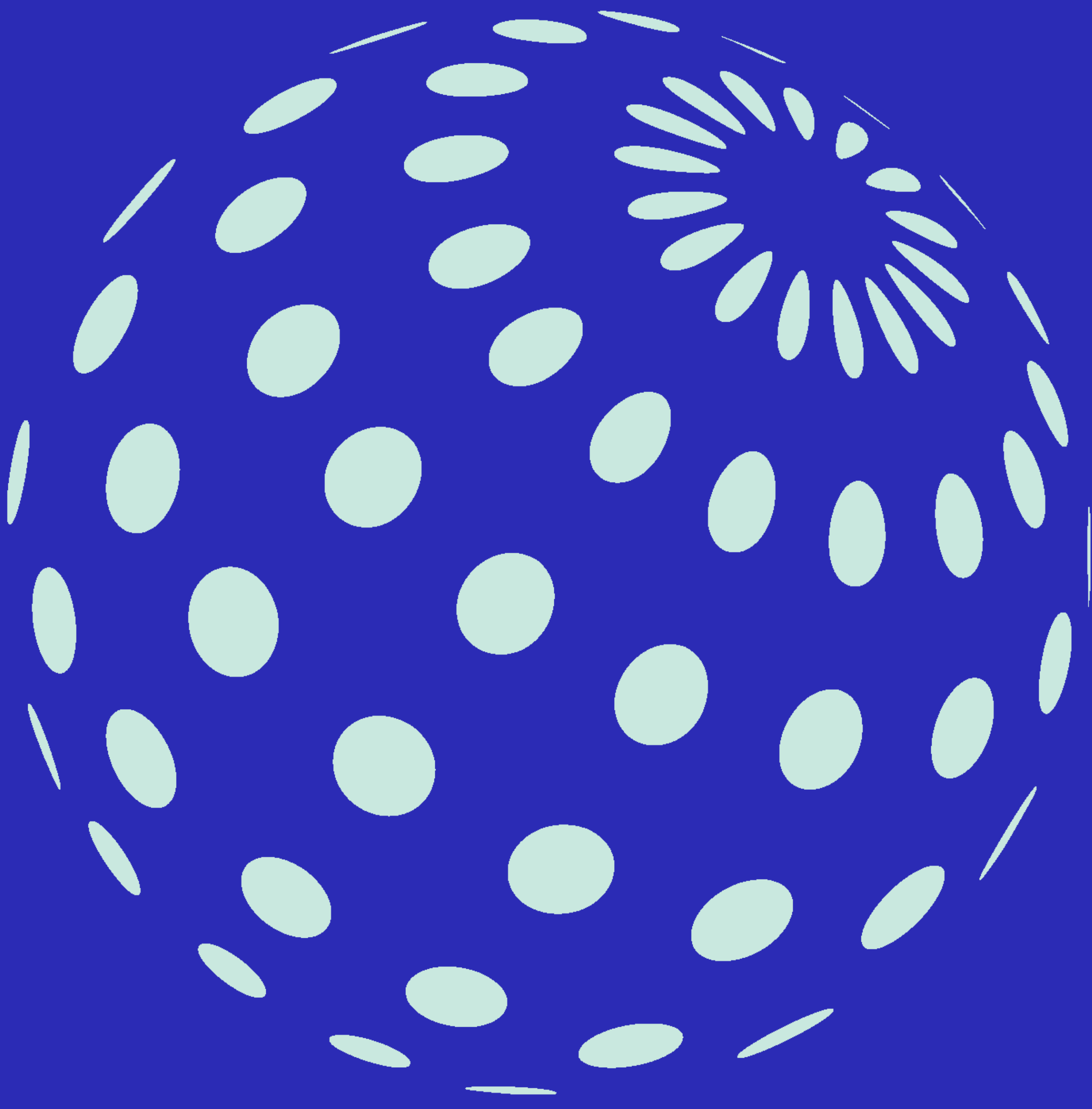
northwest

2022 Third Quarter

Management Discussion and Analysis

NorthWest Healthcare Properties
Real Estate Investment Trust

Q3



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 unit and per unit amounts (unaudited)		As at September 30, 2022	As at December 31, 2021
Operational Information [1]			
Number of Properties		233	197
Gross Leasable Area (sf)		18,582,638	16,391,724
Occupancy %		97 %	97 %
WALE (Years)		14.0	14.5
Summary of Financial Information			
Assets Under Management [3]		$ 10,580,048	$ 9,201,419
Gross Book Value [2]		$ 8,282,049	$ 7,064,401
Debt - Declaration of Trust [3]		$ 3,675,759	$ 2,820,602
Debt to Gross Book Value - Declaration of Trust [3]		44.4 %	39.9 %
Debt - Including Convertible Debentures [3]		$ 3,953,342	$ 2,957,827
Debt to Gross Book Value - Including Convertible Debentures [3]		47.7 %	41.9 %
Percentage of Mortgages and Loans Payable at Fixed Rates[9]		40.0 %	48.8 %
Weighted Average Interest Rate on Fixed Rate Mortgages and Loans Payable [9]		3.61 %	3.48 %
NAV per Unit [3]		$ 13.97	$ 14.47
Adjusted Units Outstanding - period end [5]			
Basic		241,457,779	225,837,135
	For the three months ended September 30, 2022	**For the three months ended September 30, 2021**	**For the three months ended December 31, 2021**
Operating Results			
Revenue from investment properties	$ 115,780	$ 95,554	$ 96,368
Net Income / (Loss)	$ 21,082	$ 147,635	$ 233,050
NOI [6]	$ 89,547	$ 74,694	$ 74,436
Funds From Operations ("FFO") [6]	$ 37,176	$ 47,645	$ 49,376
Adjusted Funds From Operations ("AFFO") [6]	$ 36,960	$ 47,264	$ 50,436
Distributions [7]	$ 48,248	$ 43,881	$ 44,773
Interest Coverage [4]	2.02	3.45	3.50
Per Unit Amounts			
FFO per unit - Basic [6]	$ 0.15	$ 0.22	$ 0.22
FFO per unit - diluted [6]	$ 0.15	$ 0.21	$ 0.22
AFFO per unit - Basic [6]	$ 0.15	$ 0.22	$ 0.23
AFFO per unit - diluted [6]	$ 0.15	$ 0.21	$ 0.22
Distributions per unit [8]	$ 0.20	$ 0.20	$ 0.20
AFFO Payout Ratio [6]	131%	93%	88%
AFFO Payout Ratio - fully diluted [6]	132%	95%	90%
Adjusted Weighted Average Units Outstanding [5]			
Basic	241,119,245	218,843,204	222,600,122
Diluted	244,488,605	237,163,092	234,287,101

FINANCIAL AND OPERATIONAL HIGHLIGHTS CONT.

Notes

(1) Operational information includes 100% of Vital Trust and joint venture ("JV") investments. The REIT owns an approximate 28.2% interest in Vital Trust and 30% - 33.57% of the JV investments.

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

(3) As defined in the **Performance Measurement** section included 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 September 30, 2022 (September 30, 2021 - 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. The REIT's definitions of FFO and AFFO differ from those used by other similar real estate investment trusts, as well from the definitions recommended by REALpac. See **Performance Measurement** in this MD&A

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

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

HIGHLIGHTS FOR THE QUARTER

Completion of $155 million Offering of Convertible Debentures

On August 25, 2022, the REIT completed a public offering of $155.25 million aggregate principal amount of 6.25% convertible unsecured subordinated debentures, which included the exercise in full of the over-allotment option granted to the underwriters, whereby an additional $20.25 million of unsecured subordinated debentures were issued. The REIT used the net proceeds to repay Corporate debt.

SUBSEQUENT EVENTS

Financing Activity

i. On October 21, 2022, The REIT completed refinancing of mortgage related to a Canadian property. The new $30.0 million mortgage bears 5.63% interest per annum with term to maturity of 5 years. Proceeds from the refinancing were used to repay the property's existing mortgage and amounts owing under the REIT's credit facility.

ii. On October 28, 2022, The REIT amended its $110.9 million (A$125.0 million) margin loan facility related to investment in an unlisted security for 18 month extension of the term to maturity to May 28, 2024 bearing interest at 5.5% margin plus Bank Bill Swap Bid Rate ("BBSY") per annum.

iii. On October 28, 2022, the REIT closed a new financing of approximately $406.8 million (£266.0 million) non-revolving term debt secured by the UK Portfolio with three-year term to maturity. The annual interest rate on the facility range from 1.6% to 2.3% margin plus compounded bank rate spread reference rate. The proceeds of the financing will be used to repay one of the REIT's revolving credit facility tranches that had a maturity date of November 4, 2022.

iv. On November 1, 2022, The REIT closed a new $125.0 million revolving unsecured facility. The financing has term to maturity of November 1, 2023 and bears interest of 1.75% to 2.75%. A portion of the proceeds will be used to repay the REIT's existing $79.0 million unsecured facilities maturing on January 1, 2022.

v. On November 2, 2022, The REIT extended the term to maturity of its Australian term debt facilities maturing in November and December 2022 to April and June 2024 respectively.

Other

i. On September 15, 2022, the REIT announced a distribution of $0.06667 per REIT unit to unitholders of record on September 30, 2022, and paid on October 14, 2022 .

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The REIT's Board of Trustees and its management are committed to sustainability through the environment, social, and governance policies and practices of the organization. In support of this commitment, the REIT issued its inaugural Sustainability report in 2021. The Board of Trustees are responsible for the oversight of the REIT's sustainability strategy and initiatives, as developed by the organization's dedicated sustainability team and approved by senior management.

Although the REIT formalized its sustainability program with the issuance of its 2021 report, environmental, social, and governance sensitivities have long been part of the REIT's culture and ethos. This comes from being a real estate partner to healthcare providers across eight countries. Sustainability is an important aspect of how we drive our business forward and increase long-term value for all of our stakeholders.

The REIT's sustainability program is founded on four pillars representing our key stakeholders. Each pillar has specific 2022 initiatives:

Thriving Partners

- In support of taking care of our tenant partners and stewarding the resilient spaces that help facilitate their ability to serve others, we will formalize a globally consistent survey for all tenants with an ambition, over time, to achieve top quartile performance on tenant Net Promoter Score ("NPS").
- Define a three-year schedule to complete air quality and wellness reviews for 100% of our landlord- controlled properties, in continuation of our commitment to providing high-quality properties that support wellness for patients and healthcare workers.

Inclusive Company

- Establish a globally consistent employee experience with an ambition, over time, to achieve top quartile NPS performance.
- For every open senior leadership position and for as many other open positions as possible, with a goal of 90%, NorthWest will consider at least one woman or one minority in the slate of candidates, in support of our broad commitment to building teams that represent the communities we serve.

Healthy Planet

- Over the next 12 to 24 months, as we round out our baseline on emissions, advance our 2050 commitment to Net-Zero GHG emissions and establish a science-based 2030 reduction target.
- Conduct energy audits across 100% of landlord-controlled properties, helping to further inform actions in our facilities.

Strong Communities

- Pledge a contribution of $5M in support of research about the impacts of the pandemic on health systems across the world.
- Launch an employee volunteer program providing two days per year of paid time off to further support the communities we serve.

Quarterly ESG Highlights

In July, the REIT completed the GRESB survey on behalf of both the NorthWest portfolio as well as the Vital Healthcare Properties portfolio, for which NorthWest provides management services and which forms a subset of the NorthWest portfolio. This was the REIT's first reportable submissions to GRESB, which is the leading global sustainability benchmarking organization for the real estate industry. The REIT was satisfied with the score received for each portfolio, both of which are considered good outcomes for first time submissions. The results will help inform areas of focus for the organization as it seeks continual advancements of its sustainability objectives.

During the quarter the organization also deployed its first global survey of its ~2,000 tenants. The REIT worked with a third-party contractor with extensive experience in such surveys. The results will form the baseline for future benchmarking while also providing guidance on where the REIT can direct its efforts to maximize tenant satisfaction, one of the key goals of the REIT's sustainability program.

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PART I - BASIS OF PRESENTATION

This Management's Discussion and Analysis of the results of operations and financial condition ("**MD&A**") of NorthWest Healthcare Properties Real Estate Investment Trust ("**NorthWest**", the "**REIT**" or the "**Trust**") should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2022, 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 31, 2022 (the "**Annual Information Form**") and the REIT's Management Information Circular dated April 12, 2022 (the "**Circular**"). This MD&A is current as of November 15, 2022 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.G;
    - NWH.DB.H.
- "**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 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 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 including estimated completion date, estimated project cost, estimated project cost to complete and anticipated project yield;
- 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, (i) the REIT's properties continuing to perform as they have recently, (ii) development opportunities being completed on time and on-budget, (iii) demographic and industry trends remaining unchanged, (iv) future levels of indebtedness remaining stable, (v) the ability to access debt and equity capital, (vi) the tax laws as currently in effect remaining unchanged, (vii) the current economic and political conditions in the countries in which the REIT operates remaining unchanged (including exchange rates remaining constant, local real estate conditions remaining strong, interest rates remaining at current levels and the impacts of COVID-19 on the REIT's business ameliorating or remaining stable), (viii) anticipated capital expenditures, (ix) future general and administrative expenses (including estimated synergies resulting therefrom) and (x) 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, 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**");
- Weighted average lease expiry ("**WALE**");
- Weighted average interest rate("**WAIR**");
- Occupancy levels;
- Assets Under Management ("**AUM**")
- Debt - Declaration of Trust;
- Debt - Including Convertible Debentures;

- Adjusted EBITDA;
- Net operating income (“**NOI**”);
- Net Asset Value (“**NAV**”) and Net Asset Value per unit (“**NAV/unit**”);
- Constant Currency Same Property NOI ("**SPNOI**")

Explanation of Non Financial Information used in this MD&A

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

The REIT’s “**WAIR**” includes secured debt with fixed interest rates, including variable rate debt hedged with fixed rate swaps, and excludes debt classified as held for sale and 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.

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

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

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

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

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

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

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

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

This MD&A contains the non-IFRS financial measures and non-IFRS ratios described below. These non-IFRS financial measures and non-IFRS ratios are not standardized financial measures under International Financial Reporting Standards (“**IFRS**”) and might not be comparable to similar financial measures disclosed by other publicly traded companies

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

“**FFO**” is a non-IFRS financial measure defined as net income (computed in accordance with IFRS), excluding: (i) fair value adjustments on investment properties; (ii) gains (or losses) from sales of investment properties; (iii) fair value adjustments and other effects of redeemable units classified as liabilities; (iv) revaluation adjustments of financial liabilities; (v) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; (vi) deferred income tax expense; (vii) convertible debentures issuance costs; (viii) Results of discontinued operations; (ix) internal leasing costs; (x) transaction costs; (xi) 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 including (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. In addition, beginning in the quarter ended September 30, 2022, FFO is being adjusted for net losses incurred with respect to an investment in unlisted securities and certain G&A expenses that, in each case, management views as not reflective of recurring earnings from core operations (collectively, the “**Other FFO Adjustments**”). REALpac has established a standardized definition of FFO in a White Paper dated January 2022 (“**REALpac Guidance**”). The REIT’s FFO definition differs from the REALpac Guidance in that, when calculating FFO, the REIT (a) excludes the revaluation of financial liabilities, convertible debenture issuance costs and all transaction costs, and (b) makes the Other FFO Adjustments. See “PART III – RESULTS FROM OPERATIONS – FUNDS FROM OPERATIONS (“FFO”)”.

“**FFO per Unit”** or sometimes presented as “**FFO/unit**” is a non-IFRS ratio defined as FFO divided by the weighted average number of units outstanding during the period. **"FFO per Unit - fully diluted"** sometimes presented as“**FFO/unit - fully diluted**” is a non-IFRS ratio defined as FFO divided by the diluted weighted average number of units outstanding during the period. 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.

“AFFO” is a non-IFRS financial measure defined 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) differences, if any, resulting from recognizing property revenues on a straight line basis as opposed to contractual rental amounts; (iv) stabilized amounts for tenant inducements, leasing costs, and sustaining capital expenditures; (v) compensation expense related to deferred unit incentive plans; (vi) debt repayment costs; and (vii) net adjustments for equity accounted investments, as determined by the REIT. Other adjustments may be made to AFFO as determined by management at its discretion. Management's definition of AFFO is intended to reflect a stabilized business environment. The REIT’s AFFO definition differs from the REALpac Guidance in that, when calculating AFFO, the REIT does not make an adjustment to AFFO for amortization of financing charges. See “PART III – RESULTS FROM OPERATIONS – FUNDS FROM OPERATIONS (“FFO”)”.

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

In January 2022, 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 in PART III - RESULTS FROM OPERATIONS. We have provided an analysis of FFO and AFFO (including reconciliations to net income) under **PART III - RESULTS FROM OPERATIONS, FUNDS FROM OPERATIONS (“FFO”)** and **ADJUSTED FUNDS FROM OPERATIONS (“AFFO”)**.

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

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

“**Adjusted EBITDA**” is a non-IFRS financial measure defined as EBITDA excluding, IFRS fair value changes associated with investment properties and financial instruments, 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. For a reconciliation of EBITDA and Adjusted EBITDA to income (Loss) before taxes, please see “**PART IV – CAPITALIZATION AND LIQUIDITY – RATIOS AND COVENANTS**”.

“Investment Properties on a proportionate basis” is a non-IFRS financial measure defined as the REIT's total investment properties balance adjusted to be reflected on a proportionately consolidated basis at the REIT’s ownership percentage. We have provided an analysis of investment properties on a proportionate basis (including a reconciliation to consolidated investment properties) under “**PART II – BUSINESS OVERVIEW – INVESTMENT PROPERTIES**”.

“**Proportionate Management Fees**” is a non-IFRS financial measure defined as the REIT's total management fees earned from third parties adjusted to be reflected on a proportionately consolidated basis at the REIT’s ownership percentage. We have provided an analysis of proportionate management fees (including a reconciliation to consolidated management fees) under “**PART III – RESULTS FROM OPERATIONS – NET INCOME**”.

“**Interest Coverage**” is a non-IFRS ratio calculated as Adjusted EBITDA divided by mortgage and loan interest expense less debt repayment costs (“**Adjusted mortgage and loan interest expense**”). The interest coverage ratio is useful in determining the REIT's ability to service the interest requirements of its outstanding debt. Please see “**PART IV – CAPITALIZATION AND LIQUIDITY – RATIOS AND COVENANTS**”.

“**Cash Flows from Operating Activities Attributable to Unitholders**” is a non-IFRS financial measure define as cash generated from operations after providing for operating capital requirements, and is useful to evaluate the REIT's ability to fund distributions to Unitholders. We have provided an analysis of cash flows from operating activities attributable to unitholders (including a reconciliation to cash flow from operating activities) under “**PART III – RESULTS FROM OPERATIONS – DISTRIBUTIONS**”.

“**Distributions**” is a non-IFRS financial measure defined as 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. We have provided an analysis of distributions (including a reconciliation to distributions to trust unitholders) under “**PART III – RESULTS FROM OPERATIONS – DISTRIBUTIONS**”.

“**Net Asset Value**” or **(“NAV”)** is a non-IFRS financial measure, defined 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, 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 a non-IFRS ratio defined as NAV divided by the number of units outstanding at the end of the period. The REIT considers NAV and NAV per Unit to be meaningful measures because it provides, in management’s view, an estimate of the underlying intrinsic value of the REIT’s units. We have provided an analysis of NAV (including a reconciliation to total assets) under **PART IX - NET ASSET VALUE**.

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

We have provided an analysis of NOI (including reconciliations of SPNOI to NOI) under **PART III - RESULTS FROM OPERATIONS - NET OPERATING INCOME**.

KEY PERFORMANCE DRIVERS

In addition to monitoring and analyzing the performance of operations through the measures outlined above, 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 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.G and NWH.DB.H.

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, North America 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 September 30, 2022, the REIT was in compliance with all investment guidelines and operating policies stipulated in the Declaration of Trust.

RELATIONSHIP WITH NWVP

As at September 30, 2022, NorthWest Value Partners Inc. and affiliates ("**NWVP**") indirectly owned approximately 9.9% (approximately 9.0% 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 233 income-producing properties and 18.6 square feet of gross leasable area located throughout major markets in Canada, Brazil, Europe, Australia, and New Zealand.

Americas: The REIT's Americas platform consists of:

- **i.** Medical office buildings ("MOBs") and healthcare related facilities comprised of high quality real estate tenancies across both Canada and the United States of America ("US"). Canadian MOBs offer stable cash flow supported by the Canadian publicly funded healthcare system. In addition to the MOBs, US properties include hospitals with long-term, triple-net, inflation-indexed leases, providing consistent organic growth ("US Portfolio").
- **ii.** Institutional quality, core healthcare infrastructure assets in Brazil 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 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 28.2% 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 joint ventures ("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 $5.8 billion of third-party assets under management (December 31, 2021 - $5.5 billion), and is scaled to support over $4.3 billion of further capital commitments.

Below summarizes the REIT's managed funds as at September 30, 2022:

FUNDS UNDER MANAGEMENT AND CAPITAL COMMITMENTS

Cdn$ Billions	Total Commitment	Capital Deployed	Capital Allocated	Available Capacity	REIT Ownership	Term
Australian Core Hospital JV	3.3	2.4	0.8	0.1	30%	Perpetuity
Australian Core Hospital JV 2	2.1	—	—	2.1	30%	Perpetuity
Vital Trust	2.8	2.8	—	Open	28%	Perpetuity
European JV	2.7	0.6	—	2.1	30%	12 Years
Total	**10.9**	**5.8**	**0.8**	**4.3**		

The following table summarizes the REIT's assets by region as at September 30, 2022:

SUMMARY OF ASSETS

	Americas	Europe (1)	Australasia (2) (3)	Consolidated Total (4)
Number of Properties	90	69	74	233
Asset Mix	68% MOB & 30% Hospitals & Healthcare Facilities & 2% Life Sciences	52% MOB & 46% Hospitals & Healthcare Facilities & 2% Life Sciences	20% MOB & 77% Hospitals & Healthcare Facilities & 3% Life Sciences	48% MOB & 50% Hospitals & Healthcare Facilities & 2% Life Sciences
Gross Leaseable Area ("GLA") (million sf)	6.7	5.4	6.5	18.6
Total Assets (Cdn$ millions)	$2,868	$1,728	$3,560	$8,282
Occupancy	93%	97%	99%	97%
WALE (Years)	9.6	15.9	16.7	14.0
Average Building Age (Years)	25	24	16	22
Weighted Average Implied Cap Rate	6.1%	4.6%	4.6%	5.2%

Notes

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

(2) Shown on a 100% basis. The REIT has an approximate 28.2% interest in Vital Trust within Australasia and consolidates its investment in Vital Trust.

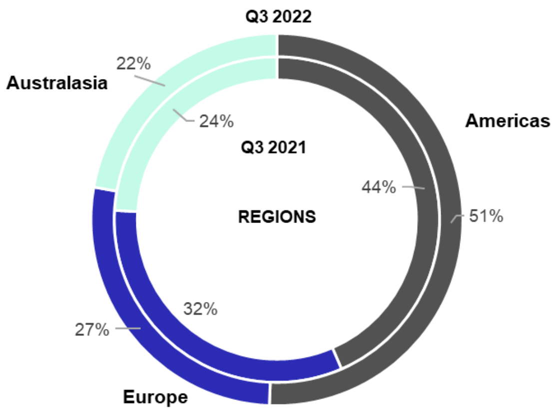
(3) Australia within Australasia is shown at 100% ownership for assets held as part of Joint venture Agreements ("JV"). The REIT owns 30% interest in these JV portfolios.

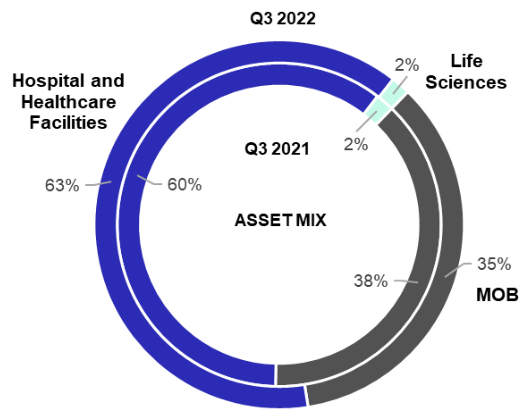
(4) Consolidated Total includes corporate assets, and Global Manager.

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 Q3 2022 and Q3 2021 actual NOI.

(2) Vital Trust within Australasia is shown on a proportionate basis. The REIT has an approximate 28.2% ownership interest in Vital Trust and consolidates its investment in Vital Trust.

(3) The European JV and Australian JVs are shown on a proportionate basis. The REIT owns 30% - 33.57% interest in its JV portfolios.

(4) The Asset Mix for prior year is restated as per ESG property classification.

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.

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

Tenant Mix

The following table summarizes the REIT's 10 largest tenants by percentage of proportionate revenue for the three months ended September 30, 2022:

10 LARGEST TENANTS BY PERCENTAGE OF RENT

	Tenant	Region	%	# of locations
1	Rede D'Or	Brazil	9.0 %	7
2	Nuffield Health[(1)]	Europe	4.7 %	6
3	Healthscope Limited[(1)]	Australasia	4.4 %	12
4	BMI Healthcare[(1)]	Europe	2.3 %	6
5	Epworth Foundation[(1)]	Australasia	2.1 %	11
6	Aurora Healthcare[(1)]	Australasia	1.5 %	12
7	Spire Healthcare Limited[(1)]	Europe	1.1 %	1
8	CISSS / CIUSSS	Canada	1.1 %	5
9	Healthe Care Surgical Pty Ltd[(1)]	Australasia	1.1 %	4
10	Rush University Medical Center	USA	0.9 %	1
			28.2 %	65

Notes:
(1) Australia and Europe are shown at proportionate ownership basis for assets held as part of Joint Venture Agreements ("JV"). The REIT owns a 30% interest in the JV within Australia and Europe, which are reflected on a proportionate ownership basis. The REIT has an approximate 28.2% interest in Vital Trust and consolidates its investment in Vital Trust.

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

Rede D'Or is the largest integrated health care network in Brazil. The company runs 69 own hospitals, 3 managed hospitals, and 53 specialized oncology outpatient clinics, comprising over 11,000 inpatient beds – an average of 153 beds per hospital. With more than 40 years of experience in the healthcare business, the company has solid business positions and operational scale strategically located in 12 states with the majority of the hospitals concentrated in the states of: Rio de Janeiro, São Paulo, Federal District, Pernambuco, and Bahia. Since 2004, the company has grown substantially through a series of strategic partnerships and acquisitions. Rede D'or was valued at 112.5 billion reais ($22 billion) in an initial public offering priced on December 8, 2020, placing it among Brazil's 10 biggest companies by market capitalization at time.

Nuffield Health is the REIT's second largest tenant in six directly held properties, accounting in total for 4.7% of the REIT's proportionate revenues. Nuffield Health is the largest non-profit UK healthcare provider and is a registered UK charity that primarily operates 37 hospitals and 113 medical centres, fitness, and corporate wellbeing sites.
The group's strategy has been to exploit synergies between private hospitals and broader wellness and fitness services. Nuffield has developed a strong name in the private healthcare space primarily accommodating NHS clients through patient choice.
Nuffield has continued to invest strongly in the development and modernization of its existing hospital capacity and is in a strong financial position in terms of both profitability and growth.
Among the main UK operators, Nuffield has both the second largest number of employees per hospital (432) and revenue per bed (~£554,000).

Healthscope Limited ("HSO") is currently the REIT's third largest tenant , occupying 12 properties (HSO Portfolio) and accounting for 4.4% of the REIT's proportionate revenues, which takes into account the REIT's ownership level of 30% for these respective properties. HSO, formed in 1985, is Australia's second largest private hospital operator and healthcare provider with a network of 41 private hospitals across every Australian state and territory. Specializing in medical and surgical, mental health, rehabilitation and maternity services, its hospitals are concentrated in large metropolitan centers, constituting 28 acute, 7 mental health and 6 rehabilitation hospitals. In 2019, Canada's Brookfield Asset Management acquired Healthscope for $4.4bn (previously listed on the ASX) and then subsequently spun off and sold 22 the real estate associated with 22 of its hospital in two portfolio's, one of which Northwest Healthcare acquired via its Galaxy JV fund with GIC.

BMI Healthcare is the UK's leading independent provider of private healthcare, was formed in 1970 and performs some of the most complex procedures in the private acute care market. In 2021, Circle was awarded the 'Hospital Group of the Year Award' and was listed as one of the top 25 best Big Companies to work for.

In 2020, 43% of BMI's revenue was generated through the NHS with PHI and self-pay accounting for 41% and 13% respectively. Typically, the NHS proportion is closer to 25%; however, Circle/BMI was supporting the NHS throughout C-19 through the NHS's block booking contract and other more informal initiatives

BMI was acquired by Circle Health in early 2020 and has committed to a multi-million pound program of investment in BMI facilities, technology, and people as part of the acquisition.

Circle has stated its intention to continue BMI's four-year £250m capital investment program which commenced following BMI's December 2018 recapitalization.

In Q3-21, Circle was acquired by a major US healthcare operator, Centene (NYSE: CNC), further strengthening.

Epworth Foundation is currently the REIT's fifth largest tenant, occupying 8 properties across the Vital and Galaxy JG Funds, accounting in total for 2.1% of the REIT's proportionate revenues, which takes into account the REIT's ownership level of approximately 28.2% for these respective properties. Epworth Foundation was established in 1982 to raise funds to ensure patients at Epworth HealthCare receive the best possible care. Epworth HealthCare is Victoria's largest not-for-profit private health care group, with more than 7,100 employees, including nurses, doctors, allied health professionals and support services, across nine hospitals and several specialty centers around the Melbourne metropolitan area. Epworth Foundation invest heavily in the latest technology and innovation, as well as nurse training facilities, which all assists it in attracting leading physicians and staff.

INVESTMENT PROPERTIES

The estimated fair value of investment properties as at September 30, 2022 was $5.7 billion (December 31, 2021 - $6.3 billion) representing an implied weighted average capitalization rate of 5.2% (December 31, 2021 - 5.2%).

INVESTMENT PROPERTIES					
Expressed in thousands of Canadian dollars	Three months ended September 30, 2022				
	Income Properties				
	Americas	Europe	Vital Trust	Australia	Total
Opening Balance	**$ 1,959,073**	**$ 643,992**	**$ 2,394,854**	**$ 172,850**	**$ 5,170,769**
Acquisitions of investment properties	—	—	3,940	—	$ 3,940
Right of use asset	(6)	—	—	—	$ (6)
Disposition of investment properties	(5,500)	—	—	—	$ (5,500)
Addition to investment properties	3,439	2,104	2,179	84	$ 7,806
Increase (decrease) in straight-line rents	901	—	—	369	$ 1,270
Transfers from (to) properties under development	—	—	11,181	—	$ 11,181
Transfers from (to) assets held for sale	—	—	—	—	$ —
Fair value gain (loss)	(18,363)	(1,801)	2,805	410	$ (16,949)
Foreign currency translation	17,715	(520)	(20,715)	(198)	$ (3,718)
Closing Balance	**$ 1,957,259**	**$ 643,775**	**$ 2,394,244**	**$ 173,515**	**$ 5,168,793**
	Properties Under Development				
	Americas	Europe	Vital Trust	Australia	Total
Opening Balance	**$ 42,814**	**$ 27,263**	**$ 286,171**	**$ —**	**$ 356,248**
Acquisitions of investment properties	—	—	105,566	—	$ 105,566
Right of use asset	—	—	—	—	$ —
Addition to investment properties	5,826	1,092	40,767	—	$ 47,685
Transfers from (to) income properties	—	—	(11,181)	—	$ (11,181)
Fair value gain (loss)	(1,395)	(1,090)	4,691	—	$ 2,206
Foreign currency translation	161	(24)	(6,008)	—	$ (5,871)
Closing Balance	**$ 47,406**	**$ 27,241**	**$ 420,006**	**$ —**	**$ 494,653**
	Total				
	Americas	Europe	Vital Trust	Australia	Total
Opening Balance	**$ 2,001,887**	**$ 671,255**	**$ 2,681,025**	**$ 172,850**	**$ 5,527,017**
Acquisitions of investment properties	—	—	109,506	—	109,506
Right of use asset	(6)	—	—	—	(6)
Disposition of investment properties	(5,500)	—	—	—	(5,500)
Addition to investment properties	9,265	3,196	42,946	84	55,491
Increase in straight-line rents	901	—	—	369	1,270
Fair value gain (loss)	(19,758)	(2,891)	7,496	410	(14,743)
Foreign currency translation	17,876	(544)	(26,723)	(198)	(9,589)
Closing Balance	**$ 2,004,665**	**$ 671,016**	**$ 2,814,250**	**$ 173,515**	**$ 5,663,446**

INVESTMENT PROPERTIES

Expressed in thousands of Canadian dollars	Nine months ended September 30, 2022				
	Income Properties				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$ 1,844,641**	**$ 1,658,124**	**$ 2,308,630**	**$ 172,873**	**$ 5,984,268**
Acquisitions of investment properties	785,644	12,069	103,039	—	900,752
Right of use asset	155	—	—	—	155
Disposition of investment properties	(5,500)	—	—	—	(5,500)
Addition to investment properties	12,098	4,770	7,741	603	25,212
Increase (decrease) in straight-line rents	1,506	—	—	1,317	2,823
Transfers from (to) properties under development	—	—	32,647	—	32,647
Transfers from (to) assets held for sale	(775,931)	(927,834)	—	—	(1,703,765)
Fair value gain (loss)	660	29,510	84,002	5,390	119,562
Foreign currency translation	93,986	(132,864)	(141,815)	(6,668)	(187,361)
Closing Balance	**$ 1,957,259**	**$ 643,775**	**$ 2,394,244**	**$ 173,515**	**$ 5,168,793**
	Properties Under Development				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$ 36,880**	**$ 29,144**	**$ 244,013**	**$ —**	**$ 310,037**
Acquisitions of investment properties	—	—	142,940	—	142,940
Right of use asset	—	—	—	—	—
Disposition of investment properties	—	—	(919)	—	(919)
Addition to investment properties	11,760	2,805	76,900	—	91,465
Transfers from (to) income properties	—	—	(32,647)	—	(32,647)
Fair value gain (loss)	(1,395)	(2,804)	3,061	—	(1,138)
Foreign currency translation	161	(1,904)	(13,342)	—	(15,085)
Closing Balance	**$ 47,406**	**$ 27,241**	**$ 420,006**	**$ —**	**$ 494,653**
	Total				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Opening Balance	**$ 1,881,521**	**$ 1,687,268**	**$ 2,552,643**	**$ 172,873**	**$ 6,294,305**
Acquisitions of investment properties	785,644	12,069	245,979	—	1,043,692
Right of use asset	155	—	—	—	155
Disposition of investment properties	(5,500)	—	(919)	—	(6,419)
Addition to investment properties	23,858	7,575	84,641	603	116,677
Increase in straight-line rents	1,506	—	—	1,317	2,823
Transfers from (to) assets held for sale	(775,931)	(927,834)	—	—	(1,703,765)
Fair value gain (loss)	(735)	26,706	87,063	5,390	118,424
Foreign currency translation	94,147	(134,768)	(155,157)	(6,668)	(202,446)
Closing Balance	**$ 2,004,665**	**$ 671,016**	**$ 2,814,250**	**$ 173,515**	**$ 5,663,446**

Investment Properties on Proportionate Basis[1]	
Expressed in thousands of Canadian dollars	**September 30, 2022**
Total reported investment properties	5,663,446
Proportionate share of the JV investments[2]	797,497
NCI share of investment properties	(2,036,432)
Total investment properties at proportionate share	**4,424,511**

Notes:

(1) See **Performance Measurement** in this MD&A.

(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.

2022 Acquisitions

During the nine months ended September 30, 2022, the following investment property acquisitions were completed by the REIT including investment property interests acquired in joint ventures with third-parties:

ACQUISITIONS					
Region	**Quarter**	**Ownership Interest**	**GLA**		**Acquisition Cost (in millions)** [1]
Australasia	Q1	27 %	35,888	$	52.7
Europe	Q1	100 %	59,151	$	10.9
Europe [2]	Q1	30 %	404,454	$	18.4
Americas [3]	Q2	100 %	1,245,657	$	785.7
Europe [2]	Q2	30 %	43,090	$	25.3
Australasia	Q3	27 %	73,486	$	30.9
Total			**1,861,726**	**$**	**923.9**

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

(2) Represents 100% GLA related to properties owned through joint venture but managed by the REIT, whereas acquisition costs are shown at the REIT's share of the gross value of the properties.

(3) During Q2-22, the REIT closed the acquisition of the US Portfolio.

2022 Dispositions

During the nine months ended September 30, 2022, the following dispositions of investment properties were completed by the REIT including properties interests that were sold to joint ventures the REIT has with institutional partners that are third-parties:

DISPOSITIONS					
Region	**Quarter**		**Disposition Proceeds (in millions)**		**Property Specific Debt (in millions)**
Australasia	Q1	$	0.9	$	—
Canada	Q3	$	5.5	$	—
Total		**$**	**6.4**	**$**	**—**

During the three months ended September 30, 2022, the REIT is actively marketing the US Portfolio and UK Portfolio to parties interested in forming a joint arrangement. The portfolios are expected to be sold to a joint arrangement within the next year where the REIT is expected to retain a non-controlling interest in the properties and related mortgages. Accordingly, the REIT classified the US Portfolio and UK Portfolio with a fair value of $830.2 million and $— million, respectively, as assets held for sale. Liabilities associated with the US Portfolio investment properties as at September 30, 2022, of $462.6 million were concurrently classified as liabilities held for sale. The REIT will use proceeds generated from sale of US Portfolio and UK portfolio to partially repay corporate credit facilities totaling $631.0 million with outstanding term of less than 12 months.

Valuation of Investment Properties

The estimated fair values of the investment properties at September 30, 2022 were determined either on internal valuation models incorporating available market evidence or on valuations performed by independent third party appraisers. During the three and nine months ended September 30, 2022, investment properties with an aggregate estimated fair value of $0.1 billion and $4.4 billion, respectively, representing approximately 78.1% of its portfolio, (for the three and nine months ended months ended September 30, 2021 - $0.7 and $2.5 billion, respectively, 56.1% of its portfolio) were valued by independent third party appraisers. As at December 31, 2021 aggregate estimated fair value was $6.1 billion representing approximately 96.2% of its portfolio, were valued by independent third party appraiser.

As at September 30, 2022, the weighted average capitalization rate remained flat at 5.2% for the consolidated portfolio as compared to 5.2% as at December 31, 2021.

During the three and nine months ended September 30, 2022, the REIT recorded a fair value loss on income producing property of $14.7 million and a fair value gain of $118.4 million, respectively. The fair value loss for the three months ended September 30, 2022, was mainly attributable to the Brazilian portfolio due to a negative change in the IPCA indexation during the period, a change in valuation parameters in the Canadian and European portfolios, partially offset by rental growth and rentalization of developments work at Vital Trust. For the nine months ended September 30, 2022, the fair value gain was mainly attributable to rental growth and rentalization of developments work at Vital Trust, rent reviews in Europe and rent growth in the Brazilian portfolio due to positive change in the IPCA indexation, partially offset by a change in valuation parameters in the Canadian portfolio and transaction costs incurred related to the US Portfolio acquisition.

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
Australasia	14	Q4 2022 - Q2 2024	374,053	257,486	94 %	5.3 %
Europe	1	Q1-2023	9,072	2,207	68 %	4.9 %
Americas	4	Q4 2022 - Q3 2023	73,526	48,592	89 %	8.0 %
	19		$ 456,651	$ 308,285	93 %	5.7 %

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, Vital Trust approved three expansion projects. The REIT currently has a total of fourteen active expansion projects in Australasia with completion dates ranging from the fourth quarter of 2022 to the second quarter of 2024. 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, Healthe Care and Acurity and Australian JV tenant Healthscope and Evolution. The developments are expected to be funded through existing resources. Expansion projects are 94% leased at premium yields and expected to generate significant NAV growth on completion. The REIT's share of Australasian development costs is $103.4 million of which estimated cost to complete is $71.2 million.

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 one German development under construction with scheduled completion in the fourth quarter of 2022.

Americas

The REIT currently has a total of four active expansion projects in the Americas. During the quarter, the REIT commenced construction on an expansion project in the United States. The two Brazilian developments relate 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. The one 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 September 30, 2022				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Additions to investment properties					
Leasing costs [1]	$ 120	$ —	$ (592)	$ 1	$ (471)
Tenant improvements [2]	692	321	2,731	42	3,786
Maintenance capital expenditures	703	875	40	45	1,663
Other capital expenditures	1,924	908	—	(4)	2,828
	3,439	2,104	2,179	84	7,806
Internal leasing costs expensed	393	145	—	—	538
	3,832	2,249	2,179	84	8,344
Less:					
Recoverable maintenance capital expenditures	(703)	(479)	—	—	(1,182)
Other value enhancing and non-recurring capital expenditures	(521)	(674)	(2,139)	(40)	(3,374)
Leasing costs and non-recoverable maintenance capital expenditures	**$ 2,608**	**$ 1,096**	**$ 40**	**$ 44**	**$ 3,788**
AFFO adjustment for leasing costs and non-recoverable maintenance capital expenditures [3]	**$ 2,179**	**$ 657**	**$ 40**	**$ 47**	**$ 2,923**
Leasing costs and non-recoverable maintenance capital expenditures in excess of AFFO adjustment	**$ 429**	**$ 439**	**$ —**	**$ (3)**	**$ 865**

	Nine months ended September 30, 2022				
	Americas	**Europe**	**Vital Trust**	**Australia**	**Total**
Additions to investment properties					
Leasing costs [1]	$ 1,430	$ —	$ 130	$ 41	$ 1,601
Tenant improvements [2]	2,848	1,391	7,180	437	11,856
Maintenance capital expenditures	2,378	1,507	431	127	4,443
Other capital expenditures	5,442	1,872	—	(2)	7,312
	12,098	4,770	7,741	603	25,212
Internal leasing costs expensed	1,299	689	—	—	1,988
	13,397	5,459	7,741	603	27,200
Less:					
Recoverable maintenance capital expenditures	(2,378)	(895)	—	—	(3,273)
Other value enhancing and non-recurring capital expenditures	(1,577)	(2,303)	(7,310)	(122)	(11,312)
Leasing costs and non-recoverable maintenance capital expenditures	**$ 9,442**	**$ 2,261**	**$ 431**	**$ 481**	**$ 12,615**
AFFO adjustment for leasing costs and non-recoverable maintenance capital expenditures [3]	**$ 6,137**	**$ 1,947**	**$ 431**	**$ 482**	**$ 8,997**
Leasing costs and non-recoverable maintenance capital expenditures in excess of AFFO adjustment	**$ 3,305**	**$ 314**	**$ —**	**$ (1)**	**$ 3,618**

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 within Americas and in Europe, due to the nature of the portfolios, on a quarterly basis and during portfolio repositioning, leasing costs, tenant improvements and maintenance capital expenditures can fluctuate and as such, should not be regarded as stabilized. As a result, the REIT uses a reserve of 6% of revenue from MOBs in Canada within Americas and in Europe when determining AFFO. In Brazil and US within Americas and Australasia due to the long term, triple net nature of the leases the REIT uses actual leasing costs and non-recoverable maintenance capital expenditures when determining AFFO.

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

Americas

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

During the three months ended September 30, 2022 additions for the Canadian investment properties totaled $3.4 million. During the quarter leasing costs of $0.8 million included costs attributable to six transactions, of which two were lease renewals and expansions with an aggregate WALE of 9.0 years.
Included in other value enhancing and non-recurring capital expenditures for the quarter were one-time capital expenditures incurred and leasing costs to lease up never-before-occupied space at a developed building.

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 cost, tenant improvements and capital expenditures can fluctuate and as such, should not be regarded as stabilized. Additions to the European investment properties for the three months ended September 30, 2022 were $2.1 million.

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

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 September 30, 2022, additions to the Australasian investment properties totaled $2.3 million which were largely attributable to updating façades and lifts at various properties & theatre projects (Kensington).

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 and nine months ended September 30, 2022 and 2021:

RESULTS FROM OPERATIONS						
Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Net Operating Income						
Revenue from investment properties	$ 115,780	$ 95,554	$ 20,226	$ 330,283	$ 278,245	$ 52,038
Property operating costs	(26,233)	(20,860)	(5,373)	(74,786)	(63,161)	(11,625)
Net Operating Income (NOI)	**89,547**	**74,694**	**14,853**	**255,497**	**215,084**	**40,413**
Other income						
Share of profit (loss) from equity accounted investments	5,154	8,066	(2,912)	28,884	55,553	(26,669)
Management fees	(4,199)	4,097	(8,296)	12,252	13,149	(897)
Development revenue	—	2,577	(2,577)	3,746	5,742	(1,996)
Interest and other	2,691	1,773	918	6,729	3,529	3,200
	3,646	**16,513**	**(12,867)**	**51,611**	**77,973**	**(26,362)**
	93,193	**91,207**	**1,986**	**307,108**	**293,057**	**14,051**
Expenses and Other						
Mortgage and loan interest expense	(40,864)	(22,404)	(18,460)	(98,775)	(68,162)	(30,613)
General and administrative expenses	(12,421)	(8,381)	(4,040)	(35,560)	(29,777)	(5,783)
Transaction costs	(3,740)	(16,899)	13,159	(15,858)	(30,332)	14,474
Other finance costs	(4,286)	(4,820)	534	(6,881)	(17,778)	10,897
Foreign exchange gain (loss)	(3,822)	(4,628)	806	777	9,019	(8,242)
Development costs	—	(2,775)	2,775	(3,430)	(5,004)	1,574
Income (loss) before the under noted items	**28,060**	**31,300**	**(3,240)**	**147,381**	**151,023**	**(3,642)**
Fair value adjustment of Unit-Based Liability	3,239	(62)	3,301	6,855	(612)	7,467
Fair value adjustment of investment properties	(14,743)	152,672	(167,415)	118,424	323,321	(204,897)
Gain (loss) on derivative financial instruments	10,468	(1,577)	12,045	59,901	12,973	46,928
Income (loss) before taxes	**27,024**	**182,333**	**(155,309)**	**332,561**	**486,705**	**(154,144)**
Income tax expense	(5,942)	(34,698)	28,756	(71,415)	(82,228)	10,813
Net income (loss)	**$ 21,082**	**$ 147,635**	**$ (126,553)**	**$ 261,146**	**$ 404,477**	**$ (143,331)**
Discontinued operations						
Net income from discontinued operations	$ —	$ 25,658	$ (25,658)	$ —	$ 25,658	$ (25,658)
Total net income (loss)	**$ 21,082**	**$ 173,293**	**$ (152,211)**	**$ 261,146**	**$ 430,135**	**$ (168,989)**
Net income (loss) attributable to:						
Unitholders	$ 6,611	$ 161,380	$ (154,769)	$ 164,490	$ 295,427	$ (130,937)
Non-controlling interests	14,471	11,913	2,558	96,656	134,708	(38,052)
	$ 21,082	**$ 173,293**	**$ (152,211)**	**$ 261,146**	**$ 430,135**	**$ (168,989)**

Revenue from investment properties

Revenue from investment properties for the three months ended September 30, 2022 was $115.8 million which is $20.2 million higher than the three months ended September 30, 2021. The increase is primarily due to a $14.2 million increase attributable to the acquisition of the US Portfolio, $1.5 million due to rent inflation indexation in Brazil, and a $4.0 million increase in revenue at Vital Trust as a result of acquisition and leasing activity.

Revenue from investment properties for the nine months ended September 30, 2022 was $330.3 million as compared to $278.2 million for the nine months ended September 30, 2021. The increase of $52.0 million is primarily attributable to a $25.9 million attributable to the acquisition of the US Portfolio, a $5.5 million due to rent inflation indexation in Brazil, an increase of $8.4 million for the European portfolio attributable to increased rents for the Netherlands, and an increase in Vital Trust revenues of $12.4 million as a result of acquisitions, developments and leasing activities.

See also **NET OPERATING INCOME**.

Property operating costs

In Canada, US, 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 and nine months ended September 30, 2022, were $26.2 million and $74.8 million, respectively, as compared to $20.9 million and $63.2 million for the for the three and nine months ended months ended September 30, 2021, respectively. The $5.4 million and $11.6 million respective increases were primarily the result of completion of acquisitions and developments.

See also **NET OPERATING INCOME**.

Share of profit (loss) of equity accounted investments

SHARE OF PROFIT/LOSS IN EQUITY ACCOUNTED INVESTMENTS

For the three months ended September 30,	2022			2021			
	Australia	Europe	Total	Australia	Europe	Total	Variance
Total revenues	**$ 25,907**	**$ 9,308**	**$ 35,215**	$24,532	$ 7,608	$ 32,140	**$ 3,075**
Expenses							
Operating costs	**1,848**	**2,006**	**3,854**	1,678	1,323	3,001	**(853)**
Mortgage and loan interest expense	**8,529**	**2,020**	**10,549**	3,363	1,369	4,732	**(5,817)**
General and administrative expenses	**855**	**518**	**1,373**	249	535	784	**(589)**
Other	**162**	**—**	**162**	146	—	146	**(16)**
Fair value (gain) loss adjustments and transaction costs	**2,086**	**(1,302)**	**784**	(4,451)	335	(4,116)	**(4,900)**
Income tax expense	**—**	**689**	**689**	—	438	438	**251**
Net income (loss)	**$ 12,427**	**$ 5,377**	**$ 17,804**	$23,547	$ 3,608	$ 27,155	**$ (9,351)**
Non-controlling interests	**750**	**—**	**750**	850	—	850	**100**
Net profit attributable to unitholders	**$ 11,677**	**$ 5,377**	**$ 17,054**	$22,697	$ 3,608	$ 26,305	**$ (9,251)**
Weighted average share of profits (loss)	**30.0%**	**30% to 33.57%**		30.0 %	30% to 33.57%		
REIT's share of income (loss)	**$ 3,503**	**$ 1,650**	**$ 5,153**	$ 6,809	$ 1,257	$ 8,066	**$ (2,913)**

For the nine months ended September 30,	2022			2021			
	Australia	Europe	Total	Australia	Europe	Total	Variance
Total revenues	**$ 79,947**	**$ 25,891**	**$105,838**	$ 77,610	$ 23,195	$100,805	**$ 5,033**
Expenses							
Operating costs	**7,301**	**4,862**	**12,163**	7,654	3,839	11,493	**(670)**
Mortgage and loan interest expense	**16,584**	**4,885**	**21,469**	10,225	3,764	13,989	**(7,480)**
General and administrative expenses	**1,319**	**784**	**2,103**	458	2,801	3,259	**1,156**
Other	**471**	**—**	**471**	485	—	485	**14**
Fair value (gain) loss adjustments and transaction costs	**(34,938)**	**4,862**	**(30,076)**	(109,512)	(9,494)	(119,006)	**(88,930)**
Income tax expense	**—**	**(14)**	**(14)**	—	4,311	4,311	**(4,325)**
Net income (loss)	**$ 89,210**	**$ 10,512**	**$ 99,722**	$ 168,300	$ 17,974	$186,274	**$ (86,552)**
Non-controlling interests	**4,031**	**—**	**4,031**	2,862	—	2,862	**(1,169)**
Net profit attributable to unitholders	**$ 85,179**	**$ 10,512**	**$ 95,691**	$ 165,438	$ 17,974	$183,412	**$ (87,721)**
Weighted average share of profits (loss)	**30.0%**	**30% to 33.57%**		30.0%	30% to 33.57%		
REIT's share of income (loss)	**$ 25,553**	**$ 3,331**	**$ 28,884**	$ 49,631	$ 5,922	$ 55,553	**$ (26,669)**

Share of profit (loss) of associate for the three and nine months ended September 30, 2022 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 $2.9 million and $26.7 million for the three and nine months ended September 30, 2022, compared to the respective periods in 2021. The decrease was mainly attributable to a higher revaluation of investment properties related to changes in valuation parameters during the prior year periods in both Australian and European JVs, an increase in mortgage and loan interest expense for three and nine months ended September 30, 2022, partially offset by an increase in rental revenue as compared to the three and nine months ended months ended September 30, 2021.

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 Global Asset Manager fees to Vital Trust are eliminated on consolidation as inter-company transactions but the REIT receives the benefit of approximately 72% 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.

The following table summarizes the management fees earned by Global Asset Manager for the three and nine months ended September 30, 2022 and 2021:

GLOBAL MANAGER FEES

Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Base fee	$ 7,787	$ 7,103	$ 684	$ 24,074	$ 20,502	$ 3,572
Incentive and performance fee	4,067	3,520	547	8,460	10,819	(2,359)
Trustee fees	277	242	35	821	691	130
Project and Acquisition fees	715	3,548	(2,833)	8,659	10,144	(1,485)
Other fees and cost reimbursements	(6,823)	1,395	(8,218)	3,271	4,221	(950)
Total Management Fees	**$ 6,023**	**$ 15,808**	**$ (9,785)**	**$ 45,285**	**$ 46,377**	**$ (1,092)**
less: inter-company elimination (1)	(10,222)	(11,711)	1,489	(33,033)	(33,228)	195
Consolidated Management Fees (2)	**$ (4,199)**	**$ 4,097**	**$ (8,296)**	**$ 12,252**	**$ 13,149**	**$ (897)**
add: fees charged to non-controlling interests	6,528	7,827	(1,299)	21,288	22,202	(914)
Proportionate Management Fees (3)	**$ 2,329**	**$ 11,924**	**$ (9,595)**	**$ 33,540**	**$ 35,351**	**$ (1,811)**

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) See **Performance Measurements** in this MD&A.

Consolidated management fees for the three and nine months ended September 30, 2022, decreased by $8.3 million and $0.9 million, respectively, compare to the respective periods in 2021.

Project and acquisition fees for the three and nine months ended September 30, 2022, decreased by $2.8 million and $1.5 million compared to prior periods, respectively, mainly due to decrease in transactional activity in the REIT's joint ventures and Vital Trust.

For the three months ended September 30, 2022, the REIT adjusted $6.8 million of cost reimbursements that it had previously accrued in respect of an investment in unlisted securities involving a joint venture arrangement as a result of subsequent developments. During the nine months ended September 30, 2022, the REIT has recorded cost reimbursement income of $3.3 million in respect of that investment.

Incentive fees are calculated as a percentage of the average annual increase in Vital Trust's net tangible assets, over the respective 12 month period ending June 30th, and the two preceding periods. Incentive fees for the three months ended September 30, 2022, increased by $0.5 million primarily driven by net tangible asset change at Vital Trust. Incentive fees for the nine months ended September 30, 2022, decreased by $2.4 million, primarily driven by finalization of Vital Trust investment property valuation that resulted in a year to date adjustment in Q2 2022.

Development Revenue and Costs

During the first quarter of 2021, the REIT entered into an agreement with the European JV partner to develop for two investment properties for the European JV. The development properties have been completed during the first half of 2022, therefore, for the three and nine months ended September 30, 2022, the REIT has recognized development gain of nil and $0.3 million, respectively, net of its 30% interest in the European JV.

Interest and other

For the three months ended September 30, 2022 and 2021, the REIT recorded interest and other income of $2.7 million and $1.8 million, respectively. For the nine months ended September 30, 2022 and 2021, the REIT recorded interest and other income of $6.7 million and $3.5 million, respectively.

The increase during the three and nine months ended September 30, 2022 period mainly relates to distribution income earned on the REIT's investment in unlisted securities.

Mortgage and loan interest expense

The mortgage and loan interest expense for the three and nine months ended September 30, 2022, was $40.9 million and $98.8 million, respectively, an increase of $18.5 million and $30.6 million over the prior year periods.

The composition of mortgage and loan interest expense for the three and nine months ended September 30, 2022 and 2021 is as follows:

MORTGAGE AND LOAN INTEREST EXPENSE						
Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Americas						
Mortgages and Term loans	10,747	5,848	(4,899)	30,212	17,642	(12,570)
Europe						
Mortgages	1,296	1,231	(65)	4,430	7,159	2,729
Australasia						
Term loans	12,415	7,502	(4,913)	31,147	23,221	(7,926)
Corporate						
Australasian Secured Financing	2,579	1,232	(1,347)	6,107	3,444	(2,663)
Corporate credit facilities	14,388	5,095	(9,293)	26,955	10,783	(16,172)
Convertible Debentures	2,786	2,775	(11)	6,195	9,656	3,461
	19,753	9,102	(10,651)	39,257	23,883	(15,374)
less: capitalized interest	(3,347)	(1,279)	2,068	(6,271)	(3,773)	2,498
add: prepayment penalties	—	—	—	—	30	30
Total mortgage and loan interest expense	**$ 40,864**	**$ 22,404**	**$ (18,460)**	**$ 98,775**	**$ 68,162**	**$ (30,613)**

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

Americas

Mortgage and Term loans interest expense for the three and nine months ended September 30, 2022 has increased by $4.9 million compared to the respective prior year periods. The increase is primarily due to the acquisition of the US portfolio on April 14, 2022.

Europe

Mortgage interest expense for the three months ended September 30, 2022, slightly increased by $0.1 million compared to the respective prior year period mainly due to new debt assumed during Q3 2022. For the nine months ended September 30, 2022, mortgage interest expense decreased by $2.7 million compared to the respective prior year period mainly due to acquisition activity and repayment of property specific mortgages in the UK in the second half of 2021. The weighted average interest rate of the European remained flat at 1.97% as at September 30, 2022, compare to 1.96% as at September 30, 2021.

Australasia

Mortgage interest expense for the three and nine months ended September 30, 2022 has increased by $4.9 million and $7.9 million over the three and nine months ended months ended September 30, 2021, respectively. The increase over the comparable prior year periods is attributable to acquisition activity as well as an increase in weighted average interest rates. The weighted average interest rate as at September 30, 2022 increased to 4.74% compared to 3.10% as at September 30, 2021.

Corporate

The increase in the interest expense for the three and nine months ended September 30, 2022, over the comparable prior year periods is primarily due to refinancing and expansion in corporate credit facilities to fund acquisition and investment activities, as well as the exposure of some credit facility tranches to variable interest rates which resulted in an overall higher weighted average interest rate.

The weighted average interest rate as at September 30, 2022 increased to 5.66% compared to 3.44% as at September 30, 2021. The change is primarily attributable to variable interest rate for financing investment activities.The REIT expects to hedge, refinance with fixed rate asset level financing or repay using net proceeds from vending properties into new or existing JVs.

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 September 30, 2022 were $12.4 million and $35.6 million, respectively, as compared to $8.4 million and $29.8 million in the respective prior year periods. G&A for the three and nine months ended September 30, 2022, includes Unit-Based Compensation Expense (as defined under **ADJUSTED FUNDS FROM OPERATIONS (“AFFO”) - Unit-Based Compensation Expense)** of $2.0 million and $7.2 million, respectively (three and nine months ended months ended September 30, 2021 - $2.2 million and $7.2 million, respectively). G&A, excluding amounts associated with Unit-Based Compensation Expenses, increased by approximately $4.2 million and $5.8 million over the respective prior year periods. The increase in G&A for the three and nine months ended September 30, 2022, was primarily as a result of growth and scaling of the REIT's platform.

Transaction costs

For the three and nine months ended September 30, 2022, the REIT incurred transaction costs of $3.7 million and $15.9 million, respectively, (three and nine months ended months ended September 30, 2021 - $16.9 million and $30.3 million, respectively). For the three and nine months ended September 30, 2022, included in transaction costs are third party costs and internal allocations, including associated unit-based expenses, related to acquisition and disposition activities, investment opportunities, capital raising initiatives, and JV formation, being explored by the REIT. Additionally, included in transaction costs for three and nine months ended September 30, 2022, is allocation of CEO management services (See **RELATED PARTY TRANSACTIONS**) and related cost reimbursements in relation to exploring investment opportunities, capital raising initiatives, and formation of new JVs.

Other finance costs

Other finance costs for the three and nine months ended September 30, 2022 and 2021 consisted of the following:

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Distributions on Exchangeable Units	$ 342	$ 342	$ —	$ 1,026	$ 1,026	$ —
Loss (gain) on revaluation of financial liabilities	2,003	2,445	442	12,049	7,431	(4,618)
Amortization of deferred financing costs	2,857	1,314	(1,543)	7,824	10,054	2,230
Amortization of marked to market adjustment	(300)	(105)	195	(719)	(314)	405
Fair value adjustment of Convertible Debentures	(5,167)	516	5,683	(14,892)	(949)	13,943
Convertible Debenture issuance costs	7,048	—	(7,048)	7,048	—	(7,048)
Fair value adjustment of Exchangeable Units	(2,497)	308	2,805	(5,455)	530	5,985
Total Finance Costs	**$ 4,286**	**$ 4,820**	**$ 534**	**$ 6,881**	**$ 17,778**	**$ 10,897**

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 and nine months ended September 30, 2022, accretion expense of $2.0 million and $12.0 million, respectively, (for the three and nine months ended months ended September 30, 2021 - expense of $2.4 million and $7.4 million, respectively). The decrease in accretion expense for the three months ended September 30, 2022, is related to a negative inflation rate during Q3-22 of 1.32% as compared to a positive rate of 3.02% during Q3-21. The increase in accretion expense for the nine months ended September 30, 2022, is related to an increase in the annual inflation rates in Brazil. The annual inflation rate for September 30, 2022, was 7.17% as compared to 6.90% for September 30, 2021.

Amortization of deferred financing costs

For the three and nine months ended September 30, 2022, the REIT recorded amortization of deferred financing fees of $2.9 million and $7.8 million, respectively, (for the three and nine months ended months ended September 30, 2021 - $1.3 million and $10.1 million, respectively). The increase in amortization during the three months ended September 30, 2022, is primarily attributable to Corporate and US debt assumed in the second quarter of 2022. The decrease in amortization during the nine months ended September 30, 2022, as compared to the same period in the prior year, is mainly attributable to amortization on the UK debt which was assumed in August 2020 and was repaid by the REIT on June 23, 2021, partially offset by new debt assumed in the second quarter of 2022.

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						
	Sept-22	**Jun-22**	**Mar-22**	**Dec-21**	**Sept-21**	**Jun-21**
Month-end closing price (Canadian $)						
NWH.DB.G	988.6	1,020.0	1,075.0	1,097.8	1,075.0	1,069.8
NWH.DB.H	992.0	—	—	—	—	—

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

Foreign exchange gain (loss)

The REIT and its subsidiaries financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing balance sheet rate. For the three and nine months ended September 30, 2022, the REIT recorded a foreign exchange loss of $3.8 million and a a foreign exchange gain of $0.8 million, respectively. For the three months ended September 30, 2022, the foreign exchange loss included $3.7 million unrealized foreign exchange loss relates to revaluation of third-party debt and intercompany loans between subsidiaries of the REIT that are denominated in foreign currencies as compared to the functional currency of the subsidiary entity. For the nine months ended September 30, 2022, the foreign exchange gain includes realized exchange gain of $2.0 million mainly related to settlement of foreign currencies denominated debt.

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

Fair value adjustment of Unit-Based Liability

Under IFRS, the REIT's unit-based compensation liability ("Unit-Based Liability") is measured at fair value each reporting period. The fair value of the Unit-Based Liability with respect to deferred units and restricted units granted 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, whereas, the Unit-Based Liability related to performance units granted, is measured at fair-value every reporting period using a Monte-Carlo simulation at the reporting date. The change in fair value of the Unit-Based Liability is recognized in income.

The fair value adjustment on revaluation of the Unit-Based Liability for the three and nine months ended September 30, 2022 was a gain of $3.2 million and $6.9 million, respectively, as compared to a loss of $0.6 million on for the three and nine months ended months ended September 30, 2021, respectively. The change in the fair value adjustment related to the Unit-Based Liability over the comparable prior year period reflects changes in the trading price of the REIT's Trust Units during the period with respect to deferred units and restricted units, partially offset by fair value adjustment loss related to the REIT's performance units.

Fair value adjustment of investment properties

For the three months ended September 30, 2022, the REIT recorded a fair value loss on investment properties of $14.7 million mainly attributable to a $10.1 million revaluation loss in the Brazil portfolio as a result of a negative change in the IPCA indexation during the period, a $8.5 million revaluation loss in the Canadian portfolio due to change in valuation parameters and a $2.9 million revaluation loss mainly attributable to change in valuation parameters and rent reviews.

For the nine months ended September 30, 2022, the REIT recorded a fair value gain on investment properties of $118.4 million consisting a $87.1 million increase in the Vital Trust's investment properties portfolio and a revaluation gain of $5.4 million in the Australian portfolio both mainly attributable to improvement in valuation parameters and rent reviews, net revaluation gain of $26.7 million driven primarily by rental growth, change in valuation parameter and leasing initiatives for the UK portfolio in the first half of 2022, partially offset by a $0.7 million revaluation decrease in the Americas.

See also **INVESTMENT PROPERTIES**.

Gain/Loss on derivative financial instruments

Gain/loss on derivative financial instruments for the three and nine months ended September 30, 2022 and 2021 consisted of the following:

GAIN (LOSS) ON DERIVATIVE FINANCIAL INSTRUMENTS

Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2022	**2021**	**Variance**	**2022**	**2021**	**Variance**
Canada						
Interest rate swaps	$ 15	$ 180	$ (165)	$ 424	$ 698	$ (274)
Europe						
Interest rate swaps	6,917	318	6,599	18,708	1,946	16,762
Australasia						
Interest rate swaps	3,686	2,592	1,094	41,208	19,924	21,284
Option contracts	46	(4,964)	5,010	26	(9,895)	9,921
Foreign exchange contracts	(196)	297	(493)	(465)	300	(765)
Total gain (loss) on derivative financial instruments	**$ 10,468**	**$ (1,577)**	**$ 12,045**	**$ 59,901**	**$ 12,973**	**$ 46,928**

During 2021, the REIT together with its JV partner, has entered into option agreements to acquire a strategic interest unquoted equity instruments. During the nine months ended September 30, 2022, the REIT exercised its remaining share of the derivative option and acquired the remaining unlisted securities. The transaction resulted in no fair value adjustment for the three and nine months ended September 30, 2022.

Income tax expense

The combined current tax and deferred tax expense of the REIT for the three and nine months ended September 30, 2022, was $5.9 million and $71.4 million, respectively.

For the three months ended September 30, 2022, the REIT recognized a current tax expense of $2.8 million (for the three months ended September 30, 2021 - expense of $4.4 million). The current taxes during the quarter primarily relate to normal course income tax expense on taxable earnings at the Global Asset Manager, Vital Trust, Europe and withholding tax in Australia.

For the nine months ended September 30, 2022, the REIT recognized current tax expense of $17.2 million (nine months ended September 30, 2021 - expense of $10.6 million). The current taxes relate primarily to $3.7 million in Europe related to the UK portfolio, withholding tax in Brazil of $0.2 million, $6.7 million at Vital Trust primarily related to normal course income taxes on earnings and $4.9 million by Global Asset Manager on net management fees earned.

The REIT records deferred tax assets and liabilities in Europe, Brazil, US, Vital Trust and Australia arising primarily due to the difference between the carrying value for accounting purposes and tax cost of its investment properties. The deferred tax expenses for the three and nine months ended September 30, 2022, of $3.1 million and $54.2 million, respectively, (for the three and nine months ended months ended September 30, 2021 - an expense of $30.3 million and $71.7 million, respectively) were primarily as a result of fair value adjustments related to investment properties and a deferred tax expense related to the Global Asset Manager.

NET OPERATING INCOME

NOI is defined as income from properties after operating expenses have been deducted, computed in accordance with IFRS, but before deducting interest expense, 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 and nine months ended September 30, 2022 represents net operating income from properties currently owned by the REIT that were acquired prior to January 1, 2021, adjusted for straight-line rental revenue recognition, lease termination fees and allowance for doubtful accounts, and excluding properties held for redevelopment and impact of foreign currency translation.

See **Performance Measurement.**

The REIT's same property NOI for the three and nine months ended September 30, 2022 and 2021 is summarized in the tables below in Canadian dollars and in constant currency:

SAME PROPERTY NOI

In thousands of CAD	Three months ended September 30,			Nine months ended September 30,		
	2022	**2021**	**Var %**	**2022**	**2021**	**Var %**
Same property NOI (1)						
Americas	$ 28,351	$ 27,541	2.9 %	$ 84,655	$ 81,352	4.1 %
Europe	15,594	16,031	(2.7)%	41,664	42,853	(2.8)%
Australasia	23,250	21,971	5.8 %	71,156	67,992	4.7 %
Same property NOI (1)	**$ 67,195**	**$ 65,543**	**2.5 %**	**$ 197,475**	**$ 192,197**	**2.7 %**
Impact of foreign currency translation on Same Property NOI	—	3,835		—	6,293	
Straight-line rental revenue recognition	(263)	4		(575)	362	
Amortization of operating leases	(46)	(76)		(150)	(243)	
Lease termination fees	21	575		21	605	
Other transactions	626	91		1,112	91	
Developments	3,662	2,569		11,360	8,640	
Acquisitions	17,787	1,503		45,228	4,977	
Dispositions	62	245		(306)	881	
Intercompany/Elimination	503	405		1,332	1,281	
NOI	**$ 89,547**	**$ 74,694**	**19.9 %**	**$ 255,497**	**$ 215,084**	**18.8 %**

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

Consolidated

The REIT's Same Property NOI for the three and nine months ended September 30, 2022 increased by 2.5% and 2.7% respectively over the comparable prior year periods mainly due to inflationary adjustments on rents reflecting a steady growth in our underlying lease rentals additionally supported by a long term wale of 14.0 years offset by lower renegotiated rents for longer term on renewal in the United Kingdom.

Americas

Same property NOI for the three and nine months ended September 30, 2022 increased by 2.9% and 4.1% respectively over the comparable prior year period mainly due to inflationary adjustment on rents in the Brazil portfolio and increase in net parking rent in the Canadian portfolio partly offset by decrease in termination fee income, lower occupancy and higher non-recoverable costs in the Canadian portfolio.

Europe

Same Property NOI for the three and nine months ended September 30, 2022 decreased by 2.7% and 2.8% respectively over the comparable prior year period mainly due to value-added longer term tenants with lower rent for some UK leases. Excluding these value-add leases in UK, Same Property NOI for the three months and nine months ended September 30, 2022 increased by 3.7% and 6.0% over the comparable prior year period reflecting growth in rental revenue and indexation increases.

Australasia

Same Property NOI for the three and nine months ended September 30, 2022 over the comparable prior year period increased by 5.8% and 4.7% respectively over the comparable prior year period driven by Indexed growth and fixed increases, leasing of long-term vacancies, higher revenue from electricity from solar panels and favorable exchange movement Australia dollar to New Zealand dollar.

LEASING

Lease Maturities

The REIT's asset diversification is complemented by a long term maturity profile, with a weighted average lease expiry of 14.0 years as at September 30, 2022. Below is a table of the percentage of leases of expiring by year by region.

	2022	2023	2024	2025	2026	2027	2028	2029	Thereafter	**Total**
Americas	1.4%	8.1%	8.2%	5.4%	6.1%	6.8%	9.0%	3.7%	51.3%	**100.0%**
Europe (1)	0.6%	3.3%	4.0%	4.7%	5.1%	2.1%	2.3%	1.4%	76.5%	**100.0%**
Australasia (2)	0.1%	3.7%	2.1%	1.7%	4.9%	1.4%	2.8%	0.8%	82.5%	**100.0%**
Total Portfolio	0.7%	5.1%	4.8%	3.9%	5.4%	3.5%	4.8%	2.0%	69.8%	**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 within Australasia 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 January 5, 2045. 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 17.5 years and the Australian portfolio which has a WALE of 15.8 years.

The below table summarizes the REIT's WALE allocated by asset type as at September 30, 2022:

	Asset Mix			WALE (in years)			
	MOB	**Hospitals & Healthcare Facilities**	**Life Sciences**	**MOB**	**Hospitals & Healthcare Facilities**	**Life Sciences**	**Total**
Americas [1]	68 %	30 %	2 %	4.8	15.4	7.9	**9.6**
Europe [2]	52 %	46 %	2 %	6.2	21.9	17.5	**15.9**
Australasia [1 3]	20 %	77 %	3 %	9.4	18.0	12.0	**16.7**

Notes

1 Excluding development projects.

2 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.

3 Australia within Australasia 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 September 30, 2022, over 81.7% of the REIT's rental income (97.4% of the International Portfolio) is subject to inflationary adjustments, certain of which are fixed or capped, and market reviews. The below table summarizes the percentage of revenue by region which receives the benefit of regular inflationary adjustments:

Revenue Subject to Inflationary/Market Based Adjustments	
As at September 30, 2022	**% of Revenue** (1)
Americas	61.4%
Europe (2)	96.7%
Australasia (3)	98.7%
International Total/Weighted Average	**97.4%**
Portfolio Total / Weighted Average	**81.7%**

Notes

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

(2) 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.

(3) Australia within Australasia 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

in thousands of square feet	Canada	USA	Brazil	Europe (1)	Vital Trust (2)	Australia	Total
	Three months ended September 30, 2022						
	Americas				**Australasia**		
Opening Occupancy	91%	97%	100%	98%	98%	100%	97%
Opening Balance	3,262	1,198	1,880	5,265	3,199	3,118	17,922
Acquisition	—	—	—	—	61	38	99
Transfers to Properties under Development	—	—	—	—	—	—	—
Expiries and Early Terminations	(189)	(17)	—	(83)	(5)	—	(294)
Renewal	82	17	—	71	—	—	170
New Leasing	15	—	—	4	31	2	52
Other (3)	(2)	3	—	(5)	(31)	(2)	(37)
Closing Balance	3,151	1,201	1,880	5,252	3,255	3,156	17,895
Closing Occupancy	**88%**	**97%**	**100%**	**97%**	**98%**	**100%**	**97%**

in thousands of square feet	Canada	USA	Brazil	Europe (1)	Vital Trust (2)	Australia	Total
	Nine months ended September 30, 2022						
	Americas				**Australasia**		
Opening Occupancy	91%	—%	100%	97%	98%	100%	97%
Opening Balance	3,254	—	1,879	4,690	2,930	3,112	15,865
Acquisition	9	1,198	—	494	212	38	1,951
Transfers from/(to) Properties under Development	—	—	—	53	—	—	53
Expiries and Early Terminations	(391)	(17)	—	(306)	(21)	(25)	(760)
Renewal	212	17	—	266	15	25	535
New Leasing	53	—	—	62	39	15	169
Other (3)	31	3	1	(7)	80	(9)	99
Closing Balance	3,151	1,201	1,880	5,252	3,255	3,156	17,895
Closing Occupancy	**88%**	**97%**	**100%**	**97%**	**98%**	**100%**	**97%**

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) Australia within Australasia is shown on a 100% basis. The REIT has an approximate 28.2% interest in Vital Trust within Australasia and acts as manager of Vital Trust, it therefore consolidates Vital Trust.

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

Canada

During the quarter, the REIT completed 81,597 square feet of renewal leasing representing a 44% renewal rate. The low renewal rate was mainly due to repositioning of expiring tenants for future new leasing at longer term and higher net rent. The REIT completed the renewals at an initial net rent of $16.78 per square foot versus an expiring net rent per square foot of $16.13 per square foot, an increase of $0.65 per square foot or 4.0%.

During the quarter, the REIT also completed 15,245 square feet of new leasing at an initial net rent of $13.25 per square foot.

Year to date, the REIT completed 211,793 square feet of renewal leasing representing a 58% renewal rate. The REIT completed the renewals at an initial net rent of $16.89 per square foot versus an expiring net rent per square foot of $16.38 per square foot, an increase of $0.51 per square foot or 3.1%.

Year to date, the REIT also completed 52,678 square feet of new leasing at an initial net rent of $15.44 per square foot.

Expiring net rent increased to $18.98 per square foot in the third quarter 2022, from $18.67 per square foot in the second quarter of 2022. The increase was mainly attributable to the disposition of a property with a low net rate.

EXPIRING NET RENT ($PSF)		
September 30, 2022		
	Canada	
Month-to-Month	$	15.33
2022	$	18.73
2023	$	15.53
2024	$	16.45
2025	$	21.74
2026	$	19.63
2027+	$	20.35
Total Expires	**$**	**18.98**

Brazil

The REIT's Brazil properties are subject to long term leases (portfolio WALE of 17.9 years). There was no leasing activity during the quarter.

Europe

During the quarter, the REIT completed 70,866 square feet of renewal leasing representing an 85.0% renewal rate. These renewals were completed at an initial net rent of €12.05 per square foot versus an expiring net rent per square foot of €11.54, an increase of 4.4%.

During the quarter, the REIT completed 3,866 square feet of same property new leasing at an initial net rent of €13.94.

Year to date, the REIT has completed 266,334 thousand square feet of renewal leasing representing an 87.0% renewal rate. The REIT completed the renewals at an initial net rent of €11.31 per square foot versus an expiring net rent per square foot of €10.93, an increase of 3.5%.

Year to date the REIT also completed 62,044 thousand square feet of new leasing at an initial net rent of €13.63 per square foot.

EXPIRING NET RENT (€PSF)		
September 30, 2022		
		Europe
Month-to-Month		€ 5.19
2022	€	11.97
2023	€	12.66
2024	€	12.14
2025	€	13.30
2026	€	13.72
2027+	€	9.43
Total Expires		**€ 10.16**

Vital Trust

Vital Trust's properties are generally subject to long term leases.

There was no renewal leasing during the quarter.

During the quarter, Vital Trust completed 31,143 square feet of new leasing at an initial net rent of NZ$31.25.

During the nine months ended September 30, 2022, Vital Trust completed 15,351 square feet representing 73.7% renewal rate. The renewals were a result of tenants exercising their renewal options and were completed at an initial net rent per square foot of NZ$15.37 versus expiring net rent of NZ$14.85, an increase of 3.5%.

During the nine months ended September 30, 2022, Vital Trust completed 38,981 square feet of new leasing at an initial net rent of NZ$32.20.

Australia

The Australian portfolio is generally subject to long term leases.

There was no renewal leasing during the quarter.

During the quarter, the REIT completed 1,572 square feet of new leasing at an initial net rent of A$75.73.

During the nine months ended September 30, 2022, the REIT completed 25,210 square feet representing an 100% renewal rate. The renewals were completed at an initial net rent of A$38.8 versus expiring net rent of A$38.0, an increase of 2.0%.

During the nine months ended September 30, 2022, the REIT completed 15,452 thousand square feet of new leasing at an initial net rent of A$39.53.

FUNDS FROM OPERATIONS (“FFO”)

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

FUNDS FROM OPERATIONS						
Expressed in thousands of Canadian dollars, except per unit amounts	**Three months ended September 30,**			**Nine months ended September 30,**		
	2022	**2021**	**Variance**	**2022**	**2021**	**Variance**
Net income (loss) attributable to unitholders	**$ 6,611**	**$ 161,380**	**$ (154,769)**	**$ 164,490**	**$ 295,427**	**$ (130,937)**
Add / (Deduct):						
(i) Fair market value losses (gains)	(6,628)	(150,209)	143,581	(205,527)	(336,101)	130,574
Less: Non-controlling interests' share of fair market value losses (gains)	8,814	8,060	754	95,515	138,192	(42,677)
(ii) Finance cost - Exchangeable Unit distributions	342	342	—	1,026	1,026	—
(iii) Revaluation of financial liabilities	2,003	2,445	(442)	12,049	7,431	4,618
(iv) Unrealized foreign exchange loss (gain)	3,653	4,430	(777)	1,268	(12,013)	13,281
Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	(8)	(4)	(4)	(180)	1,398	(1,578)
(v) Deferred taxes	3,129	30,320	(27,191)	54,175	71,658	(17,483)
Less: Non-controlling interests' share of deferred taxes	(2,009)	(1,226)	(783)	(18,881)	(19,733)	852
(vi) Transaction costs	3,740	17,678	(13,938)	16,061	36,926	(20,865)
Less: Non-controlling interests' share of transaction costs	719	—	719	981	(167)	1,148
(vii) Convertible Debenture issuance costs	7,048	—	7,048	7,048	—	7,048
(vii) Net adjustments for equity accounted investments	1,054	(1,193)	2,247	(7,447)	(34,039)	26,592
(viii) Internal leasing costs	538	646	(108)	1,988	2,149	(161)
(ix) Net adjustment for discontinued operations	—	(24,912)	24,912	—	(24,912)	24,912
(x) Net adjustment for lease amortization	97	(112)	209	(45)	(198)	153
(xi) Other FFO adjustments	8,073	—	8,073	8,073	1,224	6,849
Funds From Operations ("FFO") (1)	**$ 37,176**	**$ 47,645**	**$ (10,469)**	**$ 130,594**	**$ 128,268**	**$ 2,326**
FFO per Unit - Basic	$ 0.15	$ 0.22	$ (0.07)	$ 0.55	$ 0.67	$ (0.12)
FFO per Unit - fully diluted (3)	$ 0.15	$ 0.21	$ (0.06)	$ 0.55	$ 0.65	$ (0.10)
Adjusted weighted average units outstanding (2)						
Basic	241,119,245	218,843,204	22,276,041	235,769,760	192,347,998	43,421,762
Diluted (3)	244,488,605	237,163,092	7,325,513	238,645,590	210,346,094	28,299,496

Notes

(1) FFO is not a measure recognized under IFRS and does not have a standardized meanings prescribed by IFRS. See **Performance Measurements**.

(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 September 30, 2022 and 1,710,000 outstanding as at September 30, 2021.

(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.

REALpac has established a standardized definition of FFO in a (“the **REALpac Guidance**”). The REIT’s FFO definition differs from the REALpac Guidance in that when calculating FFO, the REIT (a) excludes the revaluation of financial liabilities, convertible debenture issuance costs, and all transaction costs, and (b) makes the Other FFO Adjustments discussed in (xii) below. See "Performance Measurement".

Additional details on the adjustments to the REIT’s net income in order 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 September 30,			Nine months ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Fair market value losses (gains)						
Fair value adjustment of Convertible Debentures	$ (5,167)	$ 516	$ (5,683)	$ (14,892)	$ (949)	$ (13,943)
Fair value adjustment of Exchangeable Units	(2,497)	308	(2,805)	(5,455)	530	(5,985)
Fair value adjustment of investment properties	14,743	(152,672)	167,415	(118,424)	(323,321)	204,897
Loss (Gain) on derivative financial instruments	(10,468)	1,577	(12,045)	(59,901)	(12,973)	(46,928)
Fair value adjustment of Unit-Based Liability	(3,239)	62	(3,301)	(6,855)	612	(7,467)
Total	**$ (6,628)**	**$ (150,209)**	**$ 143,581**	**$ (205,527)**	**$ (336,101)**	**$ 130,574**

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 Unit-Based Liability

Under IFRS the REIT’s Exchangeable Units and Unit-Based Liability are classified as financial liabilities and any related unrealized fair value changes in re-measuring the financial liability impact net income. 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 Unit-Based 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. <u>Derivative financial instruments</u>

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 taxes 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) third party transaction and internally allocated 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) **Convertible Debenture issuance cost**

In accordance with IFRS, because the REIT measures its Convertible Debentures at fair value, the REIT expenses the costs related to the issuance of the Convertible Debentures. Although this adjustment is not consistent with REALpac Guidance, these non-recurring finance costs related to the issuance of the Convertible Debentures, have been added back to the REIT's net income which the REIT believes is consistent with industry practice.

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

Under IFRS the REIT's investment in joint ventures is accounted for using the equity method of accounting. 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.

Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2022	**2021**	**Variance**	**2022**	**2021**	**Variance**
Share of profit (loss) of Equity Accounted Investments	$ 5,154	$ 8,066	$ (2,912)	$ 28,884	$ 55,553	$ (26,669)
Add/(Deduct):						
Fair market value losses (gains), net of NCI	641	(1,334)	1,975	(7,569)	(35,567)	27,998
Deferred taxes	216	141	75	(75)	1,329	(1,404)
Non-recurring transaction costs	197	—	197	197	199	(2)
Net FFO Adjustment for Equity Accounted Investments	**$ 1,054**	**$ (1,193)**	**$ 2,247**	**$ (7,447)**	**$ (34,039)**	**$ 26,592**
FFO of Equity Accounted Investments	**$ 6,208**	**$ 6,873**	**$ (665)**	**$ 21,437**	**$ 21,514**	**$ (77)**

(ix) **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.

(x) **Results of discontinued operations**

Consistent with REALpac Guidance, FFO related to non-cash items impacting profit or loss included in results of discontinued operations should be adjusted for in arriving at FFO. In 2021, the REIT has adjusted FFO to reflect the amortization of lessee arrangements, $11.2 million gain on disposition of the OpCos and a $21.3 million bargain purchase gain attributable to NWI Apex UK Limited (formerly NMC Healthcare UK Limited) partially offset by $6.5 million transaction costs included in results of discontinued operations.

(xi) **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.

(xii) **Other FFO adjustments**

Other FFO adjustments include items that, in management's view, are not reflective of recurring earnings from core operations. For the three and nine months ended September 30, 2022, other FFO adjustments included (a) net losses of $5.6 million ($5.2 million in distribution income less $10.8 million in financing costs) incurred with respect to an investment in unlisted securities, (b) $1.6 million of technology related G&A expenses incurred by the REIT's European joint venture, and (c) $0.9 million of corporate G&A expenses related to the establishment of a philanthropic platform. The above adjustments, in each case, are not contemplated in the REALpac Guidance for FFO.

ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

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

ADJUSTED FUNDS FROM OPERATIONS

Expressed in thousands of Canadian dollars, except per unit amounts	Three months ended September 30,			Nine months ended September 30,		
	2022	**2021**	**Variance**	**2022**	**2021**	**Variance**
FFO [1]	$ **37,176**	$ **47,645**	$ **(10,469)**	$ **130,594**	$ **128,268**	$ **2,326**
Add / (Deduct):						
(i) Amortization of marked to market adjustment	(300)	(105)	(195)	(719)	(314)	(405)
(ii) Amortization of transactional deferred financing charges	1,868	217	1,651	4,842	1,193	3,649
(iii) Straight-line revenue	(401)	384	(785)	(165)	1,340	(1,505)
Less: non-controlling interests' share of straight-line revenue	(483)	(317)	(166)	(1,423)	(1,191)	(232)
(iv) Leasing costs and non-recoverable maintenance capital expenditures	(2,923)	(2,800)	(123)	(8,997)	(8,290)	(707)
Less: non-controlling interests' share of actual capex and leasing costs	29	193	(164)	313	704	(391)
(v) Unit-Based Compensation Expense	2,023	2,168	(145)	7,228	7,209	19
(vi) Debt repayment costs	—	—	—	—	30	(30)
(vii) Net adjustments for equity accounted investments	(29)	(121)	92	(449)	(425)	(24)
Adjusted Funds From Operations ("AFFO") [1]	$ **36,960**	$ **47,264**	$ **(10,304)**	$ **131,224**	$ **128,524**	$ **2,700**
AFFO per Unit - Basic	$ 0.15	$ 0.22	$ (0.07)	$ 0.56	$ 0.67	$ (0.11)
AFFO per Unit - fully diluted	$ 0.15	$ 0.21	$ (0.06)	$ 0.55	$ 0.65	$ (0.10)
Distributions per Unit - Basic [3]	$ 0.20	$ 0.20	$ —	$ 0.60	$ 0.60	$ —
Adjusted weighted average units outstanding: [2]						
Basic	241,119,245	218,843,204	22,276,041	235,769,760	192,347,998	43,421,762
Diluted	244,488,605	237,163,092	7,325,513	238,645,590	210,346,094	28,299,496

Notes

(1) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. See **Performance Measurement**.

(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 September 30, 2022 and 1,710,000 outstanding as at September 30, 2021.

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

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.This adjustment is not contemplated in the REALpac Guidance for AFFO.

(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% per annum 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) **Unit-Based Compensation Expense**

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

(vi) **Debt repayment costs**

Under IFRS, the REIT has recorded debt repayment costs. The REIT adds back to AFFO the write off of financing fees for which debt has been repaid in advance of its maturity to reflect a stabilized business environment. For the nine months ended September 30, 2021, the REIT incurred debt repayment costs 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.

Expressed in thousands of Canadian dollars	Three months ended September 30,			Nine months ended September 30,		
	2022	**2021**	**Variance**	**2022**	**2021**	**Variance**
FFO of Equity Accounted Investments	**$ 6,208**	**$ 6,873**	**$ (665)**	**$ 21,437**	**$ 21,514**	**$ (77)**
Add / (Deduct):						
Amortization of deferred financing charges	—	3	(3)	—	19	(19)
Straight-line revenue	(34)	(58)	24	(146)	(196)	50
Leasing costs and non-recoverable maintenance capital expenditures	5	(66)	71	(303)	(248)	(55)
Net AFFO adjustment	**$ (29)**	**$ (121)**	**$ 92**	**$ (449)**	**$ (425)**	**$ (24)**
AFFO of Equity Accounted Investments	**$ 6,179**	**$ 6,752**	**$ (573)**	**$ 20,988**	**$ 21,089**	**$ (101)**

DISTRIBUTIONS

For the three and nine months ended September 30, 2022, the REIT declared a total of $48.2 million and $142.4 million, respectively in distributions, including distributions on Exchangeable Units (three and nine months ended months ended September 30, 2021 - $43.9 million and $122.7 million, respectively). These distributions reflect an annualized distribution rate of $0.80 per unit per annum (three and nine months ended months ended September 30, 2021 - $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 and nine months ended September 30, 2022, a total of 698,111 and 1,972,308 trust units were issued under the DRIP (three and nine months ended months ended September 30, 2021, a total of 561,884 and 1,499,239 Trust Units).

For the three and nine months ended September 30, 2022, the REIT's DRIP participation rate was 17.9% and 17.90%, respectively (three and nine months ended months ended September 30, 2021 - 16.3% and 15.9%, respectively).

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 September 30,**		**Nine months ended September 30,**	
	2022	**2021**	**2022**	**2021**
Net income (loss) attributable to unitholders	$ 6,611	$ 161,380	$ 164,490	$ 295,427
Add: Finance cost - Exchangeable Unit distributions	342	342	1,026	1,026
Net income (loss) after the above adjustments	$ 6,953	$ 161,722	$ 165,516	$ 296,453
Cash flows from operating activities	$ 66,299	$ 24,265	$ 169,360	$ 96,093
Less non-controlling interests	12,947	(16,010)	49,354	(1,743)
Cash flows from operating activities attributable to unitholders	$ 53,352	$ 40,275	$ 120,006	$ 97,838
Distributions paid and payable				
Trust Units	$ 47,906	$ 43,539	$ 141,349	$ 121,636
Exchangeable Units	342	342	1,026	1,026
	$ 48,248	$ 43,881	$ 142,375	$ 122,662
Surplus (shortfall) of adjusted net income (loss) attributable				
to unitholders over distributions paid and payable	$ (41,295)	$ 117,841	$ 23,141	$ 173,791
Surplus (shortfall) of cash flows from operating activities				
attributable to unitholders over distributions paid and payable	$ 5,104	$ (3,606)	$ (22,369)	$ (24,824)

During the nine months ended September 30, 2022, there was a shortfall in cash flows from operating activities attributable to unitholders (a non-IFRS financial measure) over distributions paid and payable of $22.4 million. The shortfall is mainly as result of timing differences in working capital and interest accruals which are reported under cash flows from operating activities in the financial statements, and payments for cash redemptions of deferred units. Cash flows from operating activities attributable to unitholders also excludes the distribution income from the REIT's investments in its JVs. The distributions earned from its JV investments are considered by management to be an integral part of the REIT's cash flows from operations due to the 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 the nine months ended September 30, 2022:

ADJUSTED CASH SURPLUS (SHORTAGE) FROM OPERATING ACTIVITIES TO DISTRIBUTIONS				
Expressed in thousands of Canadian dollars	**Three months ended September 30,**		**Nine months ended September 30,**	
	2022	**2021**	**2022**	**2021**
Surplus (shortfall) of cash flows from operating activities				
attributable to unitholders over distributions paid and payable	$ 5,104	$ (3,606)	$ (22,369)	$ (24,824)
Add: Value of Trust Units issued pursuant to the DRIP	8,498	7,147	24,867	18,960
Add: Distribution income from equity accounted associates	7,008	3,250	19,428	16,758
activities attributable to unitholders over	$ 20,610	$ 6,791	$ 21,926	$ 10,894

During the three and nine months ended September 30, 2022, there was $8.5 million and $24.9 million, respectively, in value of Trust Units issued under the DRIP (three and nine months ended months ended September 30, 2021, there was $7.1 million and $19.0 million, respectively). 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 September 30, 2022, the REIT had a shortfall between adjusted net income and distributions paid to unitholders of $41.3 million and $23.1 million surplus for the nine months ended September 30, 2022, respectively. 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 2022 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 2021 were deemed a 45.9% return of capital, 39.7% other income and 14.4% capital gain 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 September 30,			Nine months ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Cash flows from operating activities	**$ 66,299**	**$ 24,265**	**$ 42,034**	**$ 169,355**	**$ 96,093**	**$ 73,262**
Add (deduct):						
Non-cash interest expense	(6,042)	(6,021)	(21)	(11,270)	(3,576)	(7,694)
Non-cash current taxes	2,958	10,433	(7,475)	3,133	19,296	(16,163)
Changes in non-cash working capital balances	(32,405)	17,104	(49,509)	(38,590)	18,592	(57,182)
AFFO of equity accounted entities	1,025	(1,314)	2,339	(7,896)	(34,464)	26,568
Other FFO adjustments	8,073	—	8,073	8,073	1,224	6,849
Internal leasing costs	538	646	(108)	1,988	2,149	(161)
Amortization of recurring financing charges	(989)	(1,097)	108	(2,982)	(8,861)	5,879
Leasing costs and non-recoverable maintenance capital expenditures	(2,923)	(2,800)	(123)	(8,997)	(8,290)	(707)
Amortization of lease liabilities	97	(112)	209	(45)	(198)	153
Interest income and other	2,691	1,773	918	6,729	3,529	3,200
Straight-line revenue	(401)	384	(785)	(165)	1,340	(1,505)
Redemption of units issued under the DUP	595	664	(69)	4,388	1,860	2,528
Amortization of furniture and office equipment	(301)	(266)	(35)	(1,050)	(994)	(56)
Debt repayment costs	—	—	—	—	30	(30)
Share of profit (loss) from equity accounted investments	5,154	8,066	(2,912)	28,884	55,553	(26,669)
AFFO attributable to non-controlling interests	(7,409)	(5,207)	(2,202)	(20,331)	(15,505)	(4,826)
	$ (29,339)	$ 22,999	$ (52,338)	$ (38,131)	$ 32,431	$ (70,562)
AFFO	**$ 36,960**	**$ 47,264**	**$ (10,304)**	**$ 131,224**	**$ 128,524**	**$ 2,700**

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	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20
Summary of Financial Information								
Assets Under Management (1)	$10,580,048	$10,152,716	$9,530,763	$9,201,419	$8,470,756	$8,260,200	$7,706,262	$7,847,120
Gross Book Value ("GBV") (2)	$8,282,049	$8,123,898	$7,591,115	$7,064,401	$6,674,397	$6,342,457	$5,681,585	$5,845,238
Debt - Declaration of Trust (1)	$3,675,759	$3,641,959	$3,092,383	$2,820,602	$2,706,955	$2,516,917	$2,224,729	$2,510,310
Debt to GBV - Declaration of Trust	44.4 %	44.8 %	40.7 %	39.9 %	40.6 %	39.7 %	39.2 %	42.9 %
Debt - Including Convertible Debentures (1)	$3,953,342	$3,769,459	$3,226,758	$2,957,827	$2,921,659	$2,731,116	$2,514,900	$2,803,131
Debt to GBV - Incl. Convertible Debentures	47.7 %	46.4 %	42.5 %	41.9 %	43.8 %	43.1 %	44.3 %	48.0 %
Operating Results								
Revenue from investment properties	$ 115,780	$ 111,826	$ 102,677	$ 96,368	$ 95,554	$ 90,092	$ 92,599	$ 92,845
Net income (loss)	$ 21,082	$ 116,729	$ 123,335	$ 233,050	$ 173,293	$ 183,253	$ 73,589	$ 200,249
NOI	$ 89,547	$ 88,883	$ 77,067	$ 74,436	$ 74,694	$ 69,826	$ 70,564	$ 71,007
FFO (1) (3)	$ 37,176	$ 46,090	$ 47,328	$ 49,376	$ 47,645	$ 42,293	$ 38,330	$ 40,252
AFFO (1) (3)	$ 36,960	$ 46,814	$ 47,450	$ 50,436	$ 47,264	$ 43,236	$ 38,024	$ 38,539
Distributions (4)	$ 48,248	$ 48,033	$ 46,094	$ 44,773	$ 43,881	$ 40,912	$ 37,869	$ 35,520
Per Unit Amounts (5)								
FFO per unit - Basic (1)	$ 0.15	$ 0.19	$ 0.21	$ 0.22	$ 0.22	$ 0.21	$ 0.21	$ 0.23
AFFO per unit - Basic (1)	$ 0.15	$ 0.20	$ 0.21	$ 0.23	$ 0.22	$ 0.22	$ 0.21	$ 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	241,119,245	239,660,302	226,324,317	222,600,122	218,843,204	201,034,657	184,349,757	177,563,647

Notes

(1) As defined in Performance Measurement in this MD&A.

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

(3) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. See **Performance Measurement**.

(4) See **Performance Measurement**.

(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.

The following tables provides reconciliation of quarterly net income attributable to Unitholders to FFO and AFFO. See **Performance Measurement**.

QUARTERLY FFO

Expressed in thousands of Canadian dollars except per unit amounts	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20
Net income (loss) attributable to unitholders	**$ 6,611**	**$ 69,625**	**$ 88,254**	**$ 139,452**	**$ 161,380**	**$ 81,090**	**$ 52,957**	**$ 143,763**
Add / (Deduct):								
Fair market value losses (gains)	(6,628)	(84,493)	(114,406)	(159,674)	(150,209)	(146,596)	(39,296)	(175,665)
Less: Non-controlling interests' share of fair market value losses (gains)	8,814	49,142	37,559	104,784	8,060	110,470	19,662	53,766
Finance cost - Exchangeable Unit distributions	342	342	342	342	342	342	342	342
Revaluation of financial liabilities	2,003	1,473	8,573	4,276	2,445	904	4,082	2,264
Unrealized foreign exchange loss (gain)	3,653	(4,202)	1,817	(5,326)	4,430	(1,167)	(15,276)	5,621
Less: NCI' share of unrealized FX loss (gain)	(8)	(1)	(171)	(81)	(4)	(2)	1,404	2,029
Deferred taxes	3,129	24,859	26,187	39,375	30,320	28,250	13,088	29,372
Less: NCI' share of deferred taxes	(2,009)	(8,971)	(7,901)	(13,306)	(1,226)	(13,020)	(5,487)	(3,599)
Non-recurring transaction costs	3,740	6,624	5,697	8,287	17,678	15,003	4,245	11,141
Less: NCI share of non-recurring transaction costs	719	(41)	303	(795)	—	—	(167)	(3,737)
Net adjustments for equity accounted entities	1,054	(8,741)	240	(44,705)	(1,193)	(34,090)	1,244	(27,898)
Internal leasing costs	538	544	906	619	646	658	845	497
Results of discontinued operations	—	—	—	(24,144)	(24,912)	—	—	—
Amortization	97	(70)	(72)	(33)	(112)	(2)	(84)	(131)
Other FFO adjustments	8,073	—	—	305	—	453	771	2,487
FFO	**$ 37,176**	**$ 46,090**	**$ 47,328**	**$ 49,376**	**$ 47,645**	**$ 42,293**	**$ 38,330**	**$ 40,252**
Per Unit Amounts								
FFO per unit - Basic	$ 0.15	$ 0.19	$ 0.21	$ 0.22	$ 0.22	$ 0.21	$ 0.21	$ 0.23
Adjusted Weighted Average Units Outstanding								
Basic	241,119,245	239,660,302	226,324,317	222,600,122	218,843,204	201,034,657	184,349,757	177,563,647

QUARTERLY AFFO								
Expressed in thousands of Canadian dollars except per unit amounts	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20
FFO	**$ 37,176**	**$ 46,090**	**$ 47,328**	**$ 49,376**	**$ 47,645**	**$ 42,293**	**$ 38,330**	**$ 40,252**
Add / (Deduct):								
Amortization of marked to market adjustment	(300)	(329)	(90)	(102)	(105)	(112)	(97)	(106)
Amortization of transactional deferred financing charges	1,868	1,642	1,332	2,005	217	217	759	364
Straight-line revenue	(401)	(297)	533	761	384	519	437	354
Less: non-controlling interests' share of straight-line revenue	(483)	(513)	(427)	(475)	(317)	(466)	(408)	(449)
Leasing costs and non-recoverable maintenance capital expenditures	(2,923)	(3,337)	(2,737)	(2,727)	(2,800)	(2,875)	(2,615)	(2,982)
Less: non-controlling interests' share of actual capex and leasing costs	29	178	106	27	193	381	130	289
DUP Compensation Expense	2,023	3,557	1,648	1,771	2,168	3,383	1,658	1,063
Debt repayment costs	—	—	—	9	—	—	30	—
Net adjustments for equity accounted entities	(29)	(177)	(243)	(209)	(121)	(104)	(200)	(246)
AFFO	**$ 36,960**	**$ 46,814**	**$ 47,450**	**$ 50,436**	**$ 47,264**	**$ 43,236**	**$ 38,024**	**$ 38,539**
Per Unit Amounts								
AFFO per unit - Basic	$ 0.15	$ 0.20	$ 0.21	$ 0.23	$ 0.22	$ 0.22	$ 0.21	$ 0.22
Adjusted Weighted Average Units Outstanding								
Basic	241,119,245	239,660,302	226,324,317	222,600,122	218,843,204	201,034,657	184,349,757	177,563,647

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 September 30, 2022 and December 31, 2021:

CAPITAL STRUCTURE

Expressed in thousands of Canadian dollars	As at September 30, 2022	As at December 31, 2021
Mortgages and loans payable	$ 3,213,130	$ 2,820,602
Mortgages related to assets held for sale	462,629	—
Debt - Declaration of Trust (1)	**3,675,759**	**2,820,602**
Convertible Debentures at Fair Value	277,583	137,225
Debt - Including Convertible Debentures (1)	**3,953,342**	**2,957,827**
Mortgages and loans payable - marked to market	—	719
Mortgages and loans payable - unamortized financing costs	(14,375)	(14,342)
Total Debt	3,938,967	2,944,204
Unit-Based Liability	24,720	26,223
Class B LP Exchangeable Units	18,126	23,581
Unitholders' equity	2,486,818	2,392,131
Total Capitalization	**$ 6,468,631**	**$ 5,386,139**

Notes

(1) As defined in Performance Measurement in this MD&A.

Unitholders' Equity

The following table reconciles the movements in the units outstanding for the three and nine months ended September 30, 2022:

UNITS OUTSTANDING	
Trust Units outstanding, December 31, 2021	**224,127,135**
Issuance of Trust Units pursuant to equity offering	12,500,500
Issuance of Trust Units under the DRIP	602,559
Issuance of Trust Units under the DUP	60,881
Trust Units outstanding, March 31, 2022	**237,291,075**
Issuance of Trust Units pursuant to equity offering	1,086,955
Issuance of Trust Units under the DRIP	671,638
Trust Units outstanding, June 30, 2022	**239,049,668**
Issuance of Trust Units under the DRIP	698,111
Trust Units outstanding, September 30, 2022	**239,747,779**

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 September 30, 2022 there were 1,710,000 Exchangeable Units outstanding (December 31, 2021 - 1,710,000).

Debt

DEBT

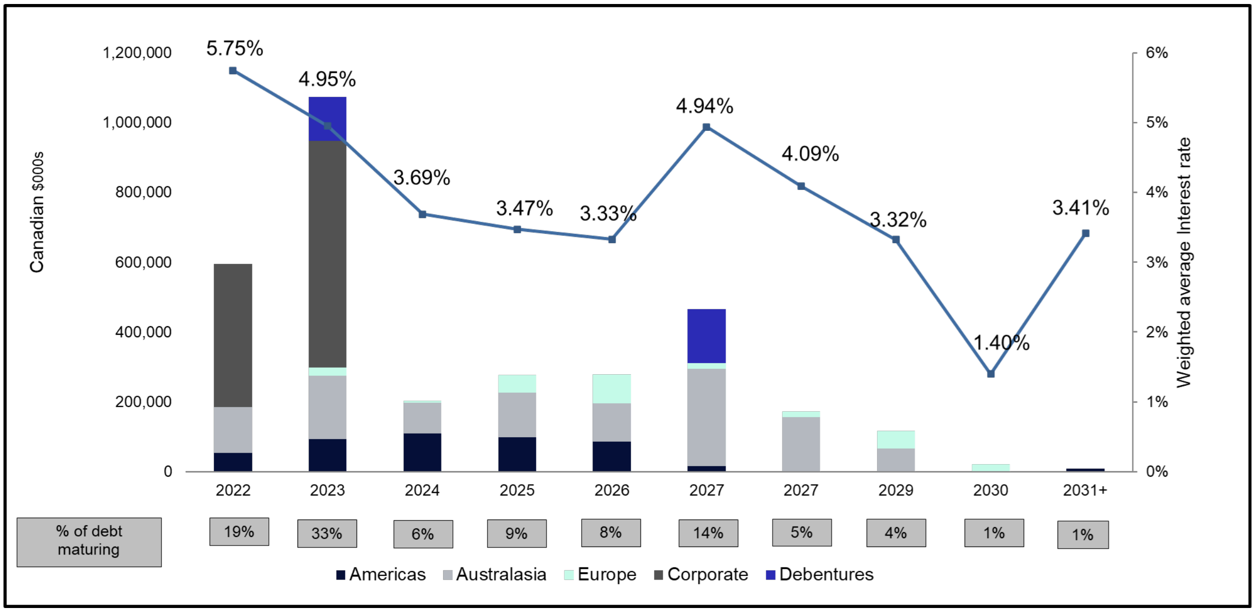
Expressed in thousands of Canadian dollars

	As at September 30, 2022					
	Weighted Average Interest Rate	**Outstanding Balance**	**Marked to Market**	**Unamortized Financing Costs**	**Balance**	**Maturity**
Americas debt [1,2]	3.95 %	1,144,499	—	(5,406)	1,139,093	October 2022 - August 2031
Europe mortgages	1.97 %	321,403	—	(1,933)	319,470	May 2023 - June 2030
Australasia term loans	4.74 %	1,139,132	—	(4,544)	1,134,588	November 2022 - March 2029
Corporate debt	5.66 %	1,058,915	—	(2,492)	1,056,423	November 2022-September 2023
	4.52 %	**$ 3,663,949**	**$ —**	**$ (14,375)**	**$3,649,574**	
Finance Lease		11,810	—	—	11,810	February 2088
Total Debt excluding Convertible Debentures	**4.51 %**	**$ 3,675,759**	**$ —**	**$ (14,375)**	**$3,661,384**	
Convertible Debentures (Corporate)	5.92 %	280,250	(2,667)	—	277,583	December 2023 - August 2027
Total Debt	**4.61 %**	**$ 3,956,009**	**$ (2,667)**	**$ (14,375)**	**$3,938,967**	

(1) US debt of approximately $463.3 million were classified as liabilities held for sale as of September 30, 2022.

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

The following chart summarizes, as at September 30, 2022, the REIT's debt maturities excluding those related to assets classified as held for sale:



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

DEBT MATURITIES

	Americas		Europe		Australasia		Corporate	
Expressed in thousands of Canadian dollars	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**
2022	$ 63,516	3.15 %	$ 2,152	— %	$ 131,954	7.08 %	$ 409,100	5.76 %
2023	590,002	4.45 %	32,332	2.16 %	181,553	4.59 %	649,815	5.09 %
2024	141,154	3.19 %	24,908	2.31 %	88,767	4.39 %	—	— %
2025	127,240	2.87 %	56,186	2.27 %	128,713	4.39 %	—	— %
2026	112,732	3.12 %	87,397	2.15 %	108,829	4.39 %	—	— %
2027	40,043	5.62 %	20,185	1.25 %	277,398	4.39 %	—	— %
2028	16,967	— %	19,490	1.35 %	155,343	4.39 %	—	— %
2029	17,034	— %	58,267	1.92 %	66,575	4.39 %	—	— %
2030	17,628	— %	20,486	1.40 %	—	— %	—	— %
2031 and thereafter	18,181	3.41 %	—	— %	—	— %	—	— %
	$1,144,497	3.95 %	$ 321,403	1.97 %	$1,139,132	4.74 %	$1,058,915	5.66 %
Less liabilities related to assets held for sale	(463,344)	4.40 %	—	— %	—	— %	—	— %
Marked to market premium	—	— %	—	— %	—	— %	—	— %
	$ 681,153	3.64 %	$ 321,403	1.97 %	$1,139,132	4.74 %	$1,058,915	5.66 %
Unamortized financings costs	(4,689)		(1,933)		(4,544)		(2,492)	
Total	$ 676,464		$ 319,470		$1,134,588		$1,056,423	

The table below summarizes the movements in the REIT's mortgages and loans during the three and nine months ended September 30, 2022:

	Americas Debt	Europe Mortgages	Australasia Term Loans	Corporate Debt	Total (1)
Opening balance, June 30, 2022	**$ 682,944**	**$ 316,171**	**$ 1,015,565**	**$ 1,165,654**	**$ 3,180,334**
Principal amortization	(3,957)	(2,173)	—	—	(6,130)
Repayments	(10,219)	(286)	—	(179,126)	(189,631)
Refinancing	—	(19,305)	—	—	(19,305)
Advances	1,128	25,043	119,204	60,400	205,775
Reclassified as held for sale	—	—	—	—	—
Additional financing fees incurred	(85)	22	(143)	(989)	(1,195)
Amortization of finance fees	337	183	654	1,407	2,581
Amortization of mark-to-market	(298)	—	—	—	(298)
Inflation adjustment	2,003	—	—	—	2,003
Foreign exchange adjustment	4,611	(185)	(692)	9,077	12,811
Ending balance, September 30, 2022	**$ 676,464**	**$ 319,470**	**$ 1,134,588**	**$ 1,056,423**	**$ 3,186,945**

	Americas Debt	Europe Mortgages	Australasia Term Loans	Corporate Debt	Total (1)
Opening balance, January 1, 2022	**$ 658,972**	**$ 318,965**	**$ 1,007,138**	**$ 809,185**	**$ 2,794,260**
Principal amortization	(12,261)	(6,213)	—	—	(18,474)
Repayments	(43,948)	(288)	(331,551)	(434,204)	(809,991)
Refinancing	37,300	(19,305)	—	—	17,995
Advances	430,404	48,130	501,126	680,838	1,660,498
Reclassified as held for sale	(462,629)	—	—	—	(462,629)
Additional financing fees incurred	(1,609)	(409)	(1,945)	(4,007)	(7,970)
Amortization of finance fees	1,558	449	1,889	3,949	7,845
Amortization of mark-to-market	(717)	—	—	—	(717)
Inflation adjustment	12,049	—	—	—	12,049
Foreign exchange adjustment	57,345	(21,859)	(42,069)	662	(5,921)
Ending balance, September 30, 2022	**$ 676,464**	**$ 319,470**	**$ 1,134,588**	**$ 1,056,423**	**$ 3,186,945**

(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 September 30, 2022 was 65 years. There is no purchase option.

Convertible Debentures

The following table summarizes, as at September 30, 2022, 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 September 30, 2022						
Series NWH.DB.G	123,575	125,000	5.50 %	$ 13.35	**December 31, 2023**	**June 30, December 31**
Series NWH.DB.H	154,008	155,250	6.25 %	$ 16.00	**August 31, 2027**	**February 28 and August 31**
	$ 277,583	**$ 280,250**	**5.92 %**			

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.

On August 25, 2022, the REIT completed a public offering of $155.25 million aggregate principal amount of 6.25% convertible unsecured subordinated debentures (see **Highlights for the Quarter**).

Unit-Based Liability

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

Deferred Units
The deferred units granted under the 2022 Equity Incentive Plan and the previous DUP plan are administered by the Compensation, Governance and Nominating Committee. The deferred units can be settled at the holders' option in units or cash subject to the REIT's approval and are classified as a financial liability until redeemed. Deferred unit's compensation expense is measured on grant at the service commencement date, based on the fair market value of a REIT unit or Vital Trust unit, as applicable, and amortized over the applicable vesting period that ranges from 3 to 5 years.

Restricted Units
The REIT grants restricted units under the Plan. As at September 30, 2022, 100% of the restricted units granted vest on the fifth anniversary of their respective grant dates and are subject to forfeiture until the recipients of the awards have held office in their current position with or provided services to the REIT for a specified period of time.

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

Under IFRS, the REIT's Unit-Based Liability with respect to deferred units and restricted units is measured at fair-value every reporting period, based on the fair market value of a REIT Trust Unit at the reporting date, whereas, Unit-Based Liability related to the performance units, is measured at fair-value every reporting period using a Monte-Carlo simulation at the reporting date. The change in fair value of the Unit-Based Liability is recognized in income. As at September 30, 2022 the Unit-Based Liability is $24.7 million (December 31, 2021 - $26.2 million) representing 2,244,610 deferred units, 9,407 restricted units and 22,751 performance units accrued as at September 30, 2022. (December 31, 2021 - 1,229,778 deferred units accrued).

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 and nine months ended September 30, 2022 and 2021:

RATIOS		
As at	**September 30, 2022**	**December 31, 2021**
Gross book value	$ 8,282,049	$ 7,064,401
Debt - declaration of trust [1]	$ 3,675,759	$ 2,820,602
Debt to Gross Book Value - Declaration of Trust	**44.4 %**	**39.9 %**
Debt - including convertible debentures [1]	$ 3,953,342	$ 2,957,827
Debt to Gross Book Value - Including Convertible Debentures	**47.7 %**	**41.9 %**

	Three months ended September 30,			**Nine months ended September 30,**		
	2022	**2021**	**Variance**	**2022**	**2021**	**Variance**
Income (Loss) before taxes	$ 27,024	$ 182,333	$ (155,309)	$ 332,561	$ 486,705	$ (154,144)
Add (deduct):						
Mortgage and loan interest expense	40,864	22,404	18,460	98,775	68,162	30,613
Distributions on Exchangeable Units	342	342	—	1,026	1,026	—
Amortization of deferred financing costs	2,857	1,314	1,543	7,824	10,054	(2,230)
Amortization of marked to market adjustment	(300)	(105)	(195)	(719)	(314)	(405)
EBITDA[1]	$ 70,787	$ 206,288	$ (135,501)	$ 439,467	$ 565,633	$ (126,166)
Loss on revaluation of financial liabilities	2,003	2,445	(442)	12,049	7,431	4,618
Fair market value losses (gains)	(6,628)	(150,209)	143,581	(205,527)	(336,101)	130,574
DUP compensation expense	2,023	2,168	(145)	7,228	7,209	19
Foreign exchange loss (gain)	3,822	4,628	(806)	(777)	(9,019)	8,242
Convertible debenture issuance costs	7,048	—	7,048	7,048	—	7,048
Transaction costs	3,740	16,899	(13,159)	15,858	30,332	(14,474)
Less: share of (profit) loss of equity accounted investments	(5,154)	(8,066)	2,912	(28,884)	(55,553)	26,669
Add: distribution income from equity accounted investments	4,881	3,250	1,631	14,144	16,758	(2,614)
Adjusted EBITDA[1]	$ 82,522	$ 77,403	$ 5,119	$ 260,606	$ 226,690	$ 33,916
Mortgage and loan interest expense	$ 40,864	$ 22,404	$ (18,460)	$ 98,775	$ 68,162	$ (30,613)
Less: debt repayment costs	—	—	—	—	(30)	(30)
Adjusted mortgage and loan interest expense[1]	$ 40,864	$ 22,404	$ (18,460)	$ 98,775	$ 68,132	$ (30,643)
Interest coverage [1]	**2.02**	**3.45**	**(1.43)**	**2.64**	**3.33**	**(0.69)**

Notes

(1) As defined in Performance Measurement in this MD&A.

LIQUIDITY AND CASH RESOURCES

Cash Resources and Liquidity

CASH AND LIQUIDITY		
Expressed in thousands of Canadian dollars	As at September 30, 2022	As at December 31, 2021
Cash and cash equivalents	$ 71,903	$ 62,700
Restricted Cash	48	41
Total	**$ 71,951**	**$ 62,741**

The REIT also has Credit Facilities that provide for additional liquidity. As at September 30, 2022, the drawn balance on the Credit Facilities was $883.6 million of the $1,062.3 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 flows 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 flows from operating activities; (ii) distribution income received from its investment in Vital Trust and JVs; (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, partial or entire sale of assets.

The following table sets out the REIT's contractual cash flows as at September 30, 2022:

CONTRACTUAL CASH FLOWS

Expressed in thousands of Canadian dollars	Carrying amount	Contractual cash flows	2022	2023	2024	2025	2026	Thereafter
Accounts payable and accrued liabilities	$ 104,052	$ 104,052	$ 104,052	$ —	$ —	$ —	$ —	$ —
Distributions payable	15,984	15,984	15,984	—	—	—	—	—
Income tax payable	6,851	6,851	6,851	—	—	—	—	—
Liabilities associated with assets held for sale	462,629	462,629	—	462,629	—	—	—	—
Convertible debentures	277,583	280,250	—	125,000	—	—	—	155,250
Finance lease payable	11,810	11,810	430	1,643	1,295	903	845	6,694
Mortgages and loans payable	3,186,945	3,461,398	606,722	1,453,702	254,830	312,139	308,956	525,049
Total	**$4,065,854**	**$ 4,342,974**	**$ 734,039**	**$2,042,974**	**$ 256,125**	**$ 313,042**	**$ 309,801**	**$ 686,993**

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 and JVs, 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, which are due within the next twelve months, totaled $2.3 billion, exceeding current assets of $1.9 billion (including assets held for sale), resulting in a working capital deficiency of $446.2 million as at September 30, 2022.

Current liabilities include:

1. Canadian dollar denominated revolving credit facilities with balances outstanding of $883.6 million. Subsequently to September 30, 2022, through execution of refinancing activities, the REIT repaid in full one of its revolving credit facility tranches on the amount of approximately $409.1 million maturing in November 2022, and unsecured facility on the amount of $79.0 million maturing in January 2023 (see **Subsequent Events**).

2. USD denominated debt with balance outstanding of $462.6 million. The REIT has commenced marketing of the US Portfolio to parties interested in co-investing in the assets and its expected to be sold to a joint arrangement within the next year. Accordingly, the REIT classified the above USD denominated property level secured debt as liabilities held for sale. The REIT currently expects to refinance the USD denominated debt on or before maturity.

3. $92.0 million of Canadian mortgage maturities. Subsequently to September 30, 2022, the REIT has refinanced and amended the terms of Canadian mortgages totaling $23.7 million (see **Subsequent Events**). The REIT currently expects the remaining balance of these mortgages to be refinanced on or before maturity.

4. Australian term debts with a total outstanding balance of $132.0 million at a weighted average rate of 7.08%, maturing November and December 2022. Subsequently to September 30, 2022, the REIT extended the terms to maturity of these facilities to April and June 2024 (see **Subsequent Events**).

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 September 30, 2022			Nine months ended September 30, 2022		
	2022	**2021**	**Variance**	**2022**	**2021**	**Variance**
Cash provided by / (used in):						
Operating activities	$ 66,299	$ 24,265	$ 42,034	$ 169,355	$ 96,093	$ 73,262
Investing activities	(154,746)	(164,438)	9,692	(1,295,470)	(696,270)	(599,200)
Financing activities	90,681	191,299	(100,618)	1,149,749	563,355	586,394
Net increase / (decrease) in cash during the period	**2,234**	**51,126**	**(48,892)**	**23,634**	**(36,822)**	**60,456**
Effect of foreign currency translation	(4,945)	(1,663)	(3,282)	(14,431)	(1,550)	(12,881)
Net increase / (decrease) in cash during the period	**$ (2,711)**	**$ 49,463**	**$ (52,174)**	**$ 9,203**	**$ (38,372)**	**$ 47,575**

Operating activities

Cash generated by operating activities totaled $66.3 million for the three months ended September 30, 2022, as compared to cash generated by operating activities of $24.3 million for the three months ended September 30, 2021, an increase of $42.0 million. This increase is primarily related to a positive working capital movement of $49.5 million, a $8.3 million decrease in income taxes paid, partially offset by a $18.4 million increase in mortgage and loan interest paid.

Cash generated by operating activities totaled $169.4 million for the nine months ended September 30, 2022 as compared to $96.1 million for the nine months ended September 30, 2021, an increase of $73.3 million. This increase is primarily related to a $57.2 million positive working capital movement, a $40.4 million increase in NOI, partially offset by a $22.9 million increase in mortgage and loan interest paid.

Investing activities

Cash used by investing activities totaled $154.7 million for the three months ended September 30, 2022, which is primarily related to $109.6 million of acquisition activity in the Australasia, $55.5 million of additions to investment properties, $2.1 million net investment in unlisted securities, $0.3 million additions to investment in associates, partially offset by distributions received from associates and unlisted securities of $7.0 million and a $5.5 million proceeds on disposal of investment property in the Americas.

Cash used by investing activities totaled $1.3 billion for the nine months ended September 30, 2022, which is attributable to $1.1 billion of acquisition activity, $116.7 million of additions to investment properties, $130.7 million used for investment in unlisted securities, investments in joint ventures of $17.8 million, partially offset by cash provided of $6.4 million from dispositions of investment properties and $19.4 million proceeds from distributions from associates.

Financing activities

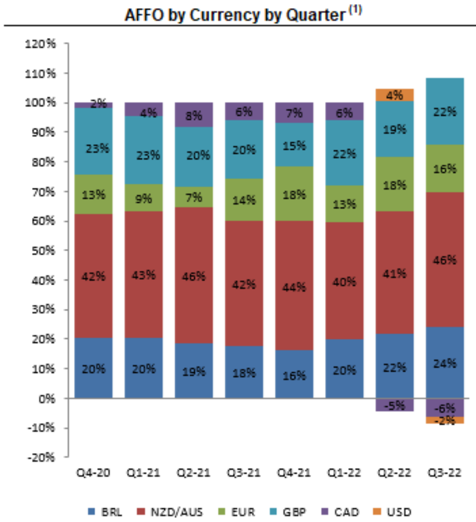
During the three months ended September 30, 2022, cash generated by financing activities totaled $90.7 million as compared to cash generated of $191.3 million during the three months ended September 30, 2021. $148.2 million of net proceeds from issuance of convertible debentures (see **Highlights for the Quarter**), partially offset by $9.5 million of net mortgages, loans payable and credit facilities, distributions paid to REIT unitholders of $39.4 million, distributions on Exchangeable Units of $0.3 million, distributions paid to non-controlling unitholders of $6.8 million and financing fees paid of $1.2 million.

For the nine months ended September 30, 2022, cash generated by financing activities of $1,149.7 million as compared to cash generated of $563.4 million during the nine months ended September 30, 2021. $148.2 million of net proceeds from issuance of convertible debentures (see **Highlights for the Quarter**), $301.5 million net proceeds from issuance of Trust units by the REIT and Vital Trust's equity raise, $849.3 million of net mortgages, loans payable and credit facilities repayments, partially offset by financing fees paid of $7.9 million, payment of distributions to REIT unitholders of $115.4 million, $1.0 million payment of distributions on Exchangeable Units and payment of distributions to non-controlling unitholders of $24.8 million.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three months ended September 30, 2022, the majority of the REIT's AFFO, including Corporate costs such as certain general and administrative expenses, interest expenses and interest income that were denominated in Canadian dollars, was conducted in currencies other than Canadian dollars while its distributions to Unitholders were denominated only in Canadian dollars. 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	USD	NZD	AUD
Three months ended September 30, 2022:						
High	0.2615	1.3470	1.5703	1.3739	0.8232	0.9096
Low	0.2346	1.2908	1.4604	1.2766	0.7744	0.8779
Average	0.2489	1.3146	1.5353	1.3053	0.8003	0.8917
Balance Sheet:						
September 30, 2022	0.2544	1.3460	1.5295	1.3739	0.7792	0.8874
December 31, 2021	0.2278	1.4401	1.7155	1.2697	0.8679	0.9220
Profit & Loss:						
Q3 2022 Average Rate	0.2489	1.3146	1.5353	1.3053	0.8003	0.8917
Q2 2022 Average Rate	0.2599	1.3591	1.6036	1.2762	0.8301	0.9120
Q1 2022 Average Rate	0.2423	1.4218	1.6997	1.2667	0.8562	0.9166
Q4 2021 Average Rate	0.2257	1.4411	1.6987	1.2603	0.8755	0.9176
Q3 2021 Average Rate	0.2408	1.4844	1.7355	1.2593	0.8820	0.9251
Q2 2021 Average Rate	0.2319	1.4799	1.7168	1.2288	0.8779	0.9454
Q1 2021 Average Rate	0.2317	1.5269	1.7460	1.2666	0.9100	0.9781
Q4 2020 Average Rate	0.2414	1.5538	1.7213	1.3032	0.8941	0.9526

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 September 30, 2022, 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 September 30, 2022, Canadian dollar AFFO was a loss of $2.7 million while Canadian dollar distributions paid in cash totaled $46.5 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 September 30, 2022, the REIT held approximately $16.6 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 may utilize currency hedges, when necessary, practicable and economically feasible to do so, to mitigate the impact of foreign currency fluctuations and to provide more certainty regarding the payment of distributions to unitholders if the Canadian dollar increases in value compared to foreign currencies. The REIT’s current hedging arrangements include natural currency hedges through local-currency denominated debt, inflation- indexed leases that provide protection against currency devaluation, and exposure to a diversified basket of currencies. Future hedging arrangements may include implementing specific foreign currency hedging derivatives. The REIT does not currently have any specific foreign currency hedging derivatives in place.

Among the REIT’s global currencies, compared to December 31, 2021, the Euro, GBP, NZD and AUD were down relative to the Canadian dollar by 6.5%, 10.8%, 10.2% and 3.8%, respectively, while BRL and USD were up 11.7% and 8.2%, respectively.

PART V – RELATED PARTY TRANSACTIONS

(a) The Exchangeable Units are entirely held by Northwest Value Partners Inc. and affiliates ("NWVP"). 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. The Exchangeable Units are economically equivalent to REIT units and are entitled to receive distributions equal to those provided to holders of REIT units. The fair value of the Exchangeable Units liability is determined with reference to the market trading price of the REIT's units at the reporting date.

Distributions declared on the Exchangeable Units totaled $0.3 and $1.0 million for the three and nine months ended September 30, 2022 (for the three and nine months ended months ended September 30, 2021 - $0.3 and $1.0 million) and have been accounted for as finance costs in profit or loss.

On May 31, 2022, the REIT completed a private placement of 1,086,955 REIT Units to NWVP for gross proceeds of $15.0 million in connection to the public offering on March 31, 2022.

As at September 30, 2022, NWVP indirectly owned approximately 9.9% of the REIT through a combination of Trust Units of the REIT and Exchangeable Units, approximately 9.0% on a fully diluted basis assuming conversion of the REIT's convertible debentures and redemption of its units under the unit-based compensation plan (as at December 31, 2021 - 13.3% and 11.7%. respectively).

As at September 30, 2022, Paul Dalla Lana held a total of of 172,774 REIT deferred units (December 31, 2021 - 93,669) of which 172,566 unvested deferred units are scheduled to vest between 2024 and 2026 (December 31, 2021 - 93,028 scheduled to vest between 2024 and 2026). During nine months ended September 30, 2022, 37,170 deferred units valued at $0.5 million were exercised and paid in cash by the REIT.

(b) As at September 30, 2022, the REIT had $0.1 million owing to NWVP (December 31, 2021 - $0.1 million that was included in accounts payable and accrued liabilities).

The REIT incurred charges to NWVP during the three months ended September 30, 2022, of $0.2 million, gross of HST, which includes expense reimbursement $0.1 million. The aforementioned charges were recorded as part of general and administrative expenses and transaction costs.

The REIT incurred charges to NWVP during the nine months ended September 30, 2022, of $2.3 million, gross of HST, which includes annual compensation for CEO services for $1.3 million, expense reimbursement of $0.6, and the cost NWVP personnel seconded to the REIT totaling $0.2 million. The aforementioned charges were recorded as part of general and administrative expenses and transaction costs.

During the three and nine months ended September 30, 2022, the REIT made total payments to NWVP of $0.2 million and $2.3 million respectively, to settle the obligations noted above.

(c) At September 30, 2022, included in accounts payable and accrued liabilities are Class B exchangeable unit distributions payable to NWVP and affiliates in the amount of $0.1 million (December 31, 2021 - $0.1 million), which were settled subsequent to period 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, 2021.

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, 2021.

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.

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 and nine months ended September 30, 2022, 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

		Q3 2022		Q4 2021
Total Assets		**$ 8,282,049**		**$ 7,064,401**
less Total Liabilities		(4,549,431)		(3,540,827)
less Non-controlling interests		(1,245,800)		(1,131,443)
Unitholders' equity		**2,486,818**		**2,392,131**
Add/(deduct):				
Goodwill		(35,907)		(41,671)
Deferred unit plan liability		24,720		26,223
Deferred tax liability	429,641		374,845	
less NCI	(104,424)	325,217	(91,052)	283,793
Financial instruments - net	(36,698)		22,602	
less NCI	13,774	(22,924)	(15,363)	7,239
Exchangeable Units		18,126		23,581
Global Manager valuation adjustment		576,318		576,318
Other		—		—
Net Asset Value ("NAV")		**$ 3,372,368**		**$ 3,267,614**
Adjusted Units Outstanding (000s)- period end (1)		241,458		225,837
NAV per Unit		**$ 13.97**		**$ 14.47**

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.

Global Manager Valuation

The REIT determined the value of the Global Manager by utilizing the discount cash flow approach which includes significant valuation assumptions such as forecast of management fees, operating expenses, discount rates, capitalization rates, inflation rates, interest rates, taxation rates, foreign currency exchange rates and earnings multiples. The valuation as at September 30, 2022, incorporates the upsize in Australian JV commitment.

CORPORATE INFORMATION

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Stock Exchange Listing
Toronto Stock Exchange (TSX)
Listing symbols:
REIT Trust Units - NWH.UN
5.50% convertible debentures - NWH.DB.G
6.25% convertible debentures - NWH.DB.H

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.

northwest

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