2024 Second Quarter

Management Discussion and Analysis

Northwest Healthcare Properties
Real Estate Investment Trust

INTRODUCTION

Northwest Healthcare Properties Real Estate Investment Trust ("Northwest", the "REIT", or the "Trust"), is a Canadian open-end trust established on January 1, 2010 and governed pursuant to a third amended and restated Declaration of Trust dated September 15, 2020, as amended by amendments dated as of March 30, 2023, September 21, 2023, and June 18, 2024, under the laws of the Province of Ontario ("Declaration of Trust"). The registered office of the REIT is 180 Dundas Street West, Suite 1100, Toronto, Ontario, M5G 1Z8. The REIT 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, NWH.DB.H and NWH.DB.I.

Our Business

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

As an investor, as of June 30, 2024, the REIT currently owns and manages interests in 200 hospitals, medical office buildings and healthcare facilities in Europe, North America, Brazil and Australasia. The REIT manages $9.3 billion of assets under management, of which $3.3 billion is owned directly by the REIT and $6.0 billion is owned jointly with third-party investors.

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

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

Our Purpose

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

Our hospitals, medical office buildings, medical clinics, life sciences assets, and healthcare related facilities, are designed to meet the needs of our hospital operators, doctors, nurses, and other medical practitioners in private and public healthcare jurisdictions.

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

Our Investment Strategy

Northwest aims to build on its position as a healthcare real estate leader, focused on maximizing value for unitholders by continuing to execute on identified initiatives. This includes a commitment to further asset sales in order to continue to simplify the business and strengthen the balance sheet.

Current Business Environment and Outlook

In 2024, Canadian REITs are navigating a complex landscape driven by interest rate shifts, sector-specific challenges, and valuation discrepancies. The Bank of Canada's recent rate cut to 4.50% signals the start of an easing cycle, which could lower borrowing costs and boost real estate investments, though the timing of future cuts remains critical.

The positive outlook for healthcare REITs is driven by favourable demographic trends, such as an aging population, which continues to drive stable and growing demand for healthcare facilities and services. Additionally, the "essential" nature of healthcare assets, combined with long-term leases and government funding, further enhances the sector's stability. Northwest's high-quality healthcare real estate portfolio continues to be resilient and has a demonstrated track record of producing strong cash collections, long-term inflation-indexed leases, and long-term occupancy levels over 96.5%, through economic cycles.

Globally, the economic environment is showing signs of resilience. The global economy is expected to continue expanding at an annual rate of 3% through 2026. In the United States, an anticipated economic slowdown is materializing, with consumption growth moderating and inflation resuming its downward path. Global financial conditions have eased, with lower bond yields, buoyant equity prices, and robust corporate debt issuance.

Northwest, based on its high-quality healthcare real estate portfolio, believes it will continue to attract high demand for its properties from its healthcare tenants and operating partners. While rate drops are beneficial, Northwest's business does not rely solely on them. The REIT has a comprehensive capital management strategy aimed at reducing debt and lowering its loan-to-value (LTV) ratio to achieve an investment grade balance sheet.

FINANCIAL AND OPERATIONAL SUMMARY

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(unaudited)		As at June 30, 2024		As at December 31, 2023
Operational Information [1]				
Number of Properties		200		219
Gross Leasable Area (sf)		16,766,239		17,736,521
Occupancy %		96.5%		96.6%
Weighted Average Lease Expiry ("WALE") (years)		13.4		13.3
Summary of Financial Information				
Assets Under Management [2]	$	9,293,665	$	9,901,036
Gross Book Value [3]	$	7,040,791	$	7,628,615
Debt - Declaration of Trust [2]	$	3,372,186	$	3,641,463
Debt to Gross Book Value - Declaration of Trust [2]		47.9%		47.7%
Debt - Including Convertible Debentures [2]	$	3,694,732	$	3,962,317
Debt to Gross Book Value - Including Convertible Debentures [2]		52.5%		51.9%
Effective Weighted Average Interest Rate [4]		6.04%		6.27%
Net Asset Value ("NAV") per Unit [2]	$	9.53	$	10.86
Adjusted Units Outstanding - period end [5]		246,300,553		245,002,126

		For the three months ended June 30, 2024		For the three months ended June 30, 2023		For the three months ended March 31, 2024
Operating Results						
Revenue from investment properties	$	119,141	$	126,504	$	133,545
Net Income / (Loss)	$	(127,224)	$	(107,411)	$	(38,617)
Net Operating Income ("NOI")	$	93,976	$	98,021	$	95,452
Funds From Operations ("FFO") [2]	$	22,314	$	31,521	$	26,957
Adjusted Funds From Operations ("AFFO") [2]	$	21,186	$	31,913	$	27,679
Distributions [6]	$	22,150	$	48,849	$	22,031
Interest Coverage [7]		1.68		1.79		1.79
Per Unit Amounts						
FFO per unit - Basic [7], [8]	$	0.09	$	0.13	$	0.11
FFO per unit - diluted [7], [8]	$	0.09	$	0.13	$	0.11
AFFO per unit - Basic [7], [8]	$	0.09	$	0.13	$	0.11
AFFO per unit - diluted [7], [8]	$	0.09	$	0.13	$	0.11
Distributions per unit [9]	$	0.09	$	0.20	$	0.09
AFFO Payout Ratio [7]		105 %		153 %		80 %
AFFO Payout Ratio - diluted [2]		105 %		154 %		80 %
Adjusted Weighted Average Units Outstanding [5]						
Basic		246,032,139		244,036,797		245,381,166
Diluted		247,415,816		246,383,724		246,703,287

(1) Operational information includes 100% of Vital Trust and joint venture ("JV") investments. The REIT owns an approximate 28.5% interest in Vital Trust and 30% of the JV investments. See **"PART II – BUSINESS OVERVIEW -** Investment in Joint Ventures"

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

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

(4) 70.8% (December 31, 2023 69.4%) of the REIT's debt is subject to fixed interest rates, including total debt of $1.8 billion (December 31, 2023 - $1.8 billion) that is economically fixed after taking into consideration the interest rate derivatives, but is contractually subject to a variable rate interest. Mortgages of $200.7 million are economically fixed at a weighted average interest rate of 4.11%, $1.6 billion of term debts with variable interest rates have been economically fixed at 5.50%, and $32.2 million of credit facilities with variable interest rates have been economically fixed at 9.65%. See **"PART III – RESULTS FROM OPERATIONS –** Gain/Loss on financial instruments**.**"

(5) Under IFRS the REIT's Class B LP Units are presented as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP Units in basic and diluted units outstanding/weighted average units outstanding, which is on a non-IFRS basis. On January 15, 2024, all 1,710,000 Class B exchangeable units were exchanged into REIT units. There were no Class B LP Units outstanding as at June 30, 2024 (December 31, 2023 - 1,710,000 Class B LP Units).

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

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

(8) Included in FFO and AFFO for the three and six months ended June 30, 2024 are nil and $6.7 million related to interest rate caps which matured during the three months ended March 31, 2024, (three and six months ended June 30, 2023 - $13.2 million and $15.2 million), the impact of which is nil and $0.03 per unit, respectively (three and six months ended June 30, 2023 - $0.05 per unit and $0.06 per unit, respectively). During the three months ended March 31, 2024, included in FFO and AFFO was $6.7 million related to interest rate caps, the impact of which was $0.02 per unit.

(9) Distributions per unit is a non-IFRS ratio calculated as sum of the distributions on the REIT's units and finance costs on Class B LP Units. Management does not consider finance costs on Class B LP units to be 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.

2024 HIGHLIGHTS

UK Lease Amendment

On May 8, 2024, the REIT executed lease amendments on six hospitals in the UK with total square footage of approximately 255 thousand sq ft, resulting in an extension of the lease maturity from 9 years to 25 years. As part of the amendment, the REIT recognized a $1.7 million lease surrender fee in respect of one of the hospital properties and concurrently entered a lease with a new tenant.

Strategic Asset Sales

The REIT announced its initiative to sell non-core assets during the second quarter of 2023. Since the inception of the formal strategic review, announced on August 8, 2023, up to the date of this MD&A, the REIT has sold total assets for proceeds of $1.6 billion, of which $1.4 billion relates to 46 properties. The remaining $170.3 million proceeds represents approximately 80% of the REIT's initial investment in the unlisted securities. The proceeds have been used primarily towards repayment of debt.

During the six months ended June 30, 2024, the REIT completed the following activities:

- The REIT sold 16 properties in North America, 5 properties in Australasia, and 1 property in Europe at their fair value for total proceeds of $399.6 million. The proceeds were used to pay directly attributable debt as well as balances outstanding on credit facilities.

  Using the proceeds from the sale of US properties in the North American portfolio, the REIT repaid $207.9 million of related term debt bearing an interest rate of 6.61%, after the impact of interest rate derivatives, decreasing the US debt balance to $188.0 million. The repayment resulted in a partial settlement of the interest rate derivatives with the same underlying notional value.

- The REIT redeemed $30.8 million of its investment in unlisted securities under the terms of an existing agreement. Subsequent to June 30, 2024, the REIT completed approximately $5 million of incremental sales of its investment in the unlisted securities. The proceeds were used towards repaying balances outstanding on credit facilities.

Subsequent to June 30, 2024, the REIT's UK portfolio was sold to Assura PLC ("Assura"), a publicly-listed REIT on the London Stock Exchange (LSE: AGR) for total consideration of $885 million, consisting of $708 million of cash and the remaining $177 million in shares of Assura. The proceeds from the sale will be used to repay debt (see **Subsequent Events**).

Refinancing Activity

During the six months ended June 30, 2024, refinancing activity included:

- The revolving credit facility maturity was extended to March 2025 from November 2024. The facility has a general security arrangement and outstanding balance of $125.0 million. Subsequent to June 30, 2024, $30.0 million of the revolving credit facility was repaid with proceeds from the UK portfolio disposition (see **Subsequent Events**).
- The Australasian secured term loan maturity was extended by two years to March 2027. On June 28, 2024, the REIT repaid $11.2 million (NZ$13.5 million) of the Australasian secured term loan. As of June 30, 2024, the loan has a balance outstanding of $159.9 million (NZ$192.0 million) and bears interest of 8.9%.
- Vital Trust extended the weighted average term to maturity by approximately 4 years for term debts of $430 million, bearing interest at 6.13%, of which $177.0 million were maturing in 2025.
- Mortgages in North America totaling $49.1 million were amended, bearing a weighted average interest rate of 4.95%, with new mortgages of $53.6 million, bearing a weighted average interest rate of 6.91%. The weighted average term to maturity was extended by approximately 3 years.
- Mortgages in Europe totaling $12.3 million were amended to extend the maturity date by 1 year. and mortgages totaling $33.3 million were amended, extending the weighted average term to maturity by approximately 5 years and increasing weighted average interest rates by 58 basis points.
- On June 28, 2024, the administrator of the Canadian Dollar Offered Rate ("CDOR") ceased publication of CDOR and replaced it with the Canadian Overnight Repo Rate Average ("CORRA") as the benchmark reference rate. The REIT amended its benchmark rates from CDOR to CORRA for draws on its revolving credit facilities. There was no economic impact from the update to the benchmark rates.

Corporate Interest Rate Derivatives

During 2024 to date, the REIT entered into interest rate swaps in respect of its $159.9 million (NZ$192.0 million) Australasian secured term financing for total notional value of debt of $83.3 million (NZ$100 million) and a term of 2 years, resulting in a reduction in the effective interest rate on the notional amount by approximately 80 basis points from the variable rate for the three months ended June 30, 2024.

The REIT also entered into interest rate derivatives in respect of its US dollar denominated non-revolving credit facility tranche to reduce the effective interest rate on the notional debt amount of $32.2 million by approximately 190 basis points from the variable rate for the three months ended June 30, 2024. Subsequent to June 30, 2024, the underlying debt was repaid using proceeds from the UK portfolio sale (see **Subsequent Events**) and the derivatives were settled.

See "**PART III – RESULTS FROM OPERATIONS – GAIN/LOSS ON FINANCIAL INSTRUMENTS**".

Class B exchangeable units

On January 15, 2024, all 1,710,000 Class B exchangeable units were exchanged into REIT units. As a result, all special voting units attached to the exchangeable Class B exchangeable units were dissolved.

Management Changes

i. Ms. Tracey Whittall was appointed as Chief Operating Officer effective February 26, 2024. Peter Riggin, the former COO, is transitioning into retirement and will remain with the REIT as an advisor until June 30, 2024.

ii. Ms. Stephanie Karamarkovic was appointed as Chief Financial Officer effective April 15, 2024. Ms. Karamarkovic replaced Interim CFO, Karen Martin.

Development Activity

During 2024, the REIT completed 2 development projects in Australasia at a combined cost of $81.6 million ($23.3 million at Northwest share) and an average project yield of approximately 6.0%.

SUBSEQUENT EVENTS

Sale of UK Portfolio

On August 8, 2024, the REIT's UK portfolio was sold to Assura PLC ("Assura"), a publicly-listed REIT on the London Stock Exchange (LSE: AGR) for total consideration of $885 million, consisting of $708 million of cash and the remaining $177 million in shares of Assura, calculated on a 30-day VWAP basis. The REIT's stake in Assura equates to approximately 8% of Assura's public float and is subject certain disposal restrictions for period of six months following August 8, 2024. The net cash proceeds from the sale of the UK portfolio will be used to repay debts with weighted average interest rate of 7.9%.

The sale aligns with the REIT's strategic disposition program aimed at strengthening its financial position and simplifying the business. The sale of the UK portfolio represented a cap rate of 5.9%. Although the sale results in a fair value loss of $105.0 million, which has been recognized during the three months ended June 30, 2024, it is expected to result in accretive debt reduction and balance sheet improvements that provide optionality for addressing future debt maturities.

Conclusion of Strategic Review Process

Concurrently to the Sale of the UK Portfolio, the REIT announced conclusion of the REIT"s formal strategic review process which was originally announced on August 8, 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

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

ESG is a focus of the REIT which we believe will, in time, add value to our unitholders.

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

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

a Has published its 2023 Sustainability Report, which provides a comprehensive overview of the organization's sustainability initiatives, achievements, and future goals. This report demonstrates the REIT's commitment to transparency and accountability in ESG efforts;

a. Has successfully completed an assurance process on utility information across the portfolio for the calendar years 2022 and 2023. This process ensures the accuracy and reliability of the REIT's utility data, which is crucial for measuring and managing its environmental impact;

a. Has completed a limited assurance process for Vital Healthcare Property Trust for greenhouse gas (GHG) emissions data across the reporting period July 1, 2023 – June 30, 2024. This independent verification process enhances the credibility of GHG reporting for compliance with the New Zealand's External Reporting Board (XRB) Climate Standards;

a. Has released its first Reflect Reconciliation Action Plan, which outlines our commitment to promoting reconciliation and building strong, respectful relationships with First Nations communities in Australia. This plan reflects the REIT's dedication to social responsibility and community engagement and is the first step in our reconciliation journey; and

a. Has achieved significant improvement in its Global Real Estate Sustainability Benchmark (GRESB) score, moving from 62/100 in 2022 to 80/100 in 2023. This improvement places the REIT in 2nd place among participating Global Healthcare Listed entities, highlighting leadership in sustainability performance.

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

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PART I - BASIS OF PRESENTATION

This Management's Discussion and Analysis of the results of operations and financial condition ("**MD&A**") of Northwest Healthcare Properties Real Estate Investment Trust ("**Northwest**", 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 six months ended June 30, 2024, prepared in accordance with IFRS Accounting 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 14, 2024 (the "**Annual Information Form**") and the REIT's Management Information Circular dated May 7, 2024 (the "**Circular**"). This MD&A is current as of August 13, 2024, unless otherwise stated. Additional information relating to the REIT, including its continuous disclosure documents required by the securities regulators, is filed as required on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed electronically at www.sedarplus.ca.

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

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

Effective January 1, 2024, the REIT revised its operating segments as follows: North America (Canada, United States), Brazil, Europe (UK, Germany, Netherlands), Australasia (Australia, New Zealand), and Corporate. Relevant comparative periods have been amended and restated to reflect the change in the composition of the REIT's segments for this purpose.

FORWARD-LOOKING INFORMATION ADVISORY

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

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

MARKET AND INDUSTRY DATA

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

Although the third-party sources believe it to be reliable, 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 secured variable rate debt hedged with fixed rate swaps, and excludes debt classified as held for sale, secured and unsecured 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 similarly titled measures reported by other issuers. The REIT considers NOI a meaningful measure of operating performance of its property assets, prior to financing considerations. NOI is defined as income from properties after operating expenses and is the same as Net Property Operating Income on the REIT's IFRS financial statements.

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

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

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

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

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

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

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

(6) fair value adjustment of unit-based liabilities;
(7) revaluation adjustments of financial liabilities;
(8) unrealized foreign exchange gains and losses;
(9) deferred income tax expense;
(10) transaction costs;
(11) convertible debentures issuance costs;
(12) internal leasing costs;
(13) property taxes accounted for under IFRIC 21, Levies;
(14) amortization on Right of Use ('ROU') assets, net of payments on leases where the REIT is a lessee;
(15) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination;
(16) results of discontinued operations; and including
(17) 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,
(18) all after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.
(19) In addition, FFO is being adjusted for net losses incurred with respect to an investment in unlisted securities, and the portion of financing and interest costs attributable to short-term arrangements and certain G&A expenses that, in each case, management views as not reflective of recurring earnings from core operations (collectively, the "Other FFO Adjustments").

REALPAC has established a standardized definition of FFO in a white paper dated January 2022 ("**REALPAC Guidance**"). The REIT's FFO definition differs from the REALPAC Guidance in that, when calculating FFO, the REIT excludes the revaluation of financial liabilities, payments of premiums on derivative financial instruments, unrealized foreign exchange gains and losses and certain transaction costs; and 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 - diluted"** sometimes presented as "**FFO/unit - diluted**" is a non-IFRS ratio defined as FFO divided by the diluted weighted average number of units outstanding during the period. Diluted units include vested but unexercised deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual exercise or conversion price. Convertible Debentures are dilutive if the interest per unit obtainable on conversion is less than the basic per unit measure.

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

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

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

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

The REIT uses the January 2022 REALPAC white papers in determining its FFO and AFFO definitions, with some exceptions, which are outlined in PART III - RESULTS FROM OPERATIONS.

“**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 net 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, Unit-based 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 from time-to-time that management considers non-operating or non-recurring in nature. It is a metric that can be used to determine the REIT’s ability to satisfy its obligations, including servicing its debt.

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

“**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.

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

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

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

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

PART II – BUSINESS OVERVIEW

BUSINESS OVERVIEW AND STRATEGIC DIRECTION

On August 8, 2023, the REIT announced that a Strategic Review Committee was formed to assess the best course of action for the REIT's next phase of development and growth. Working with management, the Committee has retained financial advisors. There is no certainty that any changes will result from the Committee's review. As announced on August 8, 2024, the Strategic Review Committee of the REIT has concluded Northwest's strategic review process (see **Subsequent Events**).

In 2024 and into 2025, the REIT's focus will be continuing to:

- Explore opportunities to surface embedded value from within our portfolio;
- Strengthen the balance sheet and become an institutional quality REIT;
- Simplify our geographic footprint, and improve efficiencies in all our markets; and
- Reinforce our commitment to sustainability and progress against the REIT's ESG KPIs.

Declaration of Trust

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

Investment Guidelines (condensed summary)

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

As at June 30, 2024, the REIT was in compliance with all investment guidelines and operating policies stipulated in the Declaration of Trust.

Debt Management

Subject to market conditions and the credit environment, Management believes that it has sufficient resources to meet its liquidity requirements in the near and longer term based on continued availability of financing, property operating performance, and the sale of certain portfolios of investment properties and non-core assets.

Northwest has historically used mortgages, credit facilities, senior unsecured debentures, convertible debentures and equity issuances to finance its growth and repay debt.

The actual level and type of future borrowings will be determined based on market availability, prevailing interest rates, various costs of debt and equity capital, capital market conditions and Management's view of the appropriate leverage for the business.

Northwest manages its liquidity risk by staggering debt maturities, renegotiating expiring credit arrangements proactively, using revolving credit facilities, and issuing equity when deemed appropriate.

Liquidity risk exists due to the possibility of Northwest not being able to generate sufficient cash flow, and/or not having access to sufficient debt and equity capital to fund its ongoing operations and growth and to refinance or meet existing obligations.

The REIT has carried out a fair, balanced and understandable assessment of the emerging and principal risks facing Northwest's current liquidity profile and risks related to its 2025 debt maturities, as well as an assessment of ongoing economic uncertainties, the likelihood of a decrease to prevailing interest rates, the costs and availability of debt capital, the availability of equity capital, the ability to generate and release embedded value from within the current portfolio, and the continued strength of North American financial markets.

Management believes that it has the means to create liquidity throughout 2024 and 2025, which will provide sufficient resources to meet its operational and investing requirements in the near and longer term.

PORTFOLIO PROFILE

The REIT provides investors with access to a portfolio of high-quality healthcare real estate comprised of interests in a diversified portfolio of 200 income-producing properties and 16.8 million square feet of gross leasable area located throughout major markets in North America, Brazil, Europe, and Australasia.

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

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

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

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

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

- Direct interest in high quality MOBs, hospitals, medical clinics and life sciences assets located in the major markets including Berlin, and Frankfurt in Germany; Netherlands; and in the United Kingdom (subsequent to June 30, 2024 the United Kingdom assets (the "UK Portfolio") were sold. See **Subsequent Events)**.
- European portion of the REIT's global asset manager business, a fully integrated property management and asset management operation for the European JV.
- 30% interest in a joint venture ("European JV") with a third party institutional partner that has initial seed investments in hospitals and rehabilitation clinics located in the major markets. For certain investment properties in the joint venture, the REIT holds a direct 5% in the subject properties. As a result, the effective interest in the subject properties is 33.57%.

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

- Hospitals, medical centers, life sciences assets and aged care facilities in Australia and New Zealand which provide growing cash flows underpinned by tenancies of high quality hospital and healthcare operators with long-term, inflation-indexed leases.
- 30% interest in a joint venture ("Australian JV") with a third-party institutional investor.
- 28.5% interest in New Zealand Stock Exchange ("NZX") listed Vital Healthcare Properties Trust ("Vital Trust") which is 100% consolidated by the REIT for financial reporting purposes. The REIT manages Vital Trust and is its largest unitholder. Vital Trust is New Zealand's largest specialist and only listed landlord of healthcare real estate.
- Australasian portion of global asset manager business providing property management and asset management for the Australian JV and investment in Vital Trust.

Investments in Joint Ventures: As at June 30, 2024, Northwest had interests in joint ventures that it accounts for using the equity accounting method. The REIT's joint ventures are as follows:

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

The following summarizes the REIT's managed funds as at June 30, 2024:

Funds Under Management and Capital Commitments						
Cdn$ Billions	**Total Commitment**	**Capital Deployed**	**Capital Allocated**	**Available Capacity**	**REIT Ownership**	**Term**
Australian Core Hospital JV	$3.4	$2.6	$0.6	$0.2	30%	Perpetuity
Australian Core Hospital JV 2	2.2	—	—	2.2	30%	Perpetuity
Vital Trust	2.8	2.8	—	Open	28%	Perpetuity
European JV	2.9	0.6	—	2.3	30%	11 Years
Total	**$11.3**	**$6.0**	**$0.6**	**$4.7**		

The following table summarizes the REIT's assets by region as at June 30, 2024:

SUMMARY OF ASSETS	North America	Brazil	Europe (1)	Australasia (2)(3)	Consolidated Total (4)
Number of Properties	63	8	68	61	200
Asset Mix	81% MOB & 17% Hospitals & Healthcare Facilities & 2% Life Sciences	100% Hospitals	53% MOB & 47% Hospitals & Healthcare Facilities & 0% Life Sciences	20% MOB & 77% Hospitals & Healthcare Facilities & 3% Life Sciences	50% MOB & 49% Hospitals & Healthcare Facilities & 2% Life Sciences
Gross Leasable Area ("GLA") (million sf)	3.9	1.9	5.4	5.6	16.8
Total Assets (millions)	$1,445	$708	$1,564	$3,244	$7,041
Occupancy	90.6%	100.0%	96.9%	99.1%	96.5%
WALE (years)	5.8	16.1	15.2	15.6	13.4
Average Building Age (years)	31	19	28	15	24
Weighted Average Implied Cap Rate	6.6%	7.8%	6.3%	5.3%	6.0%

(1) Shown at 100% basis for assets held as part of JVs, except Total Assets which are presented in accordance with IFRS.
(2) Vital Trust is reflected on on a 100% basis, except Total Assets. The REIT has an approximate 28.5% interest in Vital Trust within Australasia and consolidates its investment in Vital Trust for financial reporting under IFRS.
(3) Australia within Australasia is shown at 100% basis for assets held as part of JVs, except Total Assets which are presented in accordance with IFRS.
(4) Consolidated Total includes corporate assets, and Global Manager.

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

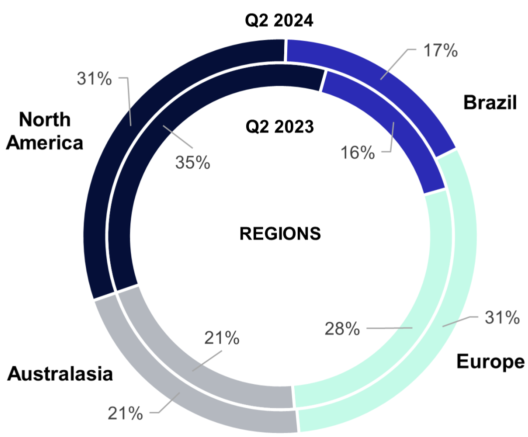
Hospital and other healthcare facilities are typically leased to a single tenant or hospital operator under long-term, inflation indexed, triple net lease structures in which the REIT does not absorb any material property operating cost or CAPEX risk.

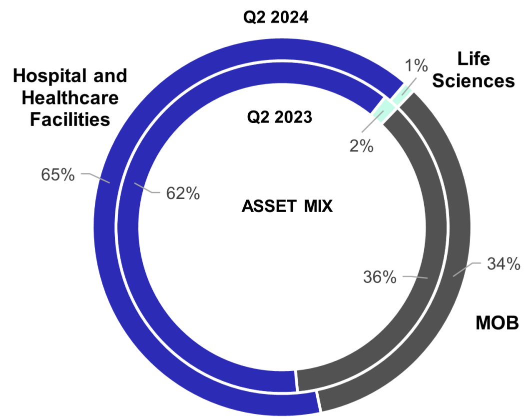
Life Sciences are an emerging class of assets that are primarily leased to life science users with a focus on research and development, under long-term leases.

Diversification of Assets

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

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





Tenant Mix

The following table summarizes the REIT's 10 largest tenants by percentage of proportionate revenue for the three months ended June 30, 2024:

10 LARGEST TENANTS BY PERCENTAGE OF RENT

	Tenant	Region	%	# of locations
1	Rede D'Or	Brazil	12.5 %	7
2	Nuffield Health	Europe	6.8 %	6
3	Healthscope Limited (1)	Australasia	4.8 %	12
4	Epworth Foundation (1)	Australasia	2.8 %	10
5	Circle Health	Europe	2.4 %	5
6	Spire Healthcare Limited	Europe	2.4 %	2
7	Aurora Healthcare (1)	Australasia	1.8 %	13
8	PrairieCare, LLC	USA	1.5 %	2
9	Healthe Care Surgical Pty Ltd (1)	Australasia	1.4 %	4
10	Stichting Albert Schweitzer Ziekenhuis (1)	Europe	1.3 %	4
			37.7 %	65

(1) Australia and Europe are shown at proportionate ownership basis for assets held as part of the JVs or Vital Trust. The REIT owns a 30%-33.57% interest in the JVs and has an approximate 28.5% interest 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. With more than 40 years of experience in the healthcare business, the company has solid business positions and operational scale strategically located in 13 states with the majority of the hospitals concentrated in the states of: São Paulo, Rio de Janeiro, Bahia, Federal District and Pernambuco. Since 2004, the company has grown substantially through a series of strategic partnerships and acquisitions. Rede D'or was valued at 112.5 billion reals ($22 billion) in an initial public offering priced on December 8, 2020, placing it among Brazil's 10 biggest companies by market capitalization at time.

Nuffield Health is the REIT's second largest tenant in six directly held properties, accounting in total for 6.8% 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 114 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 Health has developed a strong name in the private healthcare space primarily accommodating NHS clients through patient choice. Nuffield Health 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. Subsequent to June 30, 2024, on August 8, 2024, the REIT disposed of the UK portfolio and Nuffield Heath ceased to be a tenant of the REIT (See **Subsequent Events**).

Healthscope Limited ("HSO") is currently the REIT's third largest tenant, occupying 12 properties (HSO Portfolio) and accounting for 4.8% 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.

Circle Health Circle Health Group is the largest private healthcare provider in the UK with over 6,500 consultant specialists. Circle was founded in 2004 and in 2020 acquired BMI Healthcare and committed to a multi-million pound program of investment in the BMI facilities and technology. Circle continues to perform very well and has won 'Private Hospital Group of the Year' at the HealthInvestor awards for the last three years. In 2023 Circle was placed number 4 in the 'Top 25 best Big Companies to Work For'. Subsequent to June 30, 2024, on August 8, 2024, the REIT disposed of the UK portfolio and Circle Heath ceased to be a tenant of the REIT (See **Subsequent Events**).

Epworth Foundation is currently the REIT's fifth largest tenant, occupying 8 properties across the Vital and Australasian JV Funds, accounting in total for 2.8% of the REIT's proportionate revenues, which takes into account the REIT's ownership level of approximately 28.6% for these respective properties. Epworth Foundation was established in 1982 to raise funds to ensure patients at Epworth HealthCare receive the best possible care. Epworth HealthCare is Victoria's largest not-for-profit private health care group, with more than 7,100 employees, including nurses, doctors, allied health professionals and support services, across nine hospitals and several specialty centers around the Melbourne metropolitan area. Epworth Foundation invests heavily in the latest technology and innovation, as well as nurse training facilities, which all assist it in attracting leading physicians and staff.

LEASING

Lease Maturities

The REIT's asset diversification is complemented by a long-term maturity profile, with a weighted average lease expiry of 13.4 years as at June 30, 2024 (12.9 years excluding the UK portfolio, which had a WALE of 25.5 years, that was sold on August 8, 2024. See **Subsequent Events**). Below is a table of the percentage of leases expiring by year by region.

	2024	2025	2026	2027	2028	2029	2030	2031	Thereafter	Total
North America	3.4 %	8.9 %	10.2 %	10.9 %	17.8 %	7.8 %	7.0 %	6.0 %	28.0 %	100.0 %
Brazil	8.4 %	— %	— %	— %	— %	— %	— %	— %	91.6 %	100.0 %
Europe (1)	1.6 %	7.0 %	5.5 %	2.0 %	2.7 %	2.7 %	2.7 %	8.5 %	67.3 %	100.0 %
Australasia (2)	1.9 %	1.2 %	1.8 %	1.4 %	5.7 %	1.6 %	1.2 %	5.0 %	80.2 %	100.0 %
Total Portfolio	2.9 %	4.6 %	4.6 %	3.4 %	6.7 %	3.1 %	2.8 %	5.8 %	66.1 %	100.0 %

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

The REIT's expiry profile benefits from its Brazilian Hospitals, Australian Hospitals and European Clinic properties which are subject to long term leases. The eight Brazilian hospitals are each occupied by single tenants that are leading hospital operators, and have leases expiring between September 30, 2024 and January 5, 2045.

The Sabara hospital lease in Brazil expires on September 30, 2024, the tenant has exercised its option to renew the lease and the REIT is currently in active negotiation on renewal terms. The renewal is expected to be finalized during second half of 2024.

The European clinic properties are mainly occupied by single tenants with an average WALE of 21.3 years.

In the UK portfolio, the early renewal with Circle Health in May 2024 extended the WALE of 5 UK Hospitals from 8.8 years to 25 years and substantially improved other lease clauses. As part of the renewal, the Edgbaston Hospital lease was terminated with a make good surrender premium and was leased to Practise Plus Group (PPG) on a new 25 year term.

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 17.1 years and the Australian portfolio which has a WALE of 14.4 years.

The table below summarizes the REIT's WALE allocated by asset type as at June 30, 2024, on a proportionate basis and excluding development projects:

	Asset Mix			WALE (in years)			
	MOB	**Hospitals & Healthcare Facilities**	**Life Sciences**	**MOB**	**Hospitals & Healthcare Facilities**	**Life Sciences**	**Total**
North America	81%	17%	2%	4.7	9.7	19.4	**5.7**
Brazil	0%	100%	0%	–	16.1	–	**16.1**
Europe (1)	53%	47%	0%	5.5	21.3	–	**15.3**
Australasia (2) (3)	20%	77%	3%	9.3	16.5	10.3	**15.6**
Total Portfolio	50%	49%	2%	5.45	17.54	11.69	**13.4**

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

Lease Indexation

As at June 30, 2024, over 85.5% of the REIT's rental income (97.7% of the REIT's portfolio outside of Canada (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	
	% of Revenue
North America	50.2%
Brazil	100.0%
Europe (1)	97.2%
Australasia (2)	98.0%
Portfolio Weighted Average	**85.5%**

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

Leasing Activity

LEASING ACTIVITY					
	Three months ended June 30, 2024				
in thousands of square feet	**North America**	**Brazil**	**Europe [(1)]**	**Australasia [(2)]**	**Total**
Opening Occupancy	91%	100%	97%	99%	97%
Opening Balance	3,785	1,880	5,292	5,803	16,760
Disposition	(300)	—	(59)	(282)	(641)
Expiries and Early Terminations	(79)	—	(341)	(55)	(475)
Renewal	33	—	286	45	364
New Leasing	22	—	51	4	77
Other [(3)]	15	—	(2)	2	15
Closing Balance	3,476	1,880	5,227	5,517	16,100
Closing Occupancy	**91%**	**100%**	**97%**	**99%**	**97%**

	Six months ended June 30, 2024				
in thousands of square feet	**North America**	**Brazil**	**Europe [(1)]**	**Australasia [(2)]**	**Total**
Opening Occupancy	92%	100%	97%	99%	97%
Opening Balance	4,192	1,880	5,296	5,742	17,110
Disposition	(693)	—	(59)	(282)	(1,034)
Completed development	—	—	—	61	61
Expiries and Early Terminations	(176)	—	(475)	(98)	(749)
Renewal	114	—	394	88	596
New Leasing	32	—	69	6	107
Other [(3)]	7	—	2	—	9
Closing Balance	3,476	1,880	5,227	5,517	16,100
Closing Occupancy	**91%**	**100%**	**97%**	**99%**	**97%**

(1) Europe is shown at 100% basis for assets held as part of JVs. The REIT owns approximately 30% - 33.57% interest in the JV.
(2) Australia within Australasia is shown on a 100% basis. The REIT has an approximate 28.5% 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.

North America

During the quarter, the REIT completed 32,972 square feet of renewal leasing representing a 45% renewal rate. The renewal rate was low due to a 23,258 square feet tenancy remaining on month to month, of which 6,083 square feet renewed subsequent to the quarter and 11,985 square feet is expected to renew. Including the month-to-month tenants renewed or expected to renew, the renewal rate would have been 70%. The REIT completed the renewals at an initial net rent of $15.88 per square foot versus an expiring net rent per square foot of $15.40 per square foot, an increase of $0.48 per square foot or 3.1%.

During the quarter, the REIT also completed 21,621 square feet of new leasing at an initial net rent of $20.20 per square foot.

Year to date, the REIT has completed 113,790 square feet of renewal leasing representing a 68% renewal rate. Adjusted for month to month tenants expected to renewed, the renewal rate would have been

78.6%. The REIT completed the renewals at an initial net rent of $13.86 per square foot versus an expiring net rent per square foot of $13.50 per square foot, an increase of $0.36 per square foot or 2.7%.

Year to date, the REIT also completed 31,642 square feet of new leasing at an initial net rent of $19.59 per square foot.

Expiring net rent for the Canadian portfolio increased to $19.43 per square foot in the second quarter 2024, from $19.39 per square foot in the first quarter of 2024. The increase was mainly attributable to renewals and expansions at higher net rent rates.

EXPIRING NET RENT		
		North America
Month-to-Month	$	12.61
2024	$	16.66
2025	$	21.53
2026	$	19.34
2027	$	18.08
2028	$	18.35
2029+	$	20.43
Total	**$**	**19.43**

Brazil

The REIT's Brazil properties are subject to long term leases (portfolio WALE of 16.1 years).

Europe

During the quarter, the REIT completed 286,177 square feet of renewal leasing representing a 84% renewal rate. These renewals were completed at an initial net rent of €15.26 per square foot per year versus an expiring net rent per square foot of €15.08, an increase of 1.2%.

During the quarter, the REIT completed 51,170 square feet of new leasing at an initial net rent of €16.08.

EXPIRING NET RENT		
		Europe
Month-to-Month	€	6.09
2024	€	12.41
2025	€	12.85
2026	€	18.10
2027	€	15.93
2028	€	14.23
2029+	€	9.22
Total		**€ 10.33**

Australasia

The properties of Australasia are generally subject to long term leases.

During the quarter, the REIT completed 44,484 square feet of renewal leasing representing a 80.8% renewal rate. The renewals were a result of tenants exercising their renewal options and were completed at an initial net rent of NZ$66.19 versus expiring net rent of NZ$63.53, an increase of 4.2%.

During the quarter, the REIT completed 3,776 square feet of new leasing at an initial net rent of NZ$56.35.

PART III – RESULTS FROM OPERATIONS

NET INCOME (LOSS)

The following is a summary of selected financial information from the consolidated statements of income (loss) and comprehensive income (loss) for the three and six months ended June 30, 2024, and 2023:

RESULTS FROM OPERATIONS

	Three months ended June 30,		Six months ended June 30,	
Expressed in thousands of Canadian dollars	**2024**	**2023**	**2024**	**2023**
Net Operating Income				
Revenue from investment properties	$ 119,141	$ 126,504	$ 252,686	$ 261,828
Property operating costs	25,165	28,483	63,258	68,386
Net Operating Income (NOI)	**93,976**	**98,021**	**189,428**	**193,442**
Other income				
Share of profit (loss) from equity accounted investments	(13,299)	(25,871)	(9,984)	(21,883)
Management fees	3,366	(3,246)	7,216	7,479
Interest and other	3,356	3,965	6,759	8,081
	(6,577)	**(25,152)**	**3,991**	**(6,323)**
	87,399	**72,869**	**193,419**	**187,119**
Expenses and Other				
Mortgage and loan interest expense	(53,756)	(57,187)	(109,189)	(108,835)
General and administrative expenses	(13,454)	(15,535)	(28,991)	(28,571)
Transaction costs	(4,567)	(4,832)	(6,934)	(8,169)
Other finance (costs) income	(412)	6,157	(15,744)	2,740
Foreign exchange gain (loss)	(861)	2,792	12,869	10,008
Income (loss) before the under noted items	**14,349**	**4,264**	**45,430**	**54,292**
Fair value adjustment of Unit-Based Liability	806	6,280	1,161	9,583
Fair value adjustment of investment properties	(172,417)	(140,424)	(244,120)	(291,985)
Net loss on disposal of investment properties	(4,905)	(13,581)	(10,097)	(15,264)
Gain (loss) on financial instruments	5,737	37,981	11,349	20,789
Income (loss) before taxes	**(156,430)**	**(105,480)**	**(196,277)**	**(222,585)**
Current tax expense	(3,628)	(4,470)	(6,394)	(11,466)
Deferred tax (expense) recovery	32,834	2,539	36,830	37,485
Net income (loss)	**$ (127,224)**	**$ (107,411)**	**$ (165,841)**	**$ (196,566)**
Net income (loss) attributable to:				
Unitholders	(122,338)	(32,093)	(169,945)	(129,579)
Non-controlling interests	(4,886)	(75,318)	4,104	(66,987)
	$ (127,224)	**$ (107,411)**	**$ (165,841)**	**$ (196,566)**

Revenue from investment properties

REVENUE FROM INVESTMENT PROPERTIES				
	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
North America	38,924	47,931	91,803	101,835
Brazil	14,264	14,084	30,738	28,980
Europe	28,052	25,735	55,076	50,756
Australasia	37,901	38,754	75,069	80,257
Total revenue from investment properties	**119,141**	**126,504**	**252,686**	**261,828**

Revenue from investment properties for the three and six months ended June 30, 2024 was $7.4 million and $9.1 million lower than the comparative period, respectively, mainly due to decreases in Australasia and North America, partially offset by increases in Europe and Brazil. The decreases were related to disposition of non-core assets during 2023 and 2024, and the increases were due to rent indexation and higher tenant recoveries.

Net Operating Income

SAME PROPERTY NOI						
	Three months ended June 30,			Six months ended June 30,		
	2024	2023	Var %	2024	2023	Var %
Same property NOI (1)						
North America	$ 19,072	$ 18,479	3.2%	$ 37,622	$ 36,281	3.7%
Brazil	14,258	13,627	4.6%	29,028	27,718	4.7%
Europe	21,076	20,801	1.3%	42,214	41,058	2.8%
Australasia	31,609	29,664	6.6%	63,011	58,854	7.1%
Same property NOI (1)	**$ 86,015**	**$ 82,571**	**4.2%**	**$ 171,875**	**$ 163,911**	**4.9%**
Impact of foreign currency translation	—	60		—	(194)	
Straight-line rental revenue recognition	84	653		761	1,433	
Amortization of operating leases	(36)	(42)		(76)	(85)	
Lease termination fees	33	7		102	39	
Other transactions	1,248	1,037		926	246	
Developments	3,091	1,587		6,360	3,329	
Dispositions	3,054	11,654		8,502	23,679	
Intercompany/Elimination	487	494		978	1,084	
NOI	**$ 93,976**	**$ 98,021**	**(4.1)%**	**$ 189,428**	**$ 193,442**	**(2.1)%**

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

Consolidated

The REIT's Same Property NOI for the three and six months ended June 30, 2024 increased by 4.2% and 4.9%, respectively, over the comparable prior year periods mainly due to inflationary adjustments on rents, rentalised capital spend, and improved recoveries, reflecting a steady growth in the REIT's underlying lease rates supported by a long term WALE of 13.4 years.

North America

Same property NOI for the three and six months ended June 30, 2024 increased by 3.2% and 3.7% respectively over the comparable prior year periods mainly due to growth in rental revenue and inflationary adjustments on rents in the Canadian and the US portfolios, an increase in occupancy in the quarter and an increase in parking income in the Canadian portfolio.

Brazil

Same Property NOI for the three and six months ended June 30, 2024 increased by 4.6% and 4.7% respectively over the comparable prior year periods driven by inflationary adjustments.

Europe

Same Property NOI for the three and six months ended June 30, 2024 increased by 1.3% and 2.8% respectively over the comparable prior year periods reflecting growth in rental revenue from indexation increases, improved recoveries, partially offset by lower rental income in the UK resulting from the value add renewal of the Circle Health hospital portfolio securing 16 years of incremental WALE at lower rents.

Australasia

Same Property NOI for the three and six months ended June 30, 2024 increased by 6.6% and 7.1% respectively over the comparable prior year periods driven by growth in rental revenue from indexation increases and rentalised capital expenditure.

Share of profit (loss) of equity accounted investments

SHARE OF PROFIT/LOSS IN EQUITY ACCOUNTED INVESTMENTS						
For the three months ended June 30,		**2024**			**2023**	
	Australasia	**Europe**	**Total**	**Australasia**	**Europe**	**Total**
Total revenues	**$ 30,713**	**$ 10,626**	**$ 41,339**	$ 30,549	$ 10,052	$ 40,601
Expenses						
Operating costs	**4,391**	**1,989**	**6,380**	4,884	1,795	6,679
Mortgage and loan interest expense	**14,979**	**6,286**	**21,265**	13,867	6,031	19,898
General and administrative expenses	**2,567**	**1,527**	**4,094**	2,398	648	3,046
Other	**331**	**121**	**452**	161	205	366
Fair value (gain) loss adjustments and transaction costs	**46,787**	**4,817**	**51,604**	75,197	22,874	98,071
Income tax expense	**—**	**401**	**401**	—	(3,452)	(3,452)
Net income (loss)	**(38,342)**	**(4,515)**	**(42,857)**	(65,958)	(18,049)	(84,007)
Less: Non-controlling interest	**(1,159)**	**135**	**(1,024)**	1,610	(273)	1,337
Net profit attributable to unitholders	**(39,501)**	**(4,380)**	**(43,881)**	(67,568)	(17,776)	(85,344)
Weighted average share of profits (loss)	**30 %**	**30% to 33.57%**		30 %	30% to 33.57%	
REIT's share of income (loss)	**$ (11,850)**	**$ (1,449)**	**$ (13,299)**	$ (20,270)	$ (5,601)	$ (25,871)

For the six months ended June 30,	2024			2023		
	Australasia	**Europe**	**Total**	**Australasia**	**Europe**	**Total**
Total revenues	**$ 59,973**	**$ 21,634**	**$ 81,607**	$ 59,567	$ 20,942	$ 80,509
Expenses						
Operating costs	**8,078**	**4,172**	**12,250**	7,993	4,303	12,296
Mortgage and loan interest expense	**29,970**	**12,498**	**42,468**	26,606	12,021	38,627
General and administrative expenses	**4,946**	**1,959**	**6,905**	4,924	2,111	7,035
Other	**625**	**266**	**891**	339	205	544
Fair value (gain) loss adjustments and transaction costs	**44,863**	**3,899**	**48,762**	72,057	23,459	95,516
Income tax expense	**—**	**1,462**	**1,462**	—	(3,350)	(3,350)
Net income (loss)	**(28,509)**	**(2,622)**	**(31,131)**	(52,352)	(17,807)	(70,159)
Less: Non-controlling interest	**(1,954)**	**—**	**(1,954)**	2,270	(227)	2,043
Net profit attributable to unitholders	**(30,463)**	**(2,622)**	**(33,085)**	(54,622)	(17,580)	(72,202)
Weighted average share of profits (loss)	**30 %**	**30% - 33.57%**		30 %	30% to 33.57%	
REIT's share of income (loss)	**$ (9,139)**	**$ (845)**	**$ (9,984)**	$ (16,387)	$ (5,496)	$ (21,883)

Equity accounted investments represent the REIT's share of Australasian and European JVs with an institutional partner. The REIT's share of loss was lower by $12.6 million and $11.9 million for the three and six months ended June 30, 2024, respectively, compared to the same periods in 2023. The increase was mainly attributable to lower valuation losses on investment properties, partially offset by higher mortgage and loan interest expense due to higher rates on variable interest rate debt.

Management Fees

GLOBAL ASSET MANAGER FEES	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Base fee	$ 7,880	$ 8,168	$ 15,645	$ 16,552
Incentive and performance fee [(1)]	1,366	(89)	2,729	4,147
Project and Acquisition fees	1,053	(1,818)	2,106	3,557
Trustee fees	273	293	540	600
Other fees and cost reimbursements	197	(3,470)	391	—
Total Management Fees	**$ 10,769**	**$ 3,084**	**$ 21,411**	**$ 24,856**
less: inter-company elimination	(7,403)	(6,330)	(14,195)	(17,377)
Consolidated Management Fees	**3,366**	**(3,246)**	**7,216**	**7,479**
add: fees charged to non-controlling interests [(2)]	5,049	4,427	9,778	12,232
Proportionate Management Fees	**$ 8,415**	**$ 1,181**	**$ 16,994**	**$ 19,711**

(1) Incentive fees are calculated as a percentage of the average annual increase in Vital Trust's net tangible assets, over the 12-month period ending June 30, 2024, and the two preceding periods.
(2) The Global Asset Manager fees charged to Vital Trust are eliminated on consolidation as inter-company transactions, but the REIT receives the benefit of approximately 71% of the fees; representing the non-controlling interest ownership in Vital Trust.

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

For the three months ended June 30, 2024, consolidated management fees increased by $6.6 million due to reversal of Project and Acquisition fees and Other fees during the same period in 2023. Consolidated management fees decreased $0.3 million year-to-date compared to the same period in 2023 due to decrease in development and acquisition based activity fees and lower incentive fees which is calculated based on NAV growth.

Mortgage and loan interest expense

MORTGAGE AND LOAN INTEREST EXPENSE	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
North America				
Mortgages and Term debts	9,398	13,610	19,217	25,674
Brazil				
Mortgages and Term debts	5,929	1,941	11,822	3,908
Europe				
Mortgages and Term debts	8,825	10,035	18,126	17255
Australasia				
Term debts	15,820	16,637	31,791	32,472
Corporate				
Australasian Secured Financing	3,387	3,951	7,074	7923
Corporate Credit Facilities	9,012	11,958	19,031	23,150
Convertible Debentures	7,182	5,323	14,365	9,411
	59,553	63,455	121,426	119,793
less: capitalized interest	(5,797)	(6,268)	(12,237)	(10,958)
Total mortgage and loan interest expense	**53,756**	**57,187**	**109,189**	**108,835**

The mortgage and loan interest expense for the three and six months ended June 30, 2024, was $53.8 million and $109.2 million, respectively. The $3.4 million quarter-to-date decrease is due to debt repayments from asset dispositions, partially offset by higher rates on variable interest rate debts. The slight year-to-date increase of $0.4 million is partially attributable to an overall increase in weighted average interest rates to 6.04% from 4.88%, partially offset by debt repayments from asset dispositions.

General and administrative expenses (“G&A”)

General and administrative expenses	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
G&A excluding unit-based compensation expense	$ 13,184	$ 12,384	$ 26,172	$ 23,074
Unit-based compensation expense	270	3,151	2,819	5,497
General and administrative expenses	**$ 13,454**	**$ 15,535**	**$ 28,991**	**$ 28,571**

G&A expenses for the three and six months ended June 30, 2024, includes Unit-Based Compensation Expense of $0.3 million and $2.8 million, respectively (three and six months ended June 30, 2023 - $3.2 million and $5.5 million). Unit-Based compensation compared to prior periods decreased primarily due to forfeitures in 2023 and 2024.

G&A, excluding amounts associated with Unit-Based Compensation Expenses, increased $0.8 million for the three months ended June 30, 2024 compared to prior period. The increase is primarily as a result statutory and tax compliance costs related to historical periods in Europe. For the six months ended June 30, 2024, G&A decreased by $3.1 million as a result of simplification of operations and cost control initiatives implemented by management, partially offset by statutory and tax compliance costs related to historical periods in Europe

Transaction costs

For the three and six months ended June 30, 2024, the REIT incurred transaction costs of $4.6 million and $6.9 million, respectively (three and six months ended June 30, 2023 - $4.8 million and $8.2 million, respectively). Transaction costs included third party costs and internal allocations related to investment opportunities, capital raising initiatives, and the Board's Strategic Review Committee.

Net loss on disposal of investment properties

During the three and six months ended June 30, 2024, the REIT incurred net loss on disposal of investment properties of $4.9 million and $10.1 million, respectively (three and six months ended June 30, - $13.6 million and $15.3 million, respectively) consisting of direct costs relating to dispositions of investment properties, including dispositions that did not successfully complete or expected to be completed in future periods.

Other finance costs

Other finance costs for the three and six months ended June 30, 2024 and 2023 consisted of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Fair value adjustment of Convertible Debentures	$ (4,283)	$ (10,981)	$ 1,692	$ (14,179)
Amortization of deferred financing costs	4,271	2,993	9,451	5,963
Loss (gain) on revaluation of financial liabilities	424	745	4,432	5,788
Fair value adjustment of Exchangeable Units	—	(3,745)	205	(5,506)
Convertible Debenture issuance costs	—	4,489	27	4,510
Distributions on Exchangeable Units	—	342	(63)	684
Total Finance Costs (Income)	**$ 412**	**$ (6,157)**	**$ 15,744**	**$ (2,740)**

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 six months ended June 30, 2024 , accretion expense was $0.4 million and $4.4 million (for the three and six months ended June 30, 2023 - $0.7 million and $5.8 million, respectively). The decrease is attributable to depreciation of foreign currency relative to the Canadian dollar for the periods, offset by a higher inflation rate as of June 30, 2024 of 4.23% as compared to 3.16% as at June 30, 2023.

Fair value adjustment of Convertible Debentures

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

CLOSING PRICE OF CONVERTIBLE DEBENTURES						
	24-Jun	**24-Mar**	**23-Dec**	**23-Sep**	**23-Jun**	**23-Mar**
Month-end closing price (Canadian $)						
NWH.DB.G	1,002	999	998	993	990	985
NWH.DB.H	813	830	808	853	913	959
NWH.DB.I	825	848	820	908	950	-

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 rate on the balance sheet date. For the three and six months ended June 30, 2024, the REIT recorded a foreign exchange loss (gain) of $0.9 million and $(12.9) million, respectively, which included an unrealized loss (gain) of $0.8 million and $(13.0) million, respectively, related to revaluation of third-party debt and intercompany loans between subsidiaries of the REIT that are denominated in foreign currencies as compared to the functional currency of the subsidiary entity, and a realized loss of $0.1 million and gain of $0.1 million for the three and six months ended June 30, 2024, respectively, mainly related to settlement of foreign currencies denominated debt.

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 valuation with respect to deferred units and restricted units is based on the market value of a REIT Trust Unit or Vital Trust unit at the reporting date, and the valuation with respect to preferred units is based on a Monte-Carlo simulation at the reporting date. The change in fair value of the Unit-Based Liability is recognized in income (loss). The fair value adjustment on revaluation of the Unit-Based Liability for the three and six months ended June 30, 2024 was $0.8 million and $1.2 million, respectively (three and six months ended June 30, 2023 - $6.3 million and $9.6 million, respectively).

Fair value adjustment of investment properties

For the three and six months ended June 30, 2024, the REIT recorded a fair value loss on investment properties of $172.4 million and $244.1 million, respectively (three and six months ended June 30, 2023 - $140.4 million and $292.0 million, respectively). The fair value loss was mainly attributable to changes in valuation parameters, rent reviews, and the inclusion of available market evidence.

During the three and six months ended June 30, 2024, the REIT recognized a fair value loss of approximately $105.0 million on the UK portfolio to reflect the market price at which they were sold subsequent to June 30, 2024 (see **Subsequent Events**).

See **"PART V – BALANCE SHEET AND CAPITALIZATION – INVESTMENT PROPERTIES".**

Gain/Loss on financial instruments

Gain/loss on financial instruments for the three and six months ended June 30, 2024 and 2023 consisted of the following:

GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
North America				
Interest rate derivatives	$ 158	$ 7,098	$ 4,568	$ 1,816
Europe				
Interest rate derivatives	295	14,085	3,828	12,404
Australasia				
Interest rate derivatives	5,277	14,190	5,619	3,801
Unlisted securities	(89)	2,906	(2,609)	2,882
Foreign exchange contracts	82	(298)	(71)	(114)
Corporate				
Interest rate derivatives	$ 14	$ —	$ 14	$ —
Total gain (loss) on financial instruments	**$ 5,737**	$ 37,981	**$ 11,349**	$ 20,789

The REIT's interest derivative arrangements outstanding as at June 30, 2024 were as follows:

Segment	Type	Notional Amount	Effective Date	Remaining Term (months)	Effective Interest Rate	Fair Value
Interest rate derivative assets						
North America	Swap	$ 278,415	February 2024	19	6.61 %	$ 5,076
Europe (UK)	Swap	459,961	March 2024	16	6.19 %	2,938
Europe	Caps	109,297	June 2021 - June 2024	29	2.24% - 3.40%	5,357
Europe	Swaps	110,913	June 2017 - September 2022	26	2.24%-4.60%	6,027
Australasia	Swaps	719,490	December 2015 - June 2024	24	5.82%-7.24%	14,871
Corporate (USD)	Swap	32,177	June 2024	19	9.65 %	$ 381
Corporate (NZD)	Swap	62,483	May 2024	27	7.92 %	$ 14
						$ 34,664
Interest rate derivatives liabilities						
Australasia	Swaps	178,485	March 2023 - March 2027	51	6.69%-7.24%	$ (1,541)
						$ (1,541)

During the six months ended June 30, 2024, using proceeds from sale of the underlying investment properties, the REIT repaid $207.9 million of the North American term debt bearing an interest rate of 6.61% after the impact of interest rate derivatives, decreasing the outstanding balance to $188.0 million. The repayment resulted in a partial settlement of the interest rate derivatives with the same underlying notional value.

During the three and six months ended June 30, 2024, the REIT entered into interest rate swaps in respect of its Australasian secured term financing for total notional value of debt of $62.5 million (NZ$75 million) and a term of 2 years, resulting in a reduction in the effective interest rate on the notional amount by approximately 80 basis points from the variable rate for the three months ended June 30, 2024. Subsequent to June 30, 2024, the REIT entered into interest rate swaps for an additional notional value of $20.8 million (NZ$25 million) with a term of 2 years.

The REIT further entered into interest rate derivatives in respect of certain US dollar denominated credit facilities to reduce the effective interest rate on the notional debt amount of $32.2 million by approximately 190 basis points from the variable rate for the three months ended June 30, 2024.

Income tax expense

The combined current tax and deferred tax recovery of the REIT for the three and six months ended June 30, 2024, was $29.2 million and $30.4 million, respectively.

For the three and six months ended June 30, 2024, the REIT recognized a current tax expense of $3.6 million and $6.4 million (for the three and six months ended June 30, 2023 - expense of $4.5 million and $11.5 million, respectively). The current taxes during the quarter primarily relate to normal course income tax expense on taxable earnings in Europe, and in Australasia, including Vital Trust, the Australian asset manager, and Australian withholding tax.

The deferred tax recovery for the three and six months ended June 30, 2024, was $32.8 million and $36.8 million (three and six months ended June 30, 2023 - a recovery of $2.5 million and $37.5 million) was primarily a result of fair value adjustments related to investment properties. The REIT records deferred tax assets and liabilities arising from the difference between the carrying value for accounting purposes and the tax cost of its investment properties.

PROPORTIONATE BASIS RESULTS FROM OPERATIONS

INCOME STATEMENT

For the three months ended,	June 30, 2024			June 30, 2023		
	IFRS Basis	**Adjustments** [1]	**Proportionate Basis**	IFRS Basis	**Adjustments** [1]	Proportionate Basis
Net Property Operating Income						
Revenue from investment properties	**$ 119,141**	**$ (13,727)**	**$ 105,414**	$ 126,504	$ (13,937)	$ 112,567
Property operating costs [2]	**25,165**	**(1,669)**	**23,496**	28,483	(1,028)	27,455
	93,976	**(12,058)**	**81,918**	98,021	(12,909)	85,112
Other Income						
Interest and other	**3,356**	**(145)**	**3,211**	3,965	360	4,325
Management fees [2]	**3,366**	**7,674**	**11,040**	(3,246)	6,330	3,084
Share of profit of equity accounted investments	**(13,299)**	**13,299**	**—**	(25,871)	25,871	—
	(6,577)	**20,828**	**14,251**	(25,152)	32,561	7,409
Expenses and other						
Mortgage and loan interest expense	**(53,756)**	**159**	**(53,597)**	(57,187)	254	(56,933)
General and administrative expense [2]	**(13,454)**	**(2,082)**	**(15,536)**	(15,535)	(2,671)	(18,206)
Transaction costs	**(4,567)**	**—**	**(4,567)**	(4,832)	(13,085)	(17,917)
Foreign exchange loss (gain)	**(861)**	**70**	**(791)**	2,792	327	3,119
Income (loss) before the under noted items	**14,761**	**6,917**	**21,678**	(1,893)	4,477	2,584
Other finance costs	**(412)**	**181**	**(231)**	6,157	249	6,406
Net gain (loss) on financial instruments	**5,737**	**(2,285)**	**3,452**	37,981	(9,834)	28,147
Fair value adjustment of investment properties [2]	**(172,417)**	**(2,966)**	**(175,383)**	(140,424)	64,870	(75,554)
Net loss on disposal of investment properties	**(4,905)**	**92**	**(4,813)**	(13,581)	13,581	—
Fair value adjustment of unit based compensation liabilities	**806**	**—**	**806**	6,280	—	6,280
Income (loss) before taxes	**$(156,430)**	**$ 1,939**	**$ (154,491)**	$ (105,480)	$ 73,343	$ (32,137)
Income tax expense (recovery)	**29,206**	**2,947**	**32,153**	(1,931)	1,975	44
Total net income (loss)	**(127,224)**	**4,886**	**(122,338)**	(107,411)	75,318	(32,093)
Less: non-controlling interest	**4,886**	**(4,886)**	**—**	75,318	(75,318)	—
Total net income (loss) attributable to unitholders'	**$ (122,338)**	**$ —**	**$ (122,338)**	$ (32,093)	$ —	$ (32,093)

For the six months ended,	June 30, 2024			June 30, 2023		
	IFRS Basis	**Adjustments (1)**	**Proportionate Basis**	IFRS Basis	**Adjustments (1)**	Proportionate Basis
Net Property Operating Income						
Revenue from investment properties	**252,686**	**(27,103)**	**225,583**	261,828	(30,085)	231,743
Property operating costs (2)	**63,258**	**(2,912)**	**60,346**	68,386	(4,040)	64,346
	189,428	**(24,191)**	**165,237**	193,442	(26,045)	167,397
Other Income						
Interest and other	**6,759**	**50**	**6,809**	8,081	736	8,817
Management fees (2)	**7,216**	**14,466**	**21,682**	7,479	17,377	24,856
Share of profit of equity accounted investments	**(9,984)**	**9,984**	**—**	(21,883)	21,883	—
	3,991	**24,500**	**28,491**	(6,323)	39,996	33,673
Expenses and other						
Mortgage and loan interest expense	**(109,189)**	**(270)**	**(109,459)**	(108,835)	330	(108,505)
General and administrative expense (2)	**(28,991)**	**(3,930)**	**(32,921)**	(28,571)	(5,850)	(34,421)
Transaction costs	**(6,934)**	**1**	**(6,933)**	(8,169)	(14,767)	(22,936)
Foreign exchange loss (gain)	**12,869**	**368**	**13,237**	10,008	(161)	9,847
	(132,245)	**(3,831)**	**(136,076)**	(135,567)	(20,448)	(156,015)
Income (loss) before the under noted items	**61,174**	**(3,522)**	**57,652**	51,552	(6,497)	45,055
Other finance costs	**(15,744)**	**333**	**(15,411)**	2,740	447	3,187
Net gain (loss) on financial instruments	**11,349**	**(1,922)**	**9,427**	20,789	(2,530)	18,259
Fair value adjustment of investment properties (2)	**(244,120)**	**(3,812)**	**(247,932)**	(291,985)	56,541	(235,444)
Net loss on disposal of investment properties	**(10,097)**	**266**	**(9,831)**	(15,264)	15,264	—
Fair value adjustment of unit based compensation liabilities	**1,161**	**—**	**1,161**	9,583	—	9,583
Income (loss) before taxes	**$ (196,277)**	**$ (8,657)**	**$ (204,934)**	$ (222,585)	$ 63,225	$ (159,360)
Income tax expense (recovery)	**30,436**	**4,553**	**34,989**	26,019	3,762	29,781
Total net income (loss)	**(165,841)**	**(4,104)**	**(169,945)**	(196,566)	66,987	(129,579)
Less: non-controlling interest	**(4,104)**	**4,104**	**—**	66,987	(66,987)	—
Total net income (loss) attributable to unitholders'	**$(169,945)**	**$ —**	**$ (169,945)**	$ (129,579)	$ —	$ (129,579)

(1) Proportionate basis results from operations is a non-IFRS based on certain adjustments to condensed consolidated interim statement of income (loss) adjusted to reflect share of net income (losses) from equity accounted joint ventures and fully consolidated Vital Trust on a proportionately consolidated basis at the REIT's ownership percentage of the related investments.
(2) Management fees under proportionate basis are presented gross of any inter-company eliminations. Accordingly, the REIT's property operating costs, general and administrative expense and fair value adjustment of investment properties are also presented gross of any inter-company eliminations that are required under IFRS in respect of the managements fees.

NOI from investment properties for the three and six months ended June 30, 2024 was $81.9 million and $165.2 million, respectively (three and six months ended June 30, 2023 - $85.1 million and $167.4 million, respectively). The decrease from the comparative periods is primarily driven by impact of non-core assets sales, offset by rent indexation and higher tenant recoveries.

Net loss for the three and six months ended June 30, 2024 was $122.3 million and $169.9 million, respectively (three and six months ended June 30, 2023 - $32.1 million and $129.6 million, respectively). The year-to-date decrease of the net loss is primarily attributable to lower fair value loss on investment properties.

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 incurred with respect to exploring new strategic 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.

The REIT presents its consolidated FFO calculations in accordance with the January 2022 guidance in the REALPAC White Paper on Funds From Operations, with the exception that the REIT excludes the following adjustments: revaluation of financial liabilities, payments of premiums on derivative financial instruments, unrealized foreign exchange gains and losses, and certain transaction costs.

FUNDS FROM OPERATIONS ("FFO")	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	**2023**	**2024**	**2023**
Net income (loss) attributable to unitholders	**$ (122,338)**	**$ (32,093)**	**$ (169,945)**	**$ (129,579)**
Add / (Deduct): [1]				
Fair market value losses (gains) [2]	166,842	39,587	245,966	203,110
Finance cost - Exchangeable Unit distributions	—	342	(63)	684
Revaluation of financial liabilities	424	745	4,432	5,788
Unrealized foreign exchange loss (gain)	752	(2,732)	(13,291)	(9,332)
Deferred taxes	(33,922)	(2,125)	(38,512)	(36,659)
Transaction costs	4,568	5,978	7,030	9,316
Net loss on disposal of investment properties	4,813	12,514	9,831	14,198
Convertible Debenture issuance costs	—	4,489	27	4,510
Internal leasing costs	293	466	651	960
Property taxes accounted for under IFRIC 21	(74)	271	61	672
Net adjustment for lease amortization	(125)	(84)	(250)	(166)
Other FFO adjustments	1,081	4,163	3,334	7,557
FFO	**$ 22,314**	**$ 31,521**	**49,271**	**71,059**
FFO per Unit - Basic	$ 0.09	$ 0.13	$ 0.20	$ 0.29
FFO per Unit - Diluted [3]	$ 0.09	$ 0.13	$ 0.20	$ 0.29
Adjusted weighted average units outstanding [4]				
Basic	246,032,139	244,036,797	245,706,653	243,456,931
Diluted [3]	247,415,816	246,383,724	247,062,996	245,831,985

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

(2) Included in FFO for the three and six months ended June 30, 2024 are nil and $6.7 million related to interest rate caps (three and six months ended June 30, 2023 - $13.2 million and $15.2 million), the impact of which is nil and $0.03 per unit, respectively (three and six months ended June 30, 2023 - $0.05 per unit and $0.06 per unit, respectively).

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

(4) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B Units in basic and diluted units outstanding/ weighted average units outstanding. There were no Class B Units outstanding as at June 30, 2024 (June 30, 2023 - 1,710,000 Class B Units).

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

Fair market value losses (gains)

FAIR MARKET VALUE LOSSES (GAINS)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Fair market value losses (gains)				
Fair value adjustment of Convertible Debentures	$ (4,283)	$ (10,981)	$ 1,692	$ (14,179)
Fair value adjustment of Exchangeable Units	—	(3,745)	205	(5,506)
Fair value adjustment of investment properties	175,383	75,554	247,932	235,444
Loss (Gain) on derivative financial instruments	(3,452)	(28,147)	(9,427)	(18,259)
Premiums on derivative financial instruments	—	13,186	6,725	15,193
Fair value adjustment of Unit-Based Liability	(806)	(6,280)	(1,161)	(9,583)
Total	**$ 166,842**	**$ 39,587**	**$ 245,966**	**$ 203,110**

Convertible Debentures

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

Exchangeable Units and Unit-Based 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. Compliant with REALPAC Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to Exchangeable Units and Unit-Based Liability have been added back to the REIT's net income (loss).

Investment properties

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

Derivative financial instruments

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

Premiums on derivative financial instruments

For the three and six months ended June 30, 2024, premiums of nil and $6.7 million (three and six months ended June 30, 2023 - $13.2 million and $15.2 million) on derivative financial instrument to fix variable rate debt which are reflected under interest expense have been added back to the REIT's net income (loss). The adjustment is not in compliance with REALPAC Guidance. In management's view, the premiums paid reflect investment activity and should be added back to reflect ongoing operating performance of the REIT. During the six months ended June 30, 2024, the derivative financial instruments subject to these premiums have expired and no further adjustments are expected in subsequent reporting periods.

Finance cost - Exchangeable Unit distributions

Under IFRS the REIT's Exchangeable Units are classified as financial liabilities and any related distributions on the Exchangeable Units are regarded as finance costs. Compliant with REALPAC Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, distributions related to the Exchangeable Units have been added back to the REIT's net income (loss).

Revaluation of financial liabilities

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

Unrealized foreign exchange loss (gain)

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

Deferred taxes

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

Transaction costs

Under IFRS the REIT expenses transaction costs related to acquisitions which have been determined to be business combinations and business development costs. In accordance with the principles of REALPAC Guidance, to allow for consistent treatment of transaction costs incurred whether a transaction is recorded as an asset acquisition or business combination, and to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, costs related to the REIT's transactions have been added back to net income (loss). In addition, the REIT also adds back to net income (loss) third party transaction and internally allocated costs related to investment opportunities, establishment of joint arrangements, including those incurred with respect to building relationships with healthcare operators and institutional investors, tax on profits or losses on disposals of properties, the Board's Strategic Review Committee, abandoned transaction costs, and other capital raising initiatives being explored by the REIT, which are not contemplated in the REALPAC Guidance.

Net loss on disposal of investment properties

In compliance with REALPAC Guidance, the REIT added back to net income (loss) the net loss on disposal of investment properties, which includes third party costs relating to the disposition of investment properties.

Convertible Debenture issuance cost

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

Internal leasing costs

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

Property taxes accounted for under IFRIC 21

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

Amortization of finance leases

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

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

Other FFO adjustments

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

For the three months ended June 30, 2024, other FFO adjustments included (a) $0.8 million financing costs incurred with respect to an investment in unlisted securities, net of distributions income generated by the securities, (b) $0.4 million G&A expenses related to strategic tenant inducements and charitable pledges, and (c) $0.4 million corporate financing costs related to short-term financing arrangements to fund the US property acquisitions that are not reflective of long-term financing costs.

For the six months ended June 30, 2024, other FFO adjustments included (a) $1.8 million financing costs incurred with respect to an investment in unlisted securities, net of distributions income generated by the securities, (b) $1.5 million G&A expenses related to strategic tenant inducements and charitable pledges, and (c) $0.9 million corporate financing costs related to short-term financing arrangements to fund the US property acquisitions that are not reflective of long-term financing costs.

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, as described in the Business Overview, or impact the REIT's ability in the long run to make distributions to unitholders given their discretionary and strategic nature. Accordingly, the REIT's method of calculating FFO and AFFO may differ from other issuers' methods and may not be comparable to similar measures used by other issuers.

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

ADJUSTED FUNDS FROM OPERATIONS				
	Three months ended June 30,		**Six months ended June 30,**	
	2024	**2023**	**2024**	**2023**
FFO [1]	**$ 22,314**	**$ 31,521**	**$ 49,271**	**$ 71,059**
Add / (Deduct):				
Amortization of transactional deferred financing charges	2,031	1,673	4,816	3,755
Unit-based compensation expense	270	3,151	2,819	5,497
Straight-line revenue	(513)	(910)	(1,699)	(1,557)
Leasing costs and non-recoverable maintenance capital expenditures	(2,916)	(3,522)	(6,342)	(6,710)
AFFO [1]	**$ 21,186**	**$ 31,913**	**$ 48,865**	**$ 72,044**
AFFO per Unit - Basic	$ 0.09	$ 0.13	$ 0.20	$ 0.30
AFFO per Unit - diluted [2]	$ 0.09	$ 0.13	$ 0.20	$ 0.29
Distributions per Unit - Basic	$ 0.09	$ 0.20	$ 0.18	$ 0.40
Adjusted weighted average units outstanding: [3]				
Basic	246,032,139	244,036,797	245,706,653	243,456,931
Diluted [2]	247,415,816	246,383,724	247,062,996	245,831,985

(1) FFO and AFFO are not measures recognized under IFRS and does not have standardized meanings prescribed by IFRS. See **Performance Measurement**. The adjustments to determine FFO and AFFO have been presented on a proportionate basis.
(2) Diluted units include the impact of vested deferred trust units and the convertible debentures, that would have a dilutive effect upon conversion.
(3) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B Units in basic and diluted units outstanding/ weighted average units outstanding. There were no Class B Units outstanding as at June 30, 2024 (June 30, 2023 - 1,710,000 Class B Units).

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

Amortization of transactional deferred financing charges

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

Unit-Based Compensation Expense

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

Straight-line revenue

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

Leasing costs and non-recoverable maintenance capital expenditures

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

QUARTERLY PERFORMANCE

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

QUARTERLY PERFORMANCE	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22
Summary Financial Information								
AUM	$9,293,665	$9,602,095	$9,901,036	$10,019,995	$10,255,181	$10,755,346	$10,878,099	$10,580,048
Gross Book Value	$7,040,791	$7,383,601	$7,628,615	$7,834,202	$8,061,118	$8,418,407	$8,514,000	$8,282,049
Debt - Declaration of Trust	$3,372,186	$3,524,886	$3,641,463	$3,704,028	$3,745,216	$3,933,906	$3,855,247	$3,675,759
Debt to Gross Book Value - Declaration of Trust	47.9 %	47.7 %	47.7 %	47.3 %	46.5 %	46.7 %	45.3 %	44.4 %
Debt - Including Convertible Debentures	$3,694,732	$3,851,715	$3,962,317	$4,038,756	$4,092,556	$4,205,978	$4,130,517	$3,953,342
Debt to Gross Book Value - Including Convertible Debentures	52.5 %	52.2 %	51.9 %	51.6 %	50.8 %	50.0 %	48.5 %	47.7 %
Operating Results								
Revenue from investment properties	$ 119,141	$ 133,545	$ 123,986	$ 122,182	$ 126,504	$ 135,324	$ 118,546	$ 115,780
Net income (loss)	$(127,224)	$ (38,617)	$(188,900)	$ (95,270)	$ (107,411)	$ (89,155)	$ (135,519)	$ 21,082
NOI	$ 93,976	$ 95,452	$ 98,083	$ 95,097	$ 98,021	$ 95,421	$ 92,855	$ 89,547
FFO	$ 22,314	$ 26,957	$ 36,759	$ 33,559	$ 31,521	$ 39,538	$ 37,578	$ 37,176
AFFO	$ 21,186	$ 27,679	$ 32,835	$ 32,879	$ 31,913	$ 40,130	$ 41,440	$ 36,960
Distributions	$ 22,150	$ 22,031	$ 22,048	$ 40,050	$ 48,849	$ 48,606	$ 48,415	$ 48,248
Per Unit Amounts								
FFO per unit - Basic	$ 0.09	$ 0.11	$ 0.15	$ 0.14	$ 0.13	$ 0.16	$ 0.16	$ 0.15
AFFO per unit - Basic	$ 0.09	$ 0.11	$ 0.13	$ 0.13	$ 0.13	$ 0.17	$ 0.17	$ 0.15
Distributions	$ 0.09	$ 0.09	$ 0.09	$ 0.16	$ 0.20	$ 0.20	$ 0.20	$ 0.20
Adjusted Weighted Average Units Outstanding								
Basic	246,032,139	245,381,166	244,959,959	244,782,614	244,036,797	242,870,623	241,928,826	241,119,245

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

QUARTERLY FFO and AFFO								
	Q2-24	**Q1-24**	**Q4-23**	**Q3-23**	**Q2-23**	**Q1-23**	**Q4-22**	**Q3-22**
Net income (loss) attributable to unitholders	**$ (122,338)**	**(47,607)**	**(136,835)**	**(81,276)**	**(32,093)**	**(97,486)**	**(100,193)**	**6,611**
Add / (Deduct): (1)								
Fair market value losses (gains)	166,842	79,124	129,299	99,327	39,587	163,525	116,689	4,303
Finance cost - Exchangeable Unit distributions	—	(63)	154	342	342	342	342	342
Revaluation of financial liabilities	424	4,008	2,556	814	745	5,043	3,200	2,003
Unrealized foreign exchange loss (gain)	752	(14,043)	9,881	2,972	(2,732)	(6,600)	(7,559)	3,645
Deferred taxes	(33,922)	(4,590)	10,197	(5,730)	(2,125)	(34,530)	3,173	1,334
Net loss on disposal of investment properties	4,813	4,404	3,248	325	724	—	—	—
Non-recurring transaction costs	4,568	3,077	12,264	11,817	17,768	5,020	12,561	4,683
Convertible Debenture issuance costs	—	27	2,682	91	4,489	21	14	7,048
Internal leasing costs	293	358	462	510	466	494	524	538
Property taxes accounted for under IFRIC 21	(74)	135	—	174	271	401	—	—
Amortization	(125)	(125)	(185)	(91)	(84)	(82)	(53)	97
Other FFO adjustments	1,081	2,252	3,035	4,284	4,163	3,390	8,880	6,572
FFO	**22,314**	**26,957**	**36,758**	**33,559**	**31,521**	**39,538**	**37,578**	**37,176**
Add / (Deduct): (1)								
Amortization of marked to market adjustment	—	—	—	—	—	—	—	(300)
Amortization of transactional deferred financing charges	2,031	2,785	1,489	1,465	1,673	2,079	2,946	1,868
Straight-line revenue	(513)	(1,186)	(1,402)	(701)	(910)	(647)	(723)	(917)
Leasing costs and non-recoverable maintenance capital expenditures	(2,916)	(3,426)	(3,315)	(3,327)	(3,522)	(3,187)	(3,007)	(2,889)
Unit-based compensation expense	270	2,549	(696)	1,883	3,151	2,346	4,646	2,023
AFFO	**$ 21,186**	**$ 27,679**	**$ 32,834**	**$ 32,879**	**$ 31,913**	**$ 40,129**	**$ 41,440**	**$ 36,961**
Per Unit Amounts								
FFO per unit - Basic	$ 0.09	$ 0.11	$ 0.15	$ 0.14	$ 0.13	$ 0.16	$ 0.15	$ 0.15
AFFO per unit - Basic	$ 0.09	$ 0.11	$ 0.13	$ 0.13	$ 0.13	$ 0.17	$ 0.17	$ 0.15
Adjusted Weighted Average Units Outstanding								
Basic	246,032,139	245,381,166	244,959,959	244,782,614	244,036,797	242,870,623	241,928,826	241,119,245

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

PART IV – DISTRIBUTIONS

For the three and six months ended June 30, 2024, the REIT declared a total of $22.2 million and $44.2 million in distributions on Trust Units and Trust and Exchangeable Units, respectively, (three and six months ended June 30, 2023 - $48.8 million and $96.8 million). These distributions reflect an annualized distribution rate of $0.36 per unit per annum (three and six months ended June 30, 2023 - $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.

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

During the three and six months ended June 30, 2024, a total of 531,455 and 1,013,015 Trust Units were issued under the DRIP (three and six months ended June 30, 2023 - 1,187,936 and 2,175,190 Trust Units).

For the three and six months ended June 30, 2024, the REIT's DRIP participation rate was 12.3% and 11.3% (three and six months ended June 30, 2023 - 12.5% and 15.7%).

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

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

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Net income (loss) attributable to unitholders	$ (122,338)	$ (32,093)	$ (169,945)	(129,579)
Add: Finance cost - Exchangeable Unit distributions	$ —	342	$ (63)	684
Net income (loss) after the above adjustments	$ (122,338)	$ (31,751)	$ (170,008)	(128,895)
Cash flows from operating activities	$ 9,742	$ 36,710	$ 32,878	59,390
Less: non-controlling interests	$ 4,635	12,694	$ 16,102	11,186
Cash flows from operating activities attributable to unitholders	$ 5,107	$ 24,016	$ 16,776	48,204
Distributions paid and payable				
Trust Units	$ 22,150	$ 48,507	$ 44,244	96,771
Exchangeable Units	$ —	342	$ (63)	684
	$ 22,150	$ 48,849	$ 44,181	97,455
Surplus (shortfall) of adjusted net income (loss) attributable to unitholders over distributions paid and payable	$ (144,488)	$ (80,600)	$ (214,189)	(226,350)
Surplus (shortfall) of cash flows from operating activities attributable to unitholders over distributions paid and payable	$ (17,043)	$ (24,833)	$ (27,405)	(49,251)

During the three and six months ended June 30, 2024, there was a shortfall in cash flows from operating activities attributable to unitholders (a non-IFRS financial measure) over distributions paid and payable of $17.0 million and $27.4 million, respectively. 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 nature of the equity invested. Premiums paid on derivative financial instruments are viewed as investments in financial instruments. Remaining shortfall were partially financed by DRIP.

As demonstrated in the table below, for three and six months ended June 30, 2024, adjusted cash shortfall from operating activities was $11.0 million and $9.4 million, respectively (for the three and six months ended June 30, 2023 - surplus of $2.0 million and shortfall of $3.7 million, respectively).

The shortfall and adjusted shortfall of cash flows from operating activities attributable to unitholders for the three and six months ended June 30, 2024 is in part attributable to timing of working capital, including payment timing of cash taxes and debt interest, and impacted by the REIT's exposure to higher interest rates on its variable rate debts such as its credit facilities. Starting 2023, central banks globally increased interest rates seeking to reduce inflationary pressures, resulting in higher finance costs as result of REIT's exposure to variable rate debts. The REIT has taken steps over 2023 and in year to date 2024 to address pressures from the higher interest rate environment including asset sales to repay high cost debt, renegotiating terms of financing arrangements and implementing operational strategies to improve NOI. Based on the cash flow projections, and success of strategic asset sale program, management believes that the REIT has sufficient liquidity to fund its financial obligations and distributions.

ADJUSTED CASH SURPLUS (SHORTAGE) FROM OPERATING ACTIVITIES TO DISTRIBUTIONS

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Surplus (shortfall) of cash flows from operating activities attributable to unitholders over distributions paid and payable	$ (17,043)	$ (24,833)	$ (27,405)	$ (49,251)
Add: Value of REIT Units issued pursuant to the DRIP	2,624	9,012	4,689	18,222
Add: Distribution income from equity accounted associates	3,459	4,676	6,609	12,097
Add: Premiums paid on derivative financial instruments	—	13,186	6,725	15,193
Adjusted surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	$ (10,960)	$ 2,041	$ (9,382)	$ (3,739)

During the three and six months ended June 30, 2024, there was $2.6 million and $4.7 million in value of REIT units issued under the DRIP (three and six months ended June 30, 2023, there was $9.0 million and $18.2 million). While reducing the cash required to settle the REIT's distributions, the REIT Units issued, pursuant to the DRIP, may in future result in additional cash distributions, should the holders of these REIT Units opt out of the DRIP.

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

RECONCILIATION OF CASH FLOWS FROM OPERATIONS TO AFFO				
	Three months ended June 30,		**Six months ended June 30,**	
	2024	**2023**	**2024**	**2023**
Cash flows from operating activities	**$ 9,742**	**$ 36,710**	**$ 32,878**	**55,875**
Add (deduct):				
Interest expense in excess (shortfall) of interest paid	1,986	17,398	11,514	19,780
Current tax expense (recovery) in excess of taxes paid	2,164	104	9,745	739
Changes in non-cash working capital balances	14,025	(20,544)	11,269	(3,444)
AFFO of equity accounted investments	15,846	28,621	15,301	27,792
Other FFO adjustments	1,633	3,735	3,955	7,706
Internal leasing costs	293	466	651	960
Property taxes accounted for under IFRIC 21	(74)	271	61	672
Amortization of recurring financing charges	(2,240)	(1,281)	(4,635)	(2,170)
Leasing costs and non-recoverable maintenance capital expenditures	(2,930)	(3,675)	(6,431)	(6,989)
Amortization of lease liabilities	(125)	(84)	(250)	(166)
Interest income and other	2,871	3,965	5,103	8,081
Straight-line revenue	32	(271)	(666)	444
Redemption of units issued under the unit-based incentive plans	(73)	1,137	315	1,462
Amortization of furniture and office equipment	(673)	(270)	(2,477)	(598)
Share of profit (loss) from equity accounted investments	(13,299)	(25,871)	(9,984)	(21,883)
AFFO attributable to non-controlling interests	(7,992)	(8,498)	(17,484)	(16,217)
AFFO	**$ 21,186**	**$ 31,913**	**$ 48,865**	**$ 72,044**

PART V – BALANCE SHEET AND CAPITALIZATION

The following table reconciles the unaudited condensed balance sheets on an IFRS basis to a proportionate basis, a non-GAAP measure, as at June 30, 2024, and December 31, 2023:

BALANCE SHEET

	June 30, 2024			December 31, 2023		
	IFRS Basis	Adjustments (1)	Proportionate Basis	IFRS Basis	Adjustments (1)	Proportionate Basis
Assets						
Investment properties	$ 6,310,820	$ (1,134,109)	$ 5,176,711	$ 6,874,660	$ (1,140,455)	$ 5,734,205
Equity accounted investments	353,546	(353,546)	—	362,340	(362,340)	—
Intangible asset	49,474	—	49,474	43,780	—	43,780
Goodwill	38,390	—	38,390	38,566	—	38,566
Deferred tax assets	1,117	1,335	2,452	9,177	—	9,177
Financial Instruments	34,705	(9,513)	25,192	26,057	(7,801)	18,256
Assets held for sale	60,216	(15,647)	44,569	55,972	(1,160)	54,812
Cash, cash equivalents, and restricted cash	64,747	(4,850)	59,897	72,090	(5,973)	66,117
Other assets	127,776	(9,779)	117,997	145,973	(2,365)	143,608
Total assets	**$ 7,040,791**	**$ (1,526,109)**	**$ 5,514,682**	**$ 7,628,615**	**$ (1,520,094)**	**$ 6,108,521**
Liabilities						
Mortgages and loans payable	3,350,434	(336,221)	3,014,213	3,597,618	(320,371)	3,277,247
Convertible debentures	322,546	—	322,546	320,854	—	320,854
Class B exchangeable units	—	—	—	8,721	—	8,721
Deferred tax liabilities	357,963	(93,161)	264,802	418,446	(91,489)	326,957
Financial instruments	1,624	(1,027)	597	6,574	(1,527)	5,047
Liabilities related to assets held for sale	—	—	—	18,485	—	18,485
Other liabilities	169,026	(15,287)	153,739	172,649	(15,751)	156,898
Total liabilities	**$ 4,201,593**	**$ (445,696)**	**$ 3,755,897**	**$ 4,543,347**	**$ (429,138)**	**$ 4,114,209**
Unitholders' Equity						
Unitholders' equity	1,758,785	—	1,758,785	1,994,312	—	1,994,312
Non-controlling interests	1,080,413	(1,080,413)	—	1,090,956	(1,090,956)	—
Total liabilities and unitholders' equity	**$ 7,040,791**	**$ (1,526,109)**	**$ 5,514,682**	**$ 7,628,615**	**$ (1,520,094)**	**$ 6,108,521**

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

INVESTMENT PROPERTIES

The estimated fair value of proportionate investment properties as at June 30, 2024 was $5.2 billion (December 31, 2023 - $5.7 billion) representing an implied weighted average capitalization rate of 6.22% (December 31, 2023 - 6.06%). The movements in the REIT's investment properties on a proportionate basis are as follows:

INVESTMENT PROPERTIES BY REGION

	Three months ended June 30, 2024				
	Income Producing Properties				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 1,527,118**	**$ 793,309**	**$ 1,510,367**	**$ 2,471,506**	**$ 6,302,300**
Adjustments (1)	—	—	179,196	(1,085,966)	(906,770)
Non-IFRS proportionate share balance, beginning of period	**1,527,118**	**793,309**	**1,689,563**	**1,385,540**	**5,395,530**
Dispositions	(139,810)	—	—	(19,151)	(158,961)
Additions	3,407	98	4,551	3,164	11,220
Increase in straight-line rents	899	—	—	317	1,216
Transfers from (to) properties under development	—	—	—	22,509	22,509
Transfers from (to) assets held for sale	(21,200)	—	—	(6,236)	(27,436)
Fair value gain (loss)	(12,598)	(16,893)	(116,406)	(27,730)	(173,627)
Foreign currency translation	5,171	(73,799)	13,485	46,371	(8,772)
Non-IFRS proportionate share closing balance	**$ 1,362,987**	**$ 702,715**	**$ 1,591,193**	**$ 1,404,784**	**$ 5,061,679**

	Properties Under Development				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 16,900**	**$ —**	**$ 18,198**	**$ 327,628**	**$ 362,726**
Adjustments (1)	—	—	—	(229,580)	(229,580)
Non-IFRS proportionate share balance, beginning of period	**16,900**	**—**	**18,198**	**98,048**	**133,146**
Dispositions	—	—	—	(1,971)	(1,971)
Additions		—	1,925	10,956	12,881
Transfers from (to) income producing	—	—	—	(22,509)	(22,509)
Transfers from (to) assets held for sale	(7,600)	—	—	—	(7,600)
Fair value gain (loss)	—	—	(4,072)	1,250	(2,822)
Foreign currency translation	—	—	65	3,842	3,907
Non-IFRS proportionate share closing balance	**$ 9,300**	**$ —**	**$ 16,116**	**$ 89,616**	**$ 115,032**

	Total				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 1,544,018**	**$ 793,309**	**$ 1,528,565**	**$ 2,799,134**	**$ 6,665,026**
Adjustments (1)	—	—	179,196	(1,315,546)	(1,136,350)
Non-IFRS proportionate share balance, beginning of period	**1,544,018**	**793,309**	**1,707,761**	**1,483,588**	**5,528,676**
Dispositions	(139,810)	—	—	(21,122)	(160,932)
Additions	3,407	98	6,476	14,120	24,101
Increase in straight-line rents	899	—	—	317	1,216
Transfers from (to) assets held for sale	(28,800)	—	—	(6,236)	(35,036)
Fair value gain (loss)	(12,598)	(16,893)	(120,478)	(26,480)	(176,449)
Foreign currency translation	5,171	(73,799)	13,550	50,213	(4,865)
Non-IFRS proportionate share closing balance	**$ 1,372,287**	**$ 702,715**	**$ 1,607,309**	**$ 1,494,400**	**$ 5,176,711**

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

INVESTMENT PROPERTIES BY REGION

	Six months ended June 30, 2024				
	Income Producing Properties				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 1,629,881**	**$ 818,170**	**$ 1,567,647**	**$ 2,431,040**	**$ 6,446,738**
Adjustments [1]	—	—	178,427	(1,043,802)	(865,375)
Non-IFRS proportionate share balance, beginning of period	**1,629,881**	**818,170**	**1,746,073**	**1,387,238**	**5,581,362**
Dispositions	(260,064)	—	—	(19,202)	(279,266)
Additions	6,309	98	6,143	7,258	19,808
Increase in straight-line rents	2,315	—	—	935	3,250
Transfers from (to) properties under development	—	—	—	50,644	50,644
Transfers from (to) assets held for sale	(21,200)	—	(20,488)	(6,236)	(47,924)
Fair value gain (loss)	(12,638)	(32,895)	(167,050)	(27,120)	(239,703)
Foreign currency translation	18,384	(82,658)	26,515	11,267	(26,492)
Non-IFRS proportionate share closing balance	**$ 1,362,987**	**$ 702,715**	**$ 1,591,193**	**$ 1,404,784**	**$ 5,061,679**
	Properties Under Development				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 16,877**	**$ —**	**$ 19,883**	**$ 391,162**	**$ 427,922**
Adjustments [1]	—	—	—	(275,081)	(275,081)
Non-IFRS proportionate share balance, beginning of period	**16,877**	**—**	**19,883**	**116,081**	**152,841**
Dispositions	—	—	—	(1,971)	(1,971)
Additions	16	—	3,016	23,253	26,285
Transfers from (to) income producing	—	—	—	(50,644)	(50,644)
Transfers from (to) assets held for sale	(7,600)	—	—	—	(7,600)
Fair value gain (loss)	7	—	(6,839)	248	(6,584)
Foreign currency translation	—	—	56	2,649	2,705
Non-IFRS proportionate share closing balance	**$ 9,300**	**$ —**	**$ 16,116**	**$ 89,616**	**$ 115,032**
	Total				
	North America	Brazil	Europe	Australasia	Total
IFRS basis balance, beginning of period	**$ 1,646,758**	**$ 818,170**	**$ 1,587,530**	**$ 2,822,202**	**$ 6,874,660**
Adjustments [1]	—	—	178,427	(1,318,883)	(1,140,456)
Non-IFRS proportionate share balance, beginning of period	**1,646,758**	**818,170**	**1,765,956**	**1,503,319**	**5,734,203**
Dispositions	(260,064)	—	—	(21,173)	(281,237)
Additions	6,325	98	9,159	30,511	46,093
Increase in straight-line rents	2,315	—	—	935	3,250
Transfers from (to) assets held for sale	(28,800)	—	(20,488)	(6,236)	(55,524)
Fair value gain (loss)	(12,631)	(32,895)	(173,889)	(26,872)	(246,287)
Foreign currency translation	18,384	(82,658)	26,571	13,916	(23,787)
Non-IFRS proportionate share closing balance	**$ 1,372,287**	**$ 702,715**	**$ 1,607,309**	**$ 1,494,400**	**$ 5,176,711**

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

2024 Dispositions

During the six months ended June 30, 2024, the REIT disposed of investment properties for total proceeds of $399.6 million on an IFRS basis, $65.4 million of which had been reclassified as assets held for sale during the year.

DISPOSITIONS			
Region	**Quarter**	**Disposition proceeds**	**Property specific debt**
North America	Q1	**163,444**	**18,370**
Australasia	Q1	**1,774**	**—**
North America	Q2	**139,810**	**—**
Australasia	Q2	**73,974**	**—**
Europe	Q2	**20,616**	**12,257**
Total		**399,618**	**30,627**

Valuation of Investment Properties

The estimated fair values of the income producing properties at June 30, 2024 were determined either on internal valuation models incorporating available market evidence or on valuations performed by independent third party appraisers. During the six months ended June 30, 2024, income producing properties with an aggregate estimated fair value of $1.7 billion, representing approximately 27% of the portfolio, were valued by independent third-party appraisers (six months ended June 30, 2023 - $2.7 billion and 38%).

DEVELOPMENT ACTIVITY

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

MAJOR DEVELOPMENT ACTIVITY BY REGION						
	Number of Projects	Estimated Completion Date	Estimated Project Costs	Estimated Costs to Complete	% Pre-leased	Anticipated Project Yield
Australasia	7	Q3 2024 - Q2 2026	$ 348,369	$ 157,811	66 %	5.6%
	7		$ 348,369	$ 157,811		

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

Australasia

The REIT currently has a total of 7 active expansion projects in Australasia within the Vital Trust and JV funds, with completion dates ranging from the third quarter of 2024 to the second quarter of 2026. Projects include a mix of modernization and expansion projects at surgical and mental health facilities to meet the growing demand for services. The developments are expected to be funded through existing resources. Expansion projects are approximately 66% leased at premium yields. The REIT's share of Australasian development costs is $100.2 million of which the estimated costs to complete is $45.4 million.

During the six months ended June 30, 2024, the REIT completed three development projects in Australasia at a combined cost of $81.6 million ($23.3 million at Northwest share) and an average project yield of approximately 6.0%.

In efforts to continue enhancing the sustainability of the Northwest portfolio, all major Australasian developments target a minimum of 5 star Green Star ratings, including two of the development projects completed during the six months ended June 30, 2024.

LEASING COSTS AND CAPITAL EXPENDITURES

LEASING COSTS AND CAPITAL EXPENDITURES

	Three months ended June 30, 2024				
	North America	**Brazil**	**Europe**	**Australasia**	**Total**
Additions to investment properties					
Leasing costs [1]	$ 163	$ —	$ —	$ 685	**$ 848**
Tenant improvements [2]	1,422	—	810	852	**3,084**
Maintenance capital expenditures	445	—	823	330	**1,598**
Other capital expenditures	977	98	555	—	**1,630**
	3,007	98	2,188	1,867	**7,160**
Internal leasing costs expensed	279	—	14	—	**293**
	3,286	98	2,202	1,867	**7,453**
Less:					
Recoverable maintenance capital expenditures	(915)	—	(77)	—	**(992)**
Other value enhancing and non-recurring leasing and capital expenditures	(485)	(98)	(927)	(1,730)	**(3,240)**
Leasing costs and non-recoverable maintenance capital expenditures	1,886	—	1,198	137	**3,221**
AFFO adjustment for leasing costs and non-recoverable maintenance capital expenditures	2,019	—	760	137	**2,916**
Leasing costs and non-recoverable maintenance capital expenditures in excess of (below) AFFO adjustment [3]	$ (133)	$ —	$ 438	$ —	**$ 305**

LEASING COSTS AND CAPITAL EXPENDITURES

	Six months ended June 30, 2024				
	North America	**Brazil**	**Europe**	**Australasia**	**Total**
Additions to investment properties					
Leasing costs [1]	$ 438	$ —	$ —	$ 1,034	**$ 1,472**
Tenant improvements [2]	2,391	—	1,290	891	**$ 4,572**
Maintenance capital expenditures	980	—	1,467	449	**$ 2,896**
Other capital expenditures	1,883	98	555	—	**$ 2,536**
	5,692	98	3,312	2,374	**11,476**
Internal leasing costs expensed	607	—	44	—	**$ 651**
	6,299	98	3,356	2,374	**12,127**
Less:					
Recoverable maintenance capital expenditures	(1,779)	—	(161)	—	**$ (1,940)**
Other value enhancing and non-recurring leasing and capital expenditures	(800)	(98)	(1,477)	(2,104)	**$ (4,479)**
Leasing costs and non-recoverable maintenance capital expenditures	3,720	—	1,718	270	**5,708**
AFFO adjustment for leasing costs and non-recoverable maintenance capital expenditures	4,509	—	1,549	270	**$ 6,328**
Leasing costs and non-recoverable maintenance capital expenditures in excess of (below) AFFO adjustment [3]	$ (789)	$ —	$ 169	$ —	**$ (620)**

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

The REIT's current leasing cost and capital expenditure reserves (the "**LC and CAPEX reserve**") are based on its views of stabilized, constant-occupancy leasing costs and maintenance capital expenditures. These views are underpinned by both the REIT's 10 plus years of experience as an owner and operator of healthcare real estate (including Canadian and Europe medical 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 North America 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.

North America

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

During the three and six months ended June 30, 2024 additions for the North America investment properties totaled $3.3 million and $6.3 million, respectively. During the second quarter, leasing costs of $1.6 million included costs attributable to six transactions in the Canadian portfolio, of which all were new leases, lease renewals and expansions with an aggregate WALE of 10.1 years. Included in the other value enhancing and non-recurring capital expenditures for the quarter are one-time development capital expenditures incurred.

Brazil

The REIT's hospitals in Brazil are leased to single tenant, hospital operators under long-term, inflation indexed triple net lease structures, as a result, the REIT does not incur any leasing or capital expenditures as normal course activity.

During the three months ended June 30, 2024, additions to the Brazil investment properties totaled $0.1 million which relates to cost associated with non-recurring renewal negotiations for the Sabara Childrens Hospital.

Europe

On a quarterly basis leasing cost, tenant improvements and capital expenditures can fluctuate and as such, should not be regarded as stabilized. Additions to the European investment properties for the three and six months ended June 30, 2024 were $2.2 million and 3.4 million respectively.

During the second quarter value enhancing and non-recurring capital expenditures costs of $0.9 million included tenant fit-outs in Berlin, Lübeck and Leipzig, non-recurring capex including ventilation system upgrades, fire protection enhancements, sewage pipe renewal, and repairs of roof leakages and construction defects in Berlin, Hamburg, Lübeck and other locations.

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, the 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 and six months ended June 30, 2024, additions to the Australasian investment properties totaled $1.9 million and $2.4 million respectively which were largely attributable to tenant and building improvement works at Ascot Hospital and the St Asaph property and to a chiller replacement at Kelvin Grove.

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 all such financial covenants in respect of the loans and mortgages disclosed in note 8 of the consolidated financial statements.

The following table shows the REIT's total capital as at June 30, 2024 and December 31, 2023:

CAPITAL STRUCTURE				
		As at June 30, 2024		As at December 31, 2023
Mortgages and loans payable [1]	$	3,372,186	$	3,622,978
Mortgages related to assets held for sale		—		18,485
Debt - Declaration of Trust		**3,372,186**		**3,641,463**
Convertible Debentures at Fair Value		322,546		320,854
Debt - Including Convertible Debentures		**3,694,732**		**3,962,317**
Mortgages and loans payable - unamortized financing costs		(21,752)		(25,360)
Total Debt		3,672,980		3,936,957
Unit-based Liabilities		15,387		15,161
Class B Exchangeable Units		—		8,721
Unitholders' equity		1,758,785		1,994,312
Total Capitalization	**$**	**5,447,152**	**$**	**5,955,151**

(1) Excluding deferred financing fees

Unitholders' Equity

The following table reconciles the movements in the units outstanding for the six months ended June 30, 2024:

UNITS OUTSTANDING	
Trust Units outstanding, December 31, 2023	**243,292,126**
Issuance of Trust Units under the DRIP	481,560
Issuance of Trust Units pursuant to conversion of Exchangeable Units	1,710,000
Issuance of Trust Units under the Unit-based incentive plans	274,939
Trust Units outstanding, March 31, 2024	**245,758,625**
Issuance of Trust Units under the DRIP	**531,455**
Issuance of Trust Units under the Unit-based incentive plans	**10,473**
Trust Units outstanding, June 30, 2024	**246,300,553**

Class B Exchangeable Units

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

During the six months ended June 30, 2024, all of the Exchangeable Units were converted to REIT units (see **2024 Highlights**).

Debt

DEBT						
	As at June 30, 2024					
	Weighted Average Interest Rate	Outstanding Balance	Marked to Market	Unamortized Financing Costs	Balance	Maturity
North America debt	5.53 %	563,986	—	(1,714)	562,272	August 2024 - August 2031
Brazil debt	7.75 %	287,324		(6,489)	280,835	April 2025 - June 2031
Europe debt	6.12 %	779,622	—	(5,704)	773,918	June 2025 - Dec 2046
Australasia term loans	6.11 %	1,149,687	—	(4,658)	1,145,029	March 2026 - March 2029
Corporate debt	8.39 %	577,162	—	(3,187)	573,975	January 2025 - March 2026
	6.55 %	**$ 3,357,781**	**$ —**	**$ (21,752)**	**$3,336,029**	
Finance Lease	5.28 %	14,405	—	—	14,405	April 1, 2088
Total Debt excluding Convertible Debentures	**6.54 %**	**$ 3,372,186**	**$ —**	**$ (21,752)**	**$3,350,434**	
Corporate Debentures	7.88 %	366,500	(43,954)	—	322,546	March 2025 - April 2028
Total Debt	**6.67 %**	**$ 3,738,686**	**$(43,954)**	**$ (21,752)**	**$3,672,980**	

Variable rate debt in the table above includes $200.7 million in mortgages, $1.5 billion in term debt and $32.2 million of credit facilities with variable interest rates have been economically fixed at 5.41%. that are economically fixed using interest rate derivative contracts. The economically fixed weighted average interest rates are 4.11%, 5.50%, and 9.65% respectively. The net effective weighted average interest rate is 6.04% as at June 30, 2024, excluding financing leases and including convertible debentures. See **"PART III – RESULTS FROM OPERATIONS – GAIN/LOSS ON FINANCIAL INSTRUMENTS".**

The table below summarizes the movements in the REIT's mortgages and loans (before reclassification as held for sale) during the three and six months ended June 30, 2024:

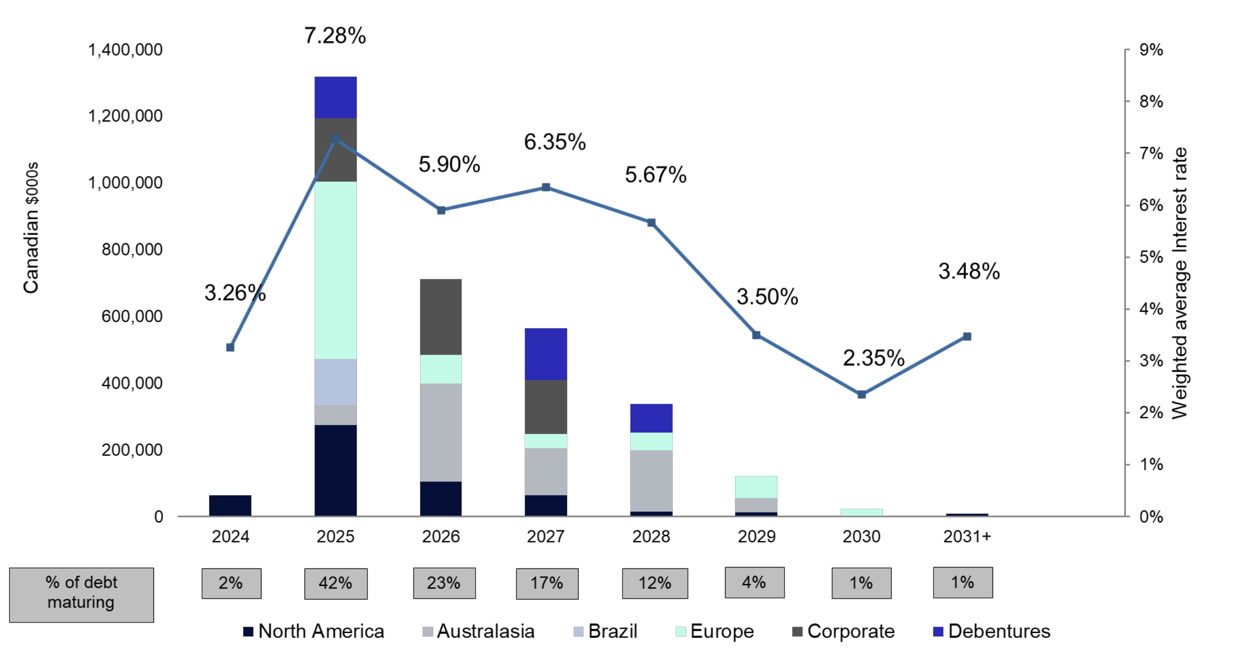
	For the three months ended June 30, 2024					
	North America Debt	Brazil Term Loans	Europe Mortgages and Term Loans	Australasia Term Loans	Corporate Debt	Total
Opening balance, March 31, 2024	**$ 684,291**	**$ 300,326**	**$ 785,775**	**$ 1,138,097**	**$ 576,392**	**$ 3,484,881**
Principal amortization	(2,783)	(6,091)	(3,447)	—	—	(12,321)
Repayments	(122,990)	—	(15,748)	(65,429)	(70,145)	(274,312)
Advances	—	—	—	32,657	61,964	94,621
Additional financing fees incurred	(120)	—	—	(75)	(391)	(586)
Amortization of finance fees	751	1,544	816	470	690	4,271
Inflation adjustment	—	425	—	—	—	425
Foreign exchange adjustment	3,123	(15,369)	6,522	39,309	5,465	39,050
Ending balance, June 30, 2024	**$ 562,272**	**$ 280,835**	**$ 773,918**	**$ 1,145,029**	**$ 573,975**	**$ 3,336,029**
	For the six months ended June 30, 2024					
Opening balance, January 1, 2024	**$ 777,266**	**$ 304,950**	**$ 782,708**	**$ 1,114,739**	**$ 622,069**	**$ 3,601,732**
Principal amortization	(5,868)	(12,374)	(6,624)	—	—	(24,866)
Repayments	(275,211)	—	(15,748)	(109,143)	(149,025)	(549,127)
Advances	53,871	—	—	127,218	98,962	280,051
Additional financing fees incurred	(602)	(2,800)	(337)	(917)	(1,179)	(5,835)
Amortization of finance fees	1,574	3,918	1,735	899	1,325	9,451
Inflation adjustment	—	4,433	—	—	—	4,433
Foreign exchange adjustment	11,242	(17,292)	12,184	12,233	1,823	20,190
Ending balance, June 30, 2024	**$ 562,272**	**$ 280,835**	**$ 773,918**	**$ 1,145,029**	**$ 573,975**	**$ 3,336,029**

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

DEBT						
As at	**June 30, 2024**			**December 31, 2023**		
	IFRS Basis	Adjustments[1]	Proportionate Basis	IFRS Basis	Adjustments[1]	Proportionate Basis
Mortgage payable, net of financing costs	$ 693,297	$ 91,184	$ 784,481	$ 733,934	$ 91,638	$ 825,572
Term debt, net of financing costs	2,228,985	(427,405)	1,801,580	2,417,423	(412,009)	2,005,414
Credit facilities, net of financing costs	413,747	—	413,747	450,376	—	450,376
Lease liabilities	14,405	—	14,405	14,370	—	14,370
Total mortgages and loans payable	3,350,434	(336,221)	3,014,213	3,616,103	(320,371)	3,295,732
Less: Liabilities related to assets held for sale, net of financing costs	—	—	—	(18,485)	—	(18,485)
Mortgages and loans payable	**$3,350,434**	**$ (336,221)**	**$ 3,014,213**	**$3,597,618**	**$ (320,371)**	**$ 3,277,247**
Convertible Debentures	322,546	—	322,546	320,854	—	320,854
Total Debt	**3,672,980**	**(336,221)**	**3,336,759**	**3,918,472**	**(320,371)**	**3,598,101**

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

The following chart summarizes, as at June 30, 2024, the REIT's debt maturities on a proportionate basis at their weighted average effective interest rate after taking into consideration the effective interest rate derivatives, and excluding those related to liabilities associated with assets classified as held for sale:



Additional details on the maturities of the REIT's mortgages and loans payables, including convertible debentures, on a proportionate basis with economically effective interest rates after taking into consideration the effective interest rate derivatives are disclosed below. The proportionate WAIR for the total portfolio is 6.14%.

DEBT MATURITIES

	North America		Brazil		Europe		Australasia		Corporate	
	Total debt payable	**WAIR**	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**	**Total debt payable**	**WAIR**
2024	$ 68,158	3.26 %	$ 11,640	4.81 %	$ 5,899	3.49 %	—	— %	—	— %
2025	282,306	5.33 %	164,250	10.33 %	538,272	5.86 %	58,606	5.34 %	315,200	9.70 %
2026	108,768	4.04 %	25,461	4.83 %	94,560	4.35 %	293,479	5.41 %	227,005	7.46 %
2027	66,575	5.87 %	24,008	4.68 %	60,453	4.30 %	140,168	5.02 %	315,202	7.24 %
2028	15,650	5.58 %	16,883	3.88 %	68,743	3.25 %	184,995	5.39 %	86,250	7.75 %
2029	12,737	5.70 %	17,525	3.88 %	69,461	2.14 %	42,943	5.02 %	—	— %
2030	452	— %	18,194	3.88 %	26,113	2.35 %	—	— %	—	— %
2031+	9,342	3.41 %	9,363	3.88 %	7,308	3.73 %	—	— %	—	— %
	$ 563,988	4.90 %	$ 287,324	7.74 %	$ 870,809	4.94 %	$ 720,191	5.29 %	$ 943,657	8.15 %
Unamortized financing costs	(1,717)	— %	(6,489)	— %	(5,706)	— %	(2,565)	— %	(3,184)	— %
Total	$ 562,271	4.90 %	$ 280,835	7.74 %	$ 865,103	4.94 %	$ 717,626	5.29 %	$ 940,473	8.15 %

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 June 30, 2024 was 64 years. There is no purchase option.

Convertible Debentures

The following table summarizes, as at June 30, 2024, the REIT's Convertible Debentures:

CONVERTIBLE DEBENTURES

	Fair Value [1]	Face Value	Interest Rate	Conversion Price per Unit	Maturity Date	Interest Payment Dates
Series NWH.DB.G	$ 125,250	$ 125,000	10.00 %	$ 7.25	March 31, 2025	June 30 and December 31
Series NWH.DB.H	126,140	155,250	6.25 %	$ 16.00	August 31, 2027	February 28 and August 31
Series NWH.DB.I	71,156	86,250	7.75 %	$ 10.55	April 30, 2028	April 30 and October 31
	$ 322,546	**$ 366,500**				

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

Unit-Based Liabilities

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

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 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 three to five years.

Restricted Units

The REIT grants restricted units under the Plan. 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. 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 net income (loss). As at June 30, 2024 the Unit-Based Liability is $15.4 million (December 31, 2023 - $15.2 million) representing 2,412,353 deferred units, 993,857 restricted units and 787,572 performance units accrued. (December 31, 2023 - 2,475,150 deferred units, 940,129 restricted units and 739,190 performance units accrued).

FINANCIAL RATIOS

Pursuant to the Declaration of Trust, the REIT shall not incur or assume any indebtedness, as defined, if the total indebtedness of the REIT would be more than 65% of gross book value. The following summarizes key performance ratios as at and for the three and six months ended June 30, 2024, and as at December 31, 2023:

RATIOS		
As at	**June 30, 2024**	**December 31, 2023**
Gross book value	$7,040,791	$7,628,615
Debt - declaration of trust	$3,372,186	$3,641,463
Debt to Gross Book Value - Declaration of Trust	**47.9 %**	**47.7%**
Debt - including convertible debentures	$3,694,732	$3,962,317
Debt to Gross Book Value - Including Convertible Debentures	**52.5 %**	**51.9%**

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Income (Loss) before taxes	$ (156,430)	$ (105,480)	$ (196,277)	$ (222,585)
Add (deduct):				
Mortgage and loan interest expense	53,756	57,187	109,189	108,835
Distributions on Exchangeable Units	—	342	(63)	684
Amortization of deferred financing costs	4,271	2,993	9,451	5,963
EBITDA	$ (98,403)	$ (44,958)	$ (77,700)	$ (107,103)
Loss on revaluation of financial liabilities	424	745	4,432	5,788
Fair market value losses (gains)	161,591	94,623	240,232	257,121
Unit-based compensation expense	270	3,151	2,819	5,497
Foreign exchange loss (gain)	861	(2,792)	(12,869)	(10,008)
Convertible debenture issuance costs	—	4,489	27	4,510
Transaction costs	4,567	4,832	6,934	22,169
Loss on disposal of investment properties	4,905	13,581	10,097	1,264
Less: share of (profit) loss of equity accounted investments	13,299	25,871	9,984	21,883
Add: distribution income from equity accounted investments	3,022	2,626	5,590	7,855
Adjusted EBITDA	$ 90,536	$ 102,168	$ 189,546	$ 208,976
Mortgage and loan interest expense	**53,756**	**57,187**	**109,189**	**108,835**
Interest coverage	**1.68**	**1.79**	**1.74**	**1.92**

LIQUIDITY

Cash Resources

CASH RESOURCES		
	As at June 30, 2024	**As at December 31, 2023**
Cash and cash equivalents	$ 61,482	$ 72,030
Restricted Cash	3,265	60
Total	**$ 64,747**	**$ 72,090**

Restricted cash represents cash held in the REIT's designated bank accounts pledged as collateral. $1.7 million that forms part of the security for the REIT's Australasian Secured Financing, and $1.0 million that forms part of the security for certain European mortgages.

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

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 following table sets out the REIT's contractual cash flows as at June 30, 2024:

CONTRACTUAL CASH FLOWS

	Carrying amount	Contractual cash flows	2024	2025	2026	2027	2028	Thereafter
Accounts payable and accrued liabilities	$ 136,181	$ 136,181	$ 127,059	$ —	$ —	$ —	$ —	$ 9,122
Distributions payable	7,414	7,414	7,414	—	—	—	—	—
Income tax payable	10,044	10,044	10,044	—	—	—	—	—
Convertible debentures	322,546	366,500	—	125,000	—	155,250	86,250	—
Finance lease payable	14,405	14,433	1,642	1,983	1,852	1,444	934	6,578
Mortgages and loans payable	3,336,029	3,357,781	84,268	1,172,132	513,916	768,475	513,782	305,208
Total	**$3,826,619**	**$ 3,892,353**	**$ 230,427**	**$1,299,115**	**$ 515,768**	**$ 925,169**	**$600,966**	**$ 320,908**

As at June 30, 2024, the REIT's current liabilities of $969.0 million, current assets of $226.0 million (including assets held for sale), resulting in a difference of $743.0 million.

Current liabilities include:

- Credit facilities with balances outstanding of $65.2 million and $125.0 million maturing in January 2025 and March 2025, respectively. The REIT will fully repay the credit facility maturing in January 2025 and approximately $30 million of the facility maturing in March 2025 using the proceeds from the disposition of the UK portfolio (See **Subsequent Events).**
- Convertible debentures series NWH.DB.G with fair value of $125.3 million maturing March 2025. The REIT expects to repay the debenture series on or before their maturity.
- US Term loan with balances outstanding of $188.0 million. The REIT expects to either refinance the facility or repay using proceeds from future asset sales.
- Term loan secured by a pledge of equity over entities that indirectly own certain Brazilian investment properties with balances outstanding of $140.0 million maturing in April 2025. Subsequent to June 30, 2024, the REIT will fully repay the term loan facility utilizing proceeds from the UK sale. See **Subsequent Events.**
- Canadian mortgage maturities and scheduled principal repayments of $87.4 million. The REIT currently expects the remaining balance of these mortgages to be refinanced on or before maturity or rolled into the revolving credit facility.

- European mortgage maturities and scheduled principal repayments of $60.3 million. The REIT expects the remaining balance of these mortgages to be refinanced on or before maturity or repaid using existing liquidity.

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

Changes in Cash

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

NET CHANGE IN CASH

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Cash provided by / (used in):				
Operating activities	$ 9,742	$ 36,710	$ 32,878	$ 55,875
Investing activities	194,881	53,881	312,127	(2,867)
Financing activities	(221,051)	(97,216)	(356,716)	(71,451)
Net increase / (decrease) in cash during the period	**(16,428)**	**(6,625)**	**(11,711)**	**(18,443)**
Effect of foreign currency translation	7,100	(1,319)	1,103	(1,320)
Net increase / (decrease) in cash during the period	**$ (9,328)**	**$ (7,944)**	**$ (10,608)**	**$ (19,763)**

Operating activities

Cash generated by operating activities totaled $9.7 million for the three months ended June 30, 2024, as compared to cash generated by operating activities of $36.7 million for the three months ended June 30, 2023, a decrease of $27.0 million. This decrease is primarily related to negative changes in working capital of $34.6 million and a $1.4 million increase in income taxes paid, partially offset by a $5.6 million decrease in mortgage and loan interest paid and a decrease of $2.1 million in general and administrative expenses,

Cash generated by operating activities totaled $32.9 for the six months ended June 30, 2024, as compared to $55.9 million for the six months ended June 30, 2023, a decrease of $23.0 million. This decrease is primarily related to a $4.0 million decrease in NOI and $14.7 million negative working capital movement, $0.6 million increase in mortgage and loan interest paid and an increase in taxes paid of $4.1 million.

Investing activities

Cash generated by investing activities totaled $194.9 million for the three months ended June 30, 2024, which is primarily related to $224.6 million cash proceeds from the sale of investment properties, net of disposition costs, $17.4 million from the redemption and sale of unlisted securities and distributions received from associates and unlisted securities of $2.3 million, offset partially by $45.6 million used for additions to investment properties, primarily on developments in Australasia, and $5.2 million of transaction costs associated with strategic initiatives.

Cash used by investing activities totaled $312.1 million for the six months ended June 30, 2024, which is attributable to $389.5 million from non-core asset sales, and $31.2 million from redemption of unlisted securities, offset by $101.7 million used for additions to investment properties.

Financing activities

During the three months ended June 30, 2024 cash used by financing activities totaled $221.1 million as compared to cash used of $97.2 million during the three months ended June 30, 2023. The financing activities during the three months ended June 30, 2024 include $192.0 million of net repayment of mortgages, loans payable and credit facilities, and distributions paid to REIT unitholders and to non-controlling interests of $28.5 million.

For the six months ended June 30, 2024, cashed used by financing activities of $356.7 million as compared to cash used of $71.5 million during the six months ended June 30, 2023. The financing activities include $293.9 million of net mortgages, loans payable and credit facilities repayments, payment of distributions to REIT unit holders and to non-controlling interests of $56.9 million and financing fees paid of $5.8 million.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three and six months ended June 30, 2024, 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.

For the three and six months ended June 30, 2024, a portion of the AFFO generated in foreign currencies was retained in those foreign currencies to provide funds for operations, future investments in those foreign jurisdictions and to minimize currency conversion costs, while a portion has been repatriated back to Canada to fund distributions, interest payments and other corporate expenses. Canadian dollar AFFO for the three months ended June 30, 2024 was a loss of $11.2 million, while Canadian dollar distributions paid in cash totaled $19.5 million. The shortfall was funded from cash repatriated to Canada from US, Brazil, the UK, Europe, Australia, and New Zealand.

As at June 30, 2024, the REIT held approximately $20.0 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 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.

PART VI – ACCOUNTING POLICIES AND ESTIMATES

All significant accounting policies have been applied on a basis consistent with those followed in the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2023, with the exception of the new and changes to accounting standards and policies implemented in 2024, which are described in note 2 of the REIT's condensed consolidated interim financial statements for the three and six months ended June 30, 2024.

The preparation of financial statements in conformity with IFRS requires the REIT to make judgments, estimates, and assumptions that affect the reported amounts recognized in the financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the financial statements. Actual results could differ from estimates. Please refer to note 1 in the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2023.

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.sedarplus.ca, 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 six months ended June 30, 2024, that have materially affected, or are likely to materially affect, the REIT's internal controls over financial reporting.

PART IX – NET ASSET VALUE

		Q2 2024		Q4 2023
Total Assets		**$ 7,040,791**		**$ 7,628,615**
less Total Liabilities		(4,201,593)		(4,543,347)
less Non-controlling interests		(1,080,413)		(1,090,956)
Unitholders' equity		**1,758,785**		**1,994,312**
Add/(deduct):				
Goodwill		(38,390)		(38,566)
Unit-based compensation liabilities		15,387		15,161
Net deferred tax liability	356,846		409,269	
less NCI	(94,511)	262,335	(91,490)	317,779
Financial instruments - net	(33,081)		(19,483)	
less NCI	9,497	(23,584)	5,524	(13,959)
Exchangeable Units		—		8,721
Global manager valuation adjustment (1)		373,826		378,220
Net Asset Value ("NAV")		**$ 2,348,359**		**$ 2,661,668**
Adjusted units outstanding ('000s) - period end (2)		246,301		245,002
NAV per Unit		**$ 9.53**		**$ 10.86**

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

Global manager valuation

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

CORPORATE INFORMATION

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