million and $83.7 million matures on July 31, 2021 and December 31, 2021, respectively. Subsequent to the reporting period, $60.9 million of NWH.DB.E and $0.2 million of NWH.DB.F convertible debenture series were converted into 4,818,001 and 15,703 Trust Units, respectively. The remaining $13.8 million outstanding principal of NWH.DB.E was fully repaid by the REIT (see **Subsequent Events**).

4. $78.4 million of Canadian mortgage maturities. Subsequent to the reporting period, the REIT upfinanced and amended Canadian mortgages totaling of $52.5 million(see **Subsequent Events**). The REIT currently expects the reminder of these mortgages to be refinanced on or before maturity.

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 [1]

Expressed in thousands of Canadian dollars	Three months ended March 31, 2021		
	2021	**2020**	**Variance**
Cash provided by / (used in):			
Operating activities	$ 32,079	$ 54,638	$ (22,559)
Investing activities	(69,876)	(204,573)	134,697
Financing activities	(55,542)	66,453	(121,995)
Net increase / (decrease) in cash during the period	**(93,339)**	**(83,482)**	**(9,857)**
Effect of foreign currency translation	1,712	(12,282)	13,994
Net increase / (decrease) in cash during the period	**$ (91,627)**	**$ (95,764)**	**$ 4,137**

Operating activities

Cash generated by operating activities totaled $32.1 million for the three months ended March 31, 2021 as compared to $54.6 million for the three months ended March 31, 2020, a decrease of $22.6 million. This decrease is primarily related to a $19.6 million negative working capital movement.

Investing activities

Cash used by investing activities totaled $69.9 million for the three months ended March 31, 2021, which is attributable to $57.2 million of acquisition activity, $36.4 million of additions to investment properties, investments in joint ventures of $7.1 million, $1.8 million of transaction costs, partially offset by cash provided of $35.5 million from dispositions of investment properties.

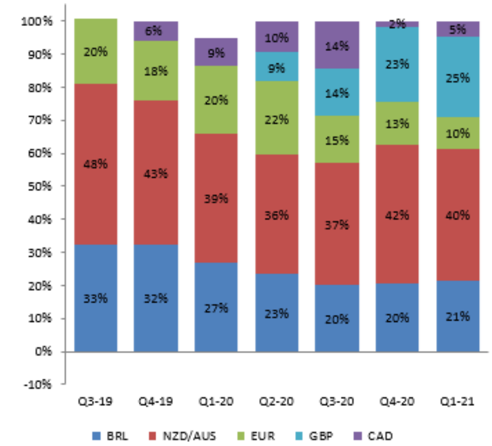
Financing activities

For the three months ended March 31, 2021, cash used by financing activities of $55.5 million as compared to cash generated of $66.5 million during the three months ended March 31, 2020. This decreased is primarily related to $222.4 million of net mortgages, loans payable and credit facilities repayments, financing fees paid of $3.1 million, payment of distributions to REIT unitholders of $30.8 million and payment of distributions to non-controlling unitholders of $6.1 million. This decrease was partially offset by net proceeds from issuance of Trust units of $207.4 million.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three months ended March 31, 2021, approximately 96% of the REIT's AFFO, including Corporate costs such as certain general and administrative expenses, interest expenses and interest income that were denominated in Canadian dollars, was conducted in currencies other than Canadian dollars while its distributions to Unitholders were denominated only in Canadian dollars. A summary of the REIT's currency exposure by quarter for the last five quarters is presented below:

AFFO by Currency by Quarter [(1)]



Trading Range

(Against CAD)	BRL	EUR	GBP	NZD	AUD
Three months ended March 31, 2021:					
High	0.2451	1.5625	1.7759	0.9295	0.9966
Low	0.2162	1.4766	1.7202	0.8768	0.9556
Average	0.2317	1.5269	1.7460	0.9100	0.9781
Balance Sheet:					
March 31, 2021	0.2200	1.4766	1.7332	0.8799	0.9578
December 31, 2020	0.2452	1.5625	1.7390	0.9190	0.9820
Profit & Loss:					
Q1 2021 Average Rate	0.2317	1.5269	1.7460	0.9100	0.9781
Q4 2020 Average Rate	0.2414	1.5538	1.7213	0.8941	0.9526
Q3 2020 Average Rate	0.2478	1.5570	1.7205	0.8815	0.9522
Q2 2020 Average Rate	0.2577	1.5255	1.7193	0.8556	0.9096
Q1 2020 Average Rate	0.3022	1.4800	1.7177	0.8511	0.8820

Notes

(1) Canadian Dollar AFFO represents the Canadian region AFFO and Corporate interest income less interest expense paid on Canadian-denominated debt and certain general and administrative expenses.

For the three months ended March 31, 2021, 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.

For the three months ended March 31, 2021, Canadian dollar AFFO was $1.7 million while Canadian dollar distributions paid in cash to unitholders totaled $37.9 million. Deficiencies were funded from cash repatriated to Canada from Brazil, Europe, Australia, and New Zealand as well as the draws on Corporate credit facilities in the normal course of operations.

As at March 31, 2021, the REIT held approximately $13.7 million of cash and receivables denominated in Canadian Dollars.

The REIT monitors its foreign exchange exposure and its hedging strategy on an ongoing basis. The REIT has not executed any derivative foreign currency hedging arrangements in the past year, and Vital Trust suspended their foreign exchange hedging policy in May 2019.

The REIT intends to implement its formal hedging policy, when necessary, practicable and economically feasible to do so, to mitigate the impact of foreign currency fluctuations and to provide more certainty regarding the payment of distributions to unitholders if the Canadian dollar increases in value compared to foreign currencies. The REIT's current hedging arrangements include natural currency hedges through local-currency denominated debt, inflation- indexed leases that provide protection against currency devaluation, and exposure to a diversified basket of currencies. Future hedging arrangements may include implementing specific foreign currency hedging derivatives.

The REIT does not currently have any specific foreign currency hedging derivatives in place.

Among the REIT's global currencies, compared to December 31, 2020, the BRL, Euro, NZD and AUD were down relative to the Canadian dollar by 10.3%, 5.5%, 2.5% and 4.3%, respectively.

PART V – RELATED PARTY TRANSACTIONS

(a) As at March 31, 2021, NWVP indirectly owned approximately 14.0% (approximately 12.5% on a fully diluted basis assuming conversion of the REIT's convertible debentures and redemption of its deferred units) of the REIT through a combination of Trust Units of the REIT and Class B exchangeable units of NWI LP. Paul Dalla Lana, Chairman of the Board of Trustees and Chief Executive Officer ("CEO") of the REIT, is the sole shareholder, sole director and President of NWVP.

Subsequent to Q1 2021 on April 9, 2021 and in connection with the February 22, 2021 public offering, the REIT completed a private placement of 395,257 Trust Units to NWVP for gross proceeds of approximately $5.0 million (see **Subsequent Events**).

(b) As at March 31, 2021, the REIT had a net liability owing to NWVP of $0.1 million that is included in accounts payable and accrued liabilities(December 31, 2020 - $0.7 million).

During the three months ended March 31, 2021, NWVP made repayments totaling $0.7 million and entered into transactions with the REIT, including reimbursement for NWVP personnel seconded to the REIT totaling $0.1 million which have been recorded as general and administrative expenses and transaction costs.

(c) At March 31, 2021, included in accounts payable and accrued liabilities are Class B exchangeable unit distributions payable owing to NWVP and affiliates in the amount of $0.1 million (December 31, 2020 - $0.1 million), which were settled subsequent to year end.

PART VI – CRITICAL ACCOUNTING POLICIES AND ESTIMATES

All significant accounting policies have been applied on a basis consistent with those followed in the most recent audited annual consolidated financial statements of the REIT for the year ended December 31, 2020.

The preparation of financial statements in conformity with IFRS requires the REIT to make judgments, estimates, and assumptions that affect the reported amounts recognized in the financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the financial statements. Actual results could differ from estimates. Please refer to note 1 in the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2020.

PART VII – RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Trust Units and the Convertible Debentures and in the activities of the REIT which current and prospective Unitholders and current or prospective investors in Convertible Debentures should carefully consider. The REIT's Annual Information Form, which can be found on SEDAR at www.sedar.com., contains a detailed summary, under "Risk Factors", of the risk factors pertaining to the REIT and its business. In addition, the REIT has identified a new risk factor related to the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", which is further discussed below.

COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization.This resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel restrictions, self-imposed quarantine periods, temporary closures or restrictions of non-essential businesses, limitations on public gatherings, and social distancing guidelines, caused material disruption to businesses globally resulting in an economic slowdown. The duration and long-term impact of COVID-19 on the REIT's business and operations is unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the financial results and operations of the REIT.

While management currently believes that the outbreak will not have a long-term impact on the REIT's financial position, we cannot currently estimate the duration of the COVID-19 pandemic and the severity of any related impacts, which may be material. The overall severity and duration of COVID-19-related adverse impacts on our business will depend on future developments which cannot currently be predicted, including directives of government and public health authorities, the speed at which our tenants can return to operating their businesses in a profitable manner and the ability to staff our operations and facilities. Even after the COVID-19 outbreak has subsided, we may continue to experience material adverse impacts to our businesses as a result of its global economic impact, including any related recession. Certain aspects of the REIT's business and operations that could be adversely impacted by the COVID-19 pandemic include, among others, rental income, occupancy, tenant improvements, future demand for space and market rents, which all ultimately impact the underlying valuation of investment property.

As the REIT's highest priority is the health and safety of its employees and tenants, by mid-March, globally the REIT implemented work from home measures, increased sanitation and health and safety measures at its properties that remained open and implemented special protocols at its office buildings for tenants operating an essential service. The REIT continues to work with its stakeholders (including employees and tenants) to address responsibly this global pandemic. The REIT continues to monitor the situation, to assess further possible implications to its business, and tenants, and to take actions in an effort to mitigate adverse consequences. The REIT cannot at this time predict the long-term impact of the COVID-19 pandemic, but it could have a sustained material adverse effect on our business, financial position and/or results of operations.

PART VIII – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The REIT's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, the REIT's disclosure controls and procedures (as defined by National Instrument 52 109 – Certification of Disclosure in Issuers' Annual and Interim Filings, adopted by the Canadian Securities Administrators ("NI 52 109") to provide reasonable assurance that: (i) material information relating to the REIT, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the filings are being prepared; and (ii) material information required to be disclosed in the 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 ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

PART IX – NET ASSET VALUE

Expressed in thousands of Canadian dollars, except per unit amounts		
		Q1 2021
Total Assets		**$ 5,681,585**
less Total Liabilities		(3,010,976)
less Non-controlling interests		(887,319)
Unitholders' equity		**1,783,290**
Add/(deduct):		
Goodwill		(41,671)
Deferred unit plan liability		25,087
Deferred tax liability	280,151	
less NCI	(68,037)	212,114
Financial instruments - net	42,912	
less NCI	(27,782)	15,130
Exchangeable Units		22,110
Global Manager valuation adjustment		476,318
Other		—
Net Asset Value ("NAV")		**$ 2,492,378**
Adjusted Units Outstanding (000s)- period end [(1)]		195,155
NAV per Unit		**$ 12.77**

Notes

(1) 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.

CORPORATE INFORMATION

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Stock Exchange Listing
Toronto Stock Exchange (TSX)
Listing symbols:
REIT Trust Units - NWH.UN
5.25% convertible debentures - NWH.DB.E
5.25% convertible debentures - NWH.DB.F
5.50% convertible debentures - NWH.DB.G

Distribution Reinvestment Plan

Participants in the REIT's distribution reinvestment plan may elect to have all cash distributions of the REIT automatically reinvested in additional Trust Units at a price per Trust Unit calculated by reference to the weighted average of the trading price for the Trust Units on the TSX for the five trading days immediately preceding the relevant distribution date. Unitholders who so elect will receive a further distribution of Trust Units equal to 3% of each distribution that was reinvested by them.

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