

**NorthWest Healthcare
Properties Real Estate
Investment Trust**
Condensed Consolidated
Interim Financial Statements
(in Canadian dollars)

For the three months ended
March 31, 2022
(unaudited)



NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Condensed Consolidated Interim Balance Sheet**

(in thousands of Canadian dollars)

Unaudited

As at	Note	March 31, 2022	December 31, 2021
Assets			
Investment properties	4	\$ 6,536,146	\$ 6,294,305
Equity accounted investments	5	393,029	381,211
Intangible assets		45,423	47,276
Goodwill		40,012	41,671
Deferred tax asset		11,209	11,370
Financial instruments	6	9,147	15,362
Other assets	7	303,082	159,328
Accounts receivable		35,422	51,137
Cash and cash equivalents	14	217,645	62,741
Total assets		\$ 7,591,115	\$ 7,064,401
Liabilities			
Mortgages and loans payable	8	\$ 3,078,032	\$ 2,806,979
Convertible debentures	9	134,375	137,225
Deferred unit plan liability	10	25,821	26,223
Class B exchangeable units	15	23,547	23,581
Deferred tax liabilities		431,986	386,215
Financial instruments	6	2,681	44,319
Income tax payable		10,738	11,379
Accounts payable and accrued liabilities	15	76,727	89,963
Distributions payable		15,820	14,943
Total liabilities		\$ 3,799,727	\$ 3,540,827
Unitholders' Equity			
Unitholders' equity	11	2,620,776	2,392,131
Non-controlling interests	12	1,170,612	1,131,443
Total liabilities and unitholders' equity		\$ 7,591,115	\$ 7,064,401

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

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

For the three months ended March 31,	Note	2022	2021
Net Property Operating Income			
Revenue from investment properties	13	\$ 102,677	\$ 92,599
Property operating costs		25,610	22,035
		77,067	70,564
Other Income			
Interest and other	7	1,566	354
Development revenue		2,564	1,853
Management fees		6,047	3,556
Share of profit (loss) of equity accounted investments	5	7,160	6,145
		17,337	11,908
Expenses and other			
Mortgage and loan interest expense		23,387	23,111
General and administrative expenses		10,309	10,157
Transaction costs		5,599	1,793
Development costs		2,348	1,305
Foreign exchange (gain) loss		(594)	(12,460)
		41,049	23,906
Income before finance costs, net gain (loss) on financial instruments, and fair value adjustments		53,355	58,566
Finance costs			
Amortization of financing costs	8	(2,221)	(4,057)
Amortization of mark-to-market adjustment	8	90	97
Class B exchangeable unit distributions	15	(342)	(342)
Fair value adjustment of Class B exchangeable units	15	34	(564)
Accretion of financial liabilities	8	(8,573)	(4,082)
Fair value adjustment of convertible debentures	9	2,850	2,650
Net gain (loss) on financial instruments	6	28,970	15,489
Fair value adjustment of investment properties	4	82,341	22,320
Fair value adjustment of deferred unit plan liability	10	211	(599)
Income before taxes		156,715	89,478
Current tax expense		7,193	2,801
Deferred tax expense		26,187	13,088
Income tax expense		33,380	15,889
Total net income		\$ 123,335	\$ 73,589
Net income attributable to:			
Unitholders		\$ 88,254	\$ 52,957
Non-controlling interests		35,081	20,632
		\$ 123,335	\$ 73,589

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

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss) (cont.)****(in thousands of Canadian dollars)****Unaudited**

For the three months ended March 31,	Note	2022	2021
Net income		\$ 123,335	\$ 73,589
Other comprehensive income (loss) ("OCI"):			
Items that have been or may be reclassified subsequently to income (loss):			
Foreign currency translation adjustments		\$ 23,607	\$ (108,122)
Realized foreign exchange gains/(losses) on hedges		—	42,418
Fair value gain (loss) on net investment hedges		—	(42,318)
Deferred taxation (expense)/recovery		—	6,475
Current taxation (expense)/recovery		289	(6,298)
Other comprehensive income (loss), net of tax		23,896	(107,845)
Total comprehensive income (loss) for the period		\$ 147,231	\$ (34,256)
Total comprehensive income (loss) attributable to:			
Unitholders		\$ 100,731	\$ (28,662)
Non-controlling interests		46,500	(5,594)
		\$ 147,231	\$ (34,256)

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

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

	Note	Unitholders' Equity	Contributed Surplus	Cumulative Distributions	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Unitholders' Equity	Non-Controlling Interests (note 12)	Total Equity
Balance, December 31, 2021		\$ 2,290,032	\$ 39,724	\$ (669,223)	\$ (291,778)	\$ 1,023,376	\$ 2,392,131	\$ 1,131,443	\$ 3,523,574
Public offering of units, net of issuance costs	11	164,894	—	—	—	—	164,894	—	164,894
Units issued through distribution reinvestment plan	11	7,961	—	—	—	—	7,961	1,243	9,204
Units issued on exercise of deferred units	11	811	—	—	—	—	811	—	811
Distributions		—	—	(45,752)	—	—	(45,752)	(8,575)	(54,327)
Foreign currency translation adjustments		—	—	—	12,397	—	12,397	11,210	23,607
Other comprehensive income (loss), excluding translation adjustments		—	—	—	80	—	80	210	290
Net income		—	—	—	—	88,254	88,254	35,081	123,335
Balance, March 31, 2022		\$ 2,463,698	\$ 39,724	\$ (714,975)	\$ (279,301)	\$ 1,111,630	\$ 2,620,776	\$ 1,170,612	\$ 3,791,388

	Note	Unitholders' Equity	Contributed Surplus	Cumulative Distributions	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Unitholders' Equity	Non-Controlling Interests (note 12)	Total Equity
Balance, December 31, 2020		\$ 1,694,810	\$ 39,724	\$ (503,156)	\$ (181,456)	\$ 588,497	\$ 1,638,419	\$ 897,249	\$ 2,535,668
Public offering of units		205,491	—	—	—	—	205,491	1,883	207,374
Units issued through distribution reinvestment plan	11	5,528	—	—	—	—	5,528	1,542	7,070
Units issued on exercise of deferred units		41	—	—	—	—	41	—	41
Distributions		—	—	(37,527)	—	—	(37,527)	(7,761)	(45,288)
Foreign currency translation adjustments		—	—	—	(81,691)	—	(81,691)	(26,431)	(108,122)
Other comprehensive income (loss), excluding translation adjustments		—	—	—	72	—	72	205	277
Net income		—	—	—	—	52,957	52,957	20,632	73,589
Balance, March 31, 2021		\$ 1,905,870	\$ 39,724	\$ (540,683)	\$ (263,075)	\$ 641,454	\$ 1,783,290	\$ 887,319	\$ 2,670,609

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

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

For the three months ended March 31,	Note	2022	2021
Cash provided by (used in):			
Operating activities			
Net income		\$ 123,335	\$ 73,589
Adjustments for:			
Income tax expense		33,380	15,889
Income taxes paid		(6,909)	(6,628)
Amortization of other assets		380	364
Mortgage and loan interest accrued		23,387	23,111
Mortgage and loans interest paid		(21,569)	(22,442)
Finance costs	14	8,162	6,298
Interest income		(1,566)	(354)
Share of (profit) loss of equity accounted investments	5	(7,160)	(6,145)
Unrealized foreign exchange loss (gain)		1,817	(15,276)
Fair value adjustment of investment properties	4	(82,341)	(22,320)
Fair value loss on financial instruments	6	(28,970)	(15,489)
Transaction costs		5,599	1,793
Fair value adjustment of deferred unit plan liability		(211)	599
Unit-based compensation expense	10	1,648	1,658
Redemption of units issued under deferred unit plan		(1,038)	(1,372)
Changes in non-cash working capital balances	14	4,177	(1,196)
Cash provided by (used in) operating activities		52,121	32,079
Investing activities			
Acquisitions of investment properties	3	(81,478)	(57,214)
Additions to investment properties	4	(26,249)	(36,387)
Net proceeds on disposal of investment properties		917	35,502
Contributions in equity accounted investments	5	(9,086)	(7,143)
Investment in financial asset	6, 7	(126,408)	(5,877)
Transaction costs and deposits attributable to investment activities		(9,709)	(5,703)
Distribution income	5	6,156	6,714
Cash interest received		326	299
Additions to furniture and fixtures		(216)	(60)
Receipts (payments) from foreign exchange contracts		25	(11)
Net decrease (increase) to restricted cash		(7)	4
Cash provided by (used in) investing activities		(245,729)	(69,876)
Financing activities			
Mortgage and loan proceeds	8	570,728	138,941
Repayment of mortgages	8	(336,242)	(361,386)
Proceeds from issuance of units, net of issuance costs	11, 12	164,894	207,351
Financing fees paid		(2,384)	(3,146)
Distributions paid		(36,914)	(30,835)
Class B exchangeable units distributions paid		(342)	(342)
Distributions paid to non-controlling interests		(7,331)	(6,125)
Cash provided by (used in) financing activities		352,409	(55,542)
Net change in cash and cash equivalents		158,801	(93,339)
Effect of foreign currency translation		(3,904)	1,712
Net change in cash and cash equivalents		154,897	(91,627)
Cash and cash equivalents, beginning of period		62,700	144,106
Cash and cash equivalents, end of period	14	\$ 217,597	\$ 52,479

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

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

NorthWest Healthcare Properties Real Estate Investment Trust (the "REIT"), is a Canadian open-end trust created pursuant to an amended and restated Declaration of Trust dated May 15, 2015. The registered office of the REIT is 180 Dundas Street West, Suite 1100, Toronto, Ontario, M5G 1Z8. The principal business of the REIT is to invest in healthcare real estate globally.

1. Basis of Preparation and Statement of Compliance

The condensed consolidated interim financial statements of the REIT have been prepared by management in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting as issued by the International Accounting Standards Board. Certain information and note disclosure included in the annual consolidated financial statements based on accounting policies and practices in accordance with International Financial Reporting Standards ("IFRS") have been omitted in these condensed consolidated interim financial statements. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the REIT's audited consolidated financial statements for the year ended December 31, 2021. These condensed consolidated interim financial statements were approved by the Board of Trustees of the REIT on May 12, 2022.

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for investment properties and financial assets and liabilities including financial instruments, convertible debentures, derivative financial instruments, Class B exchangeable units and deferred units under the deferred unit plan ("DUP"), which are measured and reported at their fair value.

The condensed consolidated interim financial statements are presented in thousands of Canadian dollars, except per unit amounts which are presented in Canadian dollars. The Canadian dollar is the REIT's functional currency.

2. Significant Accounting Policies

All significant accounting policies have been applied on a basis consistent with those followed in the most recent audited annual consolidated financial statements of the REIT for the year ended December 31, 2021.

3. Investment Property Acquisitions

During the three months ended March 31, 2022, the following investment property acquisitions were completed:

Region	Acquisition Cost ⁽ⁱ⁾	Property specific debt
Europe	\$ 10,948	\$ 5,618
Australasia	52,723	—
Total	\$ 63,671	\$ 5,618

i. Acquisition costs include transaction costs totaling \$2.4 million incurred with respect to acquiring the investment property assets.

Acquisition costs excludes a \$17.8 million deposit that will be applied towards the purchase price of the US Portfolio (note 7).

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

4. Investment Properties

As at	March 31, 2022	December 31, 2021
Balance, beginning of year	\$ 6,294,305	\$ 5,262,063
Acquisition of investment properties (note 3)	63,671	674,587
Disposition of investment properties	(917)	(56,577)
Additions to investment properties	26,249	146,047
Increase in straight line rents	372	1,934
Right of use asset addition	—	108
Fair value adjustment	82,341	513,986
Foreign currency translation	70,125	(247,843)
Balance, end of period	\$ 6,536,146	\$ 6,294,305

Investment properties are measured at their estimated fair value. The investment properties are re-measured to fair value at each reporting date, determined either on internal valuation models incorporating available market evidence and/or on valuations performed by independent third-party appraisers.

The fair values of the investment properties as at March 31, 2022 and December 31, 2021 were determined using internal valuation models incorporating available market evidence and the results of valuations performed by independent third party appraisers. Significant assumptions and a number of methods are used by the REIT in determining the estimated fair value of the investment properties, including capitalization rates, terminal capitalization rates, discount rates and future cash flows that incorporate inflation rates, vacancy rates, market rents, property level capital expenditures, and net operating income.

The key valuation metrics for investment properties by region are set out in the following table:

	As at March 31, 2022			
	Canada	Brazil	Europe	Australasia
Discount rate - range	5.3% - 8.5%	6.5% - 7.8%	4.7% - 6.0%	5.0% - 8.0%
Discount rate - weighted average	7.2%	7.1%	5.2%	6.0%
Terminal capitalization rate - range	4.8% - 8.0%	6.3% - 7.3%	4.1% - 7.5%	4.3% - 7.3%
Terminal capitalization rate - weighted average	6.5%	6.6%	4.9%	5.0%
Overall capitalization rate - range	3.3% - 10.0%	6.3% - 7.4%	3.7% - 6.9%	4.0% - 8.1%
Overall capitalization rate - weighted average	6.2%	6.8%	4.6%	4.7%
	As at December 31, 2021			
	Canada	Brazil	Europe	Australasia
Discount rate - range	5.3% - 8.5%	6.5% - 7.8%	4.8% - 6.3%	5.0% - 8.0%
Discount rate - weighted average	7.2%	7.1%	5.4%	6.0%
Terminal capitalization rate - range	4.8% - 8.0%	6.3% - 7.3%	4.3% - 7.5%	4.3% - 7.3%
Terminal capitalization rate - weighted average	6.5%	6.6%	5.0%	5.0%
Overall capitalization rate - range	3.4% - 10.0%	6.3% - 7.4%	3.7% - 6.4%	4.0% - 8.1%
Overall capitalization rate - weighted average	6.2%	6.8%	4.6%	4.7%

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

The following table summarizes fair value sensitivity for the portion of the REIT's investment properties which are most sensitive to changes in capitalization rates:

Capitalization rate sensitivity increase/ (decrease)	Weighted average overall capitalization rate	Estimated fair value of investment properties (in millions of Canadian dollars)	Fair value variance (in millions of Canadian dollars)	% Change
(0.75)%	4.47 %	\$ 7,986	\$ 1,450	22.0 %
(0.50)%	4.72 %	\$ 7,448	\$ 912	14.0 %
(0.25)%	4.97 %	\$ 6,968	\$ 431	7.0 %
— %	5.22 %	\$ 6,536	\$ —	— %
0.25 %	5.47 %	\$ 6,146	\$ (390)	(6.0)%
0.50 %	5.72 %	\$ 5,793	\$ (744)	(11.0)%
0.75 %	5.97 %	\$ 5,470	\$ (1,066)	(16.0)%

The REIT engages independent third-party appraisers to appraise its investment properties such that approximately one-third of the portfolio is independently appraised annually and each investment property is appraised at least once over a five-year period. The internal valuation models incorporate the results of valuations performed by independent third-party appraisers. As at March 31, 2022, investment properties with an aggregate estimated fair value of \$0.7 billion, representing approximately 10.1% of its portfolio, (for the three months ended March 31, 2021 - \$0.1 billion, 1.7%) were valued by independent third party appraisers. As at December 31, 2021 aggregate estimated fair value was \$6.1 billion representing approximately 96.2% of its portfolio, were valued by independent third party appraiser.

5. Equity Accounted Investments

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

As at March 31, 2022, the total equity commitment to the Australian and European joint ventures is approximately \$3.5 billion and \$2.8 billion, respectively, less funding to date of \$2.4 billion and \$0.5 billion, respectively, which includes a 30% participation by the REIT.

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

The Australian arrangements are all governed under the same investment framework, including sharing a common third-party joint venture partner, owning assets that are in a similar asset class and geographical region, and have similarly structured investment management terms. Accordingly, the REIT has combined all Australian joint venture arrangements for disclosure purposes in the following table which shows the changes in the REIT's carrying value of its equity accounted investments by region:

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

March 31, 2022		Australia		Europe		Total
Balance, beginning of period	\$	299,997	\$	81,214	\$	381,211
Contributions		—		9,132		9,132
Share of profit for the period		6,825		329		7,154
Distributions (i)		(4,722)		(1,230)		(5,952)
Foreign exchange		4,808		(3,330)		1,478
Balance, end of period	\$	306,908	\$	86,115	\$	393,023

(i) Included in accounts receivable are accrued distributions of \$1.2 million for the three months ended March 31, 2022 (December 31, 2021 - \$3.8 million).

The following tables summarized financial information of the REIT's interests in equity accounted investments:

		March 31, 2022			
		Australia		Europe	Total
Total assets	\$	2,233,065	\$	579,862	\$ 2,812,927
Total liabilities		1,147,058		308,728	1,455,786
Net assets		1,086,007		271,134	1,357,141
Less: Non-controlling interests		63,930		—	63,930
Net assets less non-controlling interests		1,022,077		271,134	1,293,211
REIT's ownership interest		30.0%		30% to 33.57%	30% to 33.57%
Equity Accounted Investments	\$	306,914	\$	86,115	\$ 393,029

Included in total assets is cash of \$16.3 million and \$7.3 million in Australia and Europe respectively (December 31, 2021 - \$15.6 million and \$7.9 million).

The REIT has a fixed price development arrangement with the European JV, a related party, for the two Netherlands properties disposed of in three months ended March 31, 2021. Revenue is recognized on a percentage of completion basis relative to the cost incurred, which is also fixed, and payable at the completion of the development. In Q1 2022, one of the development projects have been completed and the accrued amounts receivable have been settled. The other project is expected to be completed in Q2 2022.

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST
Notes to Condensed Consolidated Interim Financial Statements

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

Three months ended March 31,	2022			2021		
	Australia	Europe	Total	Australia	Europe	Total
Revenue	\$ 25,752	\$ 8,242	\$ 33,994	\$ 26,463	\$ 7,773	\$ 34,236
Interest income	1,270	59	1,329	1,318	—	1,318
Total revenue	\$ 27,022	\$ 8,301	\$ 35,323	\$ 27,781	\$ 7,773	\$ 35,554
Expenses and fair value adjustments						
Operating costs	2,757	1,473	4,230	\$ 3,845	\$ 1,344	\$ 5,189
Mortgage and loan interest expense	3,682	1,377	5,059	3,473	1,220	4,693
General and administrative expenses	272	365	637	102	1,404	1,506
Other	146	—	146	170	—	170
Fair value (gain) loss	(3,479)	4,352	873	701	1,789	2,490
Income tax expense	—	(220)	(220)	—	642	642
Net income (loss)	\$ 23,644	\$ 954	\$ 24,598	\$ 19,490	\$ 1,374	\$ 20,864
Non-controlling interests	893	—	893	897	—	897
Net profit attributable to owners	22,751	954	23,705	18,593	1,374	19,967
Weighted average share of profit (loss)	30.0%	30% to 33.57%	30% to 33.57%	30.0%	30.0% to 33.6%	30.0% to 33.6%
REIT's share of income (loss)	\$ 6,825	\$ 329	\$ 7,154	\$ 5,578	\$ 567	\$ 6,145

The fair value (gain) loss relates to fair value movements in respect of the measurement of investment properties which are determined using the same valuation methodology as the REIT.

6. Financial Instruments

As at	March 31, 2022	December 31, 2021
Financial assets:		
Derivative asset	—	13,266
Interest rate swaps	9,094	510
Foreign exchange contracts	53	1,586
Total financial assets	9,147	15,362
Financial liabilities:		
Derivative liability	—	19,621
Interest rate swaps	2,487	24,608
Foreign exchange contracts	194	90
Total financial liabilities	\$ 2,681	\$ 44,319

The REIT has entered into interest rate swap contracts during the three months ended March 31, 2022 with respect to certain variable rate Canadian and Europe mortgages, and portions of the Vital Trust credit facility for a total notional amount of \$627.5 million (note 8). The interest rate derivatives mature over the next 1 to 10 years and have fixed interest rates ranging from 1.38% to 4.32%.

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

During the year ended December 31, 2021, the REIT entered into call and put derivative option agreements on behalf of itself and its Australian JV partner. During the three months ended March 31, 2022, the REIT exercised its share of the derivative option and acquired the remaining unlisted securities under arrangement for total consideration of \$92.4 million, \$13.3 million of which was previously funded and recognized as a derivative asset (note 7). The \$19.6 million previously recorded derivative liability was derecognized as the Australian JV partner concurrently exercised their share of the option. The transaction resulted in no fair value adjustment for the three months ended March 31, 2022 as the derivative asset of \$13.3 million and the derivative liability of \$19.6 million were applied against the respective consideration of the exercised units.

During the year ended December 31, 2021, the REIT entered into additional call and put option agreements with various third parties. All of the remaining option arrangements were exercised during the three months ended March 31, 2022 for a total price of \$14.2 million.

The components of the gain/(loss) on derivative financial instruments are as follows:

Three months ended March 31,	2022	2021
Fair value adjustment - interest rate swaps	\$ 28,891	\$ 16,856
Receipts/(payments) under transaction hedging foreign exchange contracts	25	(11)
Fair value adjustment - financial instruments	54	(1,356)
	\$ 28,970	\$ 15,489

7. Other Assets

As at	March 31, 2022	December 31, 2021
Investment in unlisted securities (i)	\$ 224,163	\$ 100,141
Acquisition and financing costs (ii)	49,720	22,669
Loans and mortgages receivable carried at amortized cost (iii)	10,420	10,257
Finance lease receivable (iv)	6,955	6,802
Right-of-use lease assets (iv)	4,064	4,312
Commodity taxes recoverable	3,444	5,260
Furniture and office equipment	2,782	2,536
Prepaid expenses	1,387	7,200
Other	147	151
	\$ 303,082	\$ 159,328

- i. During the three months ended March 31, 2022, the REIT acquired unlisted securities for total consideration of approximately \$126.4 million, including those purchased through the exercise of the call and put derivative options (note 6).

The REIT has accounted for the unlisted securities as a financial asset measured at fair value through profit and loss ("FVTPL") under IFRS 9 and accordingly recorded the investments at its estimated fair value of \$224.2 million.

For the three months ended March 31, 2022, the REIT recognized \$1.2 million of distribution income related to the units as part of interest and other income in the statement of net income (loss) and comprehensive income (loss).

- ii. Acquisition and financing costs relate to potential acquisitions and debt refinancing which are currently undergoing due diligence and/or negotiation. Included in acquisition and financing costs are \$13.4 million of deposits on Vital Trust investment property acquisitions that have been closed or are expected to close in

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

the period subsequent to March 31, 2022.

Subsequent to the three months ended March 31, 2022 the REIT completed the acquisition of multiple investment properties composing of the US Portfolio (note 21). Included in acquisition and financing costs is a \$17.8 million deposit that has been applied to the purchase price on closing of the acquisition.

- iii. Loans and mortgages receivable carried at amortized cost relates to an interest-bearing loan secured by an Australian investment property maturing in April 2023.
- iv. Finance lease receivable relates to a long-term lease of land that is a finance lease, bearing a discount rate of 6.5% and remaining term of 66 years.
- v. Right-of-use lease assets are net of accumulated amortization of \$2.7 million (December 31, 2021 - \$2.4 million).

8. Mortgages and Loans Payable

As at	March 31, 2022	December 31, 2021
Mortgage payable, net of financing costs	\$ 830,106	\$ 822,012
Term debt, net of financing costs	1,490,344	1,336,218
Credit facilities, net of financing costs	745,068	636,030
Lease liabilities	12,514	12,719
Total Mortgages and loans payable	\$ 3,078,032	\$ 2,806,979
Less: Current portion	1,163,245	1,073,426
Non-current mortgages and loans payable	\$ 1,914,787	\$ 1,733,553

Mortgages

All mortgages are secured by first or second charges on specific investment properties in Canada and Europe, with an estimated fair value of \$1.6 billion as at March 31, 2022 (December 31, 2021 - \$1.5 billion).

Term debt

As at March 31, 2022, the term debt balance without consideration of financing costs includes:

- Brazilian debt of \$188.2 million (December 31, 2021 - \$159.4 million), secured by related investment properties with an estimated fair value of \$788.8 million (December 31, 2021 - \$662.8 million);
- Australian term debt of \$213.8 million (December 31, 2021 - \$148.0 million) comprised of \$22.2 million (December 31, 2020 - \$21.8 million) term debt secured by related investment properties with an estimated fair value of \$40.3 million (December 31, 2021 - \$39.6 million) and \$117.1 million (December 31, 2021 - \$52.8 million) secured by the securities held by the REIT (note 7);
- New Zealand term debts of \$925.0 million (December 31, 2021 - \$864.0 million) secured by Vital Trust's security trust deed and by a first mortgage ranking over the respective investment properties held by Vital Trust; with a total estimated value of \$2.7 billion (December 31, 2021 - \$2.6 billion), and
- Australasian secured term financing of \$173.7 million (December 31, 2021 - \$173.6 million) secured by 153,577,219 units (December 31, 2021 - 152,433,813 units) of Vital Trust held by the REIT.

Credit facilities

Revolving credit facilities outstanding balance of \$667.2 million are secured by certain Canadian and UK investment properties with an estimated fair value of \$1.3 billion (December 31, 2021 - \$1.3 billion).

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

Lease liabilities

The lease of land on which one of the REIT's investment properties is built is accounted for as a finance lease. The remaining term of the lease at March 31, 2022 was 66 years. In addition, as part of the transition to IFRS 16 in the prior year, the REIT recognized lease liabilities for leases where the REIT acts as a lessee. Minimum payments under the lease and their present values are as follows:

As at	March 31, 2022	December 31, 2021
Minimum lease payments payable:		
Not later than one year	\$ 1,791	\$ 1,767
Later than one year and not later than five years	5,124	5,406
Later than five years	30,341	30,108
	37,256	37,281
Future finance charges	(24,742)	(24,562)
Present value of minimum lease payments	\$ 12,514	\$ 12,719
Present value of minimum lease payments:		
Not later than one year	1,743	1,720
Later than one year and not later than five years	4,622	4,793
Later than five years	6,149	6,206
	\$ 12,514	\$ 12,719

As at March 31, 2022, the scheduled principal repayments and debt maturities are as follows:

	Mortgage Debt	Term Debt	Credit Facilities	Finance Lease	Total
2022 (remainder)	\$ 150,360	\$ 155,459	\$ 667,158	\$ 1,314	\$ 974,291
2023	110,092	429,608	79,000	1,657	620,357
2024	148,968	115,516	—	1,306	265,790
2025	145,874	141,125	—	906	287,905
2026	160,902	120,063	—	850	281,815
2027 & thereafter	116,853	538,891	—	6,481	662,225
	\$ 833,049	\$ 1,500,662	\$ 746,158	\$ 12,514	\$ 3,092,383
Financing costs	(3,572)	(10,318)	(1,090)	—	(14,980)
Mark-to-market adjustment	629	—	—	—	629
Total	\$ 830,106	\$ 1,490,344	\$ 745,068	\$ 12,514	\$ 3,078,032

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST
Notes to Condensed Consolidated Interim Financial Statements

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

A summary of the maturity and the weighted average interest rates relating to the mortgages and loans payable, including term debt and credit facilities, outstanding at March 31, 2022 are as follows:

	Maturity	Weighted Average Interest Rate	Carrying Value	Available to be Drawn
Fixed rate				
Mortgage debt	April 2022 - August 2031	2.72 %	\$ 772,659	\$ 114,008
Term debt	November 2027 - June 2031	4.54 %	586,295	95,001
Total fixed rate debt			\$ 1,358,954	\$ 209,009
Variable Rate				
Mortgage debt	June 2022 - September 2025	2.53 %	60,390	21
Term debt	November 2022 - March 2029	2.64 %	914,367	131,135
Credit facilities	May 2022 - January 2023	3.57 %	746,158	13,842
Total variable rate debt			\$ 1,720,915	\$ 144,998
Total mortgages and loans payable, excluding the following:			\$ 3,079,869	\$ 354,007
Finance lease		5.23 %	12,514	—
Financing costs			(14,980)	—
Mark-to-market adjustment			629	—
Total mortgages and loans payable			\$ 3,078,032	\$ 354,007

The table below summarizes the movements in the REIT's mortgages and loans, excluding finance leases, during the three months ended March 31, 2022:

	Mortgage Debt	Term Debt	Credit Facilities	Total
Balance, beginning of period	\$ 822,012	\$ 1,336,218	\$ 636,030	\$ 2,794,260
Repayments	(6,337)	(237,943)	(91,732)	(336,012)
Advances	26,279	343,737	200,712	570,728
Additional financing fees incurred	(393)	(1,796)	(195)	(2,384)
Amortization of finance fees	254	851	1,116	2,221
Amortization of mark-to-market	(90)	—	—	(90)
Accretion of financial liabilities	—	8,573	—	8,573
Foreign exchange adjustment	(11,619)	40,704	(863)	28,222
Ending balance, March 31, 2022	\$ 830,106	\$ 1,490,344	\$ 745,068	\$ 3,065,518

The REIT has entered into interest rate swap contracts to limit its exposure to fluctuations in the interest rates on its \$627.5 million variable rate mortgage debt as at March 31, 2022 (December 31, 2021 - \$630.2 million). The interest rate swaps terminate between 2022 and 2030, refer to note 6.

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

9. Convertible Debentures

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

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	\$ 137,225	\$ 292,821
Conversion to REIT units (note 11)	—	(139,131)
Convertible debentures cash redemptions	—	(20,454)
Change in fair value of convertible debentures	(2,850)	3,989
Balance, end of period	\$ 134,375	\$ 137,225

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

As at	March 31, 2022	December 31, 2021
NWH.DB.G	134,375	137,225

Debentures Series	Conversion price per Unit (\$)	Maturity	Interest rate	Interest payment	Interest payment dates
NWH.DB.G	\$13.35	December 31, 2023	5.50%	Semi-annual	June 30 and December 31

10. Deferred Unit Plan ("DUP") Liability

The REIT's DUP became effective in March 2010 and was re-approved at the annual general meeting of Unitholders in 2019. The DUP is administered by the Compensation, Governance and Nominating Committee. The purpose of the DUP is to promote a greater alignment of interests between the Trustees, officers and certain other participants of the REIT and the Unitholders. Under the plan, the maximum number of units authorized for issuance shall not exceed 5% of the units issued and outstanding at any given time. The deferred units can be settled at the holders' option in units or cash subject to the REIT's approval and are treated as a financial liability until redeemed.

Deferred unit plan liabilities also exist with respect to a plan administered by the Global Manager and are related to deferred units of Vital Trust, a consolidated subsidiary. No further grants have been issued in relation to the plan administered by the Global Manager after 2019 and all plan participants have been transferred to the REIT's DUP plan.

(a) Liability:

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	\$ 26,223	\$ 24,277
Unit based compensation expense	1,648	12,582
Exercised and paid in cash	(1,038)	(11,475)
Exercised and settled in Trust Units	(811)	(1,777)
Fair value adjustment	(211)	2,672
Foreign exchange	10	(56)
Balance, end of period	\$ 25,821	\$ 26,223

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

The balance of the DUP liability at March 31, 2022 consists of \$25.2 million related to the REIT's DUP and \$0.6 million related to Vital Trust's DUP (December 31, 2021 - \$25.8 million related to the REIT's DUP and \$0.4 million related to Vital Trust's DUP).

Unit-based compensation expense is measured on grant at the service commencement date, based on the fair market value of a REIT unit or Vital Trust unit, as applicable, and amortized over the applicable vesting period that ranges from 3 to 5 years. At March 31, 2022, 1,381,385 unvested deferred units with a fair value of \$17.1 million are expected to vest between 2022 and 2026. Unit-based compensation does not qualify as an equity award and is classified as a liability. The awards are re-measured at fair value each reporting period, based on the fair market value of a REIT unit or Vital Trust unit, as applicable, and the change in fair value is recognized as part of compensation expense for the period.

(b) Units outstanding under the deferred unit plans:

As at March 31, 2022	REIT	Vital Trust
Balance, beginning January 1, 2021	2,373,367	217,204
Granted	34,027	—
Exercised and paid in cash	(76,199)	—
Exercised and paid in REIT units	(60,881)	—
Distribution entitlement	34,916	2,355
Balance, as at March 31, 2022	2,305,230	219,559
Units vested but not exercised	1,080,115	63,289

For the three months ended March 31, 2022, the REIT granted 34,027 DUP units with a grant-date fair value of \$0.5 million (for the three months ended March 31, 2021 - 15,344 DUP units with a fair value of \$0.2 million).

11. Unitholders' Equity

The REIT is authorized to issue two categories of equity: (a) REIT units; and (b) special voting units attached to the exchangeable Class B exchangeable units of NWI LP, a subsidiary of the REIT.

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

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

The special voting units are only issued in tandem with Class B exchangeable units and are not transferable separately from the Class B exchangeable units to which they are attached. As Class B exchangeable units are exchanged or surrendered for REIT units, the corresponding special voting units will be cancelled for no consideration. Special voting units have no economic entitlement in the REIT, however, it entitles the holder to one vote per special voting unit at any meeting of the unitholders. The REIT's Trustees have discretion in declaring distributions.

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

The following table shows the changes in REIT units:

	REIT units	Amount
Balance, December 31, 2021	224,127,135	\$ 2,290,032
Units issued through distribution reinvestment plan (i)	602,559	7,961
Units issued under deferred unit plan (note 10)	60,881	811
Units issued pursuant to equity offering (ii)	12,500,500	172,507
Units issuance costs	—	(7,613)
Balance, March 31, 2022	237,291,075	\$ 2,463,698

- (i) The REIT has established a distribution reinvestment plan ("DRIP") for its unitholders, which allows participants to reinvest their monthly cash distributions in additional units at an effective discount of 3%. For the three months ended March 31, 2022 the REIT's DRIP participation rate was 17.7% (three months ended March 31, 2021 - 14.5%).
- (ii) On March 31, 2022, the REIT completed a public offering of 12,500,500 units at a price of \$13.80 per unit for gross proceeds of \$172.5 million, which included full exercise of the over-allotment option granted to the underwriters, whereby an additional 1,630,500 units were issued at a price of \$13.80 per unit.

In connection with the public offering, NWVP has committed to a private placement of 1,086,955 Trust Units for gross proceeds of \$15.0 million which is expected to close in May 2022.

12. Non-Controlling Interests

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

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

As at March 31, 2022	Vital Trust		Fritz-Lang-Platz 6		Total
REIT's ownership interest	27.5 %		94.9 %		
Total assets	\$ 2,712,041	\$	25,140	\$	2,737,181
Total liabilities	1,082,761		8,169		1,090,930
Net assets	\$ 1,629,280	\$	16,971	\$	1,646,251
Attributable to:					
Unitholders of the REIT	459,188		16,451		475,639
Non-controlling interests	1,170,092		520		1,170,612
	\$ 1,629,280	\$	16,971	\$	1,646,251

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

	For the three months ended March 31, 2022			For the three months ended March 31, 2021		
	Vital Trust	Fritz-Lang- Platz 6	Total	Vital Trust	Fritz-Lang- Platz 6	Total
Revenue from investment properties	\$ 33,424	\$ 443	\$ 33,867	\$ 28,573	\$ 436	\$ 29,009
Net income (loss) attributable to:						
Unitholders of the REIT	15,283	213	15,496	6,997	185	7,182
Non-controlling interests	35,070	11	35,081	20,622	10	20,632
Net income (loss)	\$ 50,353	\$ 224	\$ 50,577	\$ 27,619	\$ 195	\$ 27,814
Total comprehensive income (loss) attributable to:						
Unitholders of the REIT	19,585	(130)	19,455	(1,999)	(293)	(2,292)
Non-controlling interests	46,507	(7)	46,500	(5,574)	(20)	(5,594)
Total comprehensive income (loss)	\$ 66,092	\$ (137)	\$ 65,955	\$ (7,573)	\$ (313)	\$ (7,886)
Distributions attributable to non-controlling interests	\$ 8,575	\$ —	\$ 8,575	\$ 7,761	\$ —	\$ 7,761
	For the three months ended March 31, 2022			For the three months ended March 31, 2021		
	Vital Trust	Fritz-Lang- Platz 6	Total	Vital Trust	Fritz-Lang- Platz 6	Total
Cash flows from (used in):						
Operating	\$ 29,439	\$ 163	\$ 29,602	\$ 8,931	\$ 205	\$ 9,136
Investing	(68,699)	(5)	(68,704)	(59,694)	—	(59,694)
Financing	41,858	(123)	41,735	48,994	(206)	48,788
Effect of foreign currency translation	(1,352)	(1)	(1,353)	3,049	(1)	3,048
Net change in cash	\$ 1,246	\$ 34	\$ 1,280	\$ 1,280	\$ (2)	\$ 1,278
Cash ending balance	\$ 8,024	\$ 225	\$ 8,249	\$ 7,055	\$ 19	\$ 7,074

The REIT is subject to restrictions over the extent to which it can access cash of Vital Trust and Fritz-Lang-Platz 6 in the form of cash distributions, or use of assets and access to debt and credit facilities as a result of borrowing arrangements, regulatory restrictions and the REIT's economic interests in Vital Trust and Fritz-Lang-Platz 6, being limited to approximately 27.5% and 94.9%, respectively.

13. Rental Revenue

The components of rental revenue are as follows:

For the three months ended March 31,	2022	2021
Rental income	\$ 78,201	\$ 71,024
Operating cost recoveries	14,575	14,386
Tax and insurance recoveries	8,255	5,638
Other revenue	1,646	1,551
Rental revenue	\$ 102,677	\$ 92,599

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

14. Supplemental Cash Flow Information

(i) Cash, cash equivalents and restricted cash

As at		March 31, 2022		December 31, 2021
Cash and cash equivalents	\$	217,597	\$	62,700
Restricted cash		48		41
Total cash, cash equivalents and restricted cash	\$	217,645	\$	62,741

Restricted cash represents cash held in the REIT's designated bank accounts pledged as collateral for the Brazil term debt (note 8).

(ii) Changes in Non-Cash Working Capital Balances

For the three months ended March 31,		2022		2021
Accounts receivable	\$	16,039	\$	(6,465)
Other assets		2,022		(2,280)
Accounts payable and accrued liabilities		(13,884)		7,549
Changes in non-cash working capital balances	\$	4,177	\$	(1,196)

(iii) Non-Cash Financing and Investing Activities

For the three months ended March 31,		2022		2021
Non cash distributions to Unitholders under the DRIP (note 11)	\$	7,961	\$	5,528
Units issued under deferred unit plan (note 10)		811		41
Non cash distributions from unlisted securities under dividend reinvestment program (note 7)		828		—

(iv) Finance costs

For the three months ended March 31,		2022		2021
Distributions on Exchangeable Units	\$	342	\$	342
Accretion of financial liabilities		8,573		4,082
Amortization of deferred financing costs		2,221		4,057
Amortization of marked to market adjustment		(90)		(97)
Fair value adjustment of Convertible Debentures		(2,850)		(2,650)
Fair value adjustment of Class B exchangeable units		(34)		564
Total finance costs	\$	8,162	\$	6,298

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

15. Related Party Transactions

- (a) As at March 31, 2022, Northwest Value Partners Inc. and affiliates ("NWVP") indirectly owned approximately 12.4% of the REIT through a combination of Trust Units of the REIT and Class B exchangeable units of NorthWest International Healthcare Properties LP ("NWI LP"), approximately 11.8% on a fully diluted basis assuming conversion of the REIT's convertible debentures and redemption of its deferred units (as at December 31, 2021 - 13.3% and 11.7%, respectively). Paul Dalla Lana, Chairman of the Board of Trustees and Chief Executive Officer ("CEO") of the REIT, is the sole shareholder, sole director and President of NWVP.

The Class B exchangeable units, which are entirely held by NWVP are economically equivalent to REIT units and are entitled to receive distributions equal to those provided to holders of REIT units. The fair value of the Class B exchangeable unit liability is determined with reference to the market trading price of the REIT's units at the reporting date.

Distributions declared on the Class B exchangeable units of NWI LP totaled \$0.3 million for the three months ended March 31, 2022 (for the three months ended March 31, 2021 - \$0.3 million) and have been accounted for as finance costs in profit or loss.

In connection with the public offering, NWVP has committed to a private placement of 1,086,955 Trust Units for gross proceeds of \$15.0 million which is expected to close in May 2022.

As at March 31, 2022, Paul Dalla Lana held a total of 95,095 REIT deferred units (December 31, 2021 - 93,669) of which 94,445 unvested deferred units are scheduled to vest between 2024 and 2026 (December 31, 2021 - 93,028 scheduled to vest between 2024 and 2026).

- (b) As at March 31, 2022, the REIT had a payable owing to NWVP of \$0.4 million (December 31, 2021 - \$0.1 million that was included in accounts payable and accrued liabilities).

The REIT incurred charges to NWVP during the three months ended March 31, 2022, of \$0.4 million, gross of HST, which includes compensation for CEO services for \$0.3 million and the cost NWVP personnel seconded to the REIT totaling \$0.1 million. The aforementioned charges were recorded as part of general and administrative expenses and transaction costs during the three months ended March 31, 2022.

During the three months ended March 31, 2022, the REIT made total payments to NWVP of \$0.1 million to settle the obligations noted above.

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

16. Segmented Information

The REIT operates in one industry segment being the real estate industry segment; however the REIT monitors and operates its European, Brazilian, Canadian, and Australasian operations separately. The CEO assesses the performance of each of the operating segments based on a measure of operating income (loss). The accounting policies for each of the segments are the same as those for the REIT.

During the three months ended March 31, 2022, one tenant in Brazil accounted for 11% (for the three months ended March 31, 2021 - 11%) of the total revenue from investment properties.

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST
Notes to Condensed Consolidated Interim Financial Statements

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

As at March 31, 2022	Canada	Brazil	Europe	Australasia	Total
Investment properties	\$1,225,468	\$ 788,819	\$1,664,844	\$2,857,015	\$6,536,146
Mortgages and loans payable	\$1,426,586	\$ 184,655	\$ 328,520	\$1,138,271	\$3,078,032
As at December 31, 2021	Canada	Brazil	Europe	Australasia	Total
Investment properties	\$1,218,710	\$ 662,811	\$1,687,268	\$2,725,516	\$6,294,305
Mortgages and loans payable	\$1,318,577	\$ 156,160	\$ 319,377	\$1,012,865	\$2,806,979
For the three months ended March 31, 2022	Canada	Brazil	Europe	Australasia	Total
Operating Income					
Revenue from investment properties	\$ 31,747	\$ 11,781	\$ 22,753	\$ 36,396	\$ 102,677
Property operating costs	15,793	—	3,329	6,488	25,610
Net property operating income	15,954	11,781	19,424	29,908	77,067
Interest and other	36	116	2	1,412	1,566
Development revenue	—	—	2,564	—	2,564
Management fee	—	—	742	5,305	6,047
Share of income from equity accounted investment	—	—	329	6,831	7,160
	36	116	3,637	13,548	17,337
Mortgage and loan interest expense	12,626	1,902	1,576	7,283	23,387
General and administrative expenses	4,343	391	2,384	3,191	10,309
Transaction costs	1,145	111	4,464	(121)	5,599
Development costs	—	—	2,348	—	2,348
Foreign exchange (gain) loss	(554)	(6)	7	(41)	(594)
	17,560	2,398	10,779	10,312	41,049
Operating income (loss)	\$ (1,570)	\$ 9,499	\$ 12,282	\$ 33,144	\$ 53,355
For the three months ended March 31, 2021	Canada	Brazil	Europe	Australasia	Total
Operating Income					
Revenue from investment properties	\$ 32,178	\$ 10,272	\$ 18,429	\$ 31,720	\$ 92,599
Property operating costs	15,873	—	2,643	3,519	22,035
Net property operating income	16,305	10,272	15,786	28,201	70,564
Other income					
Interest and other	65	30	—	259	354
Development revenue	—	—	1,853	—	1,853
Management fee	—	—	884	2,672	3,556
Share of income from equity accounted investment	—	—	567	5,578	6,145
	65	30	3,304	8,509	11,908
Mortgage and loan interest expense	12,160	1,805	2,948	6,198	23,111
General and administrative expenses	4,369	321	1,878	3,589	10,157
Transaction costs	1,002	—	443	348	1,793
Development costs	—	—	1,305	—	1,305
Foreign exchange (gain) loss	(13,684)	3	55	1,166	(12,460)
	3,847	2,129	6,629	11,301	23,906
Operating income (loss)	\$ 12,523	\$ 8,173	\$ 12,461	\$ 25,409	\$ 58,566

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

17. Commitments and Contingent Liabilities

- a. The REIT obtains letters of credit to support its obligations with respect to construction work and additions to its investment properties and satisfying mortgage financing requirements. As at March 31, 2022, the REIT has a total of \$2.8 million in outstanding (December 31, 2021 - \$4.4 million) letters of credit, under the REIT's secured revolving floating rate credit facility, related to construction work that is being performed on investment properties. The REIT does not expect that any of these standby letters of credit are likely to be drawn upon.
- b. Pursuant to the disposition of the REIT's 70% interest in AREIT units as part of a joint venture arrangement during the year ended December 31, 2020, the REIT indemnified the joint venture partner for potential tax liabilities related to AREIT's investment properties. The indemnity expires if the properties are not sold within 15 years of settlement. Given that the disposition of properties is dependent on uncertain future events not within the control of the REIT, and that the taxable outcome of the disposition is not estimable due to the variables involved, the REIT has not recognized a provision related to the indemnification.
- c. Pursuant to the sale of European investment properties to the European JV in 2020, the REIT has indemnified its joint venture partner for potential tax liabilities related to these investment properties. Given that the eventual disposition of properties is dependent on uncertain future events not within the control of the REIT, and that the taxable outcome of the disposition is not estimable due to the variables involved, the REIT has not recognized a provision related to the indemnification.
- d. The REIT has entered into acquisition and construction agreements on development properties and is committed to associated costs of \$254.8 million as at March 31, 2022 (December 31, 2021 - \$293.7 million), of which \$0.1 million relates to equity accounted investments (December 31, 2021 - \$0.1 million).
- e. The REIT indemnifies individuals who have acted at the REIT's request to be a trustee and/or director and/or officer of the REIT (and/or one or more of its direct and indirect subsidiaries), to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service. The claims covered by such indemnifications are subject to statutory and other legal limitation periods. The nature of the indemnification agreements prevents the REIT from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such indemnification agreements.
- f. The REIT is subject to legal and other claims in the normal course of business. Management and the REIT's legal counsel evaluate all claims. In the opinion of management these claims are generally covered by the REIT's insurance policies and any liability from such claims would not have a significant effect on the REIT's consolidated financial statements.

18. Fair Values

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

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

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

The REIT determined the estimated fair value of each investment property, with the exception of certain property under development, using the discounted cash flow method. The discounted cash flow method discounts the expected future cash flows, generally over a term of 10 years, including a terminal value based on the application of a capitalization rate to estimate cash flows beyond the term of 10 years. Note 4 outlines the key assumptions used by the REIT in determining fair value of its investment properties.

Certain derivative instruments are valued using a valuation technique with market-observable inputs (Level 2) and include the forward contract and the interest rate swaps. The most frequently applied valuation technique includes forward pricing models, using present value calculations. The models incorporate various inputs including forward rates and interest rate curves. The call and put option instruments and shares in unlisted securities are valued using internal models using observable and unobservable inputs, reflecting assumptions that market participants would use when pricing the asset (Level 3).

As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The REIT has chosen to use closing market price (Level 1) as a practical expedient for fair value measurement for its Class B exchangeable units, DUP liability and convertible debentures.

The fair value of the REIT's mortgages and loans payable are determined using present value calculations based on market-observable interest rates for mortgages and loans with similar terms and conditions (Level 2). The carrying values of the REIT's financial assets, which include accounts receivable, other assets, and cash and restricted cash, as well as financial liabilities, which includes accounts payable and accrued liabilities, distributions payable approximate their recorded fair values due to their short-term nature.

The fair value hierarchy of assets and liabilities measured at fair value on the consolidated statement of financial position or disclosed in the notes to the consolidated financial statements as at March 31, 2022 is as follows:

	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Assets measured at fair value:				
Investment properties	\$ 6,536,146	\$ —	\$ —	\$ 6,536,146
Financial instruments	9,147	—	9,147	—
Investment in unlisted securities	224,163	—	—	224,163
Assets recorded at amortized cost:				
Loans receivable	10,420	—	—	10,420
Liabilities measured at fair value:				
Financial instruments	2,681	—	2,681	—
Convertible debentures	134,375	134,375	—	—
Class B LP exchangeable units	23,547	23,547	—	—
Deferred unit plan liabilities	25,821	25,821	—	—
Financial liabilities recorded at amortized cost:				
Mortgage and loans payable	3,078,032	—	3,050,513	—

19. Capital Management

The REIT considers its capital to be its unitholders' equity, Class B exchangeable units, and debt. The REIT is free to determine the appropriate level of capital in context with its cash flow requirements, overall business risks and potential business opportunities. As a result of this, the REIT will make adjustments to its capital based on its investment strategies and changes to economic conditions.

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

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

At March 31, 2022, the REIT is in compliance with its debt to gross book value ratio of the Declaration of Trust at 40.7% (December 31, 2021 - 39.9%).

As at	March 31, 2022	December 31, 2021
Debt		
Gross value of debt excluding convertible debentures ⁽¹⁾	\$ 3,092,383	\$ 2,820,602
Gross value of total debt ⁽²⁾	3,226,758	2,957,827
Gross Book Value of Assets		
Total assets	\$ 7,591,115	\$ 7,064,401
Debt-to-Gross Book Value (Declaration of Trust)	40.7 %	39.9 %
Debt-to-Gross Book Value (including convertible debentures)	42.5 %	41.9 %

(1) represents the principal balance of mortgages, credit facilities, term debt and finance lease.

(2) represents the principal balance of mortgages, credit facilities, term debt, finance lease and convertible debentures (at fair value).

The REIT's capital management is also impacted by various financial covenants in certain loan agreements. As at March 31, 2022, the REIT is in compliance with all such financial covenants.

20. Risk Management

In the normal course of business, the REIT is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to manage them are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended December 31, 2021.

21. Subsequent Events

- i. On April 14, 2022, the REIT closed its previously announced acquisition of a property portfolio comprised of 27 healthcare properties in the United States of America (the "US Portfolio") for approximately \$752.7 million (USD \$601.9 million). The US Portfolio consists of 15 MOBs and 12 Hospitals, located across 10 states and comprised of total gross leasable area of 1.2 million square feet. The US acquisition was fully funded through combination of \$421.4 million of term debt secured by US properties with term to maturity of one year and bearing interest rate of 3.62%, a new non-revolving tranche of \$275.1 million credit facility and cash on hand.
- ii. In April 2022, the REIT refinanced and amended Canadian mortgages totaling of \$17.1 million maturing in the upcoming year, bearing weighted average interest rate of 4.12% with new mortgages of \$23.3 million, bearing weighted average interest rate of 4.56% with weighted average term to maturity extended by 4 years.
- iii. On May 6, 2022, Vital Trust launched a fully underwritten equity raise of 67.8 million units at a price of \$2.56 (NZ\$2.95) per unit, to raise gross proceeds of approximately \$173.7 million (NZ\$200.0 million). The institutional component of the equity raise completed on May 9, 2022 with gross proceeds of \$95.3 million (NZ\$109.8m) raised, with the remaining retail component scheduled to close on May 16, 2022. The REIT has participated in the equity raise based on its pro-rata share by buying \$18.6 million units of Vital Trust for a total of \$47.8 million (NZ\$55.0 million), funded through a \$21.7 million (NZ\$25.0 million) draw on

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST**Notes to Condensed Consolidated Interim Financial Statements**

(in thousands of Canadian dollars, unless otherwise stated)

For the three months ended March 31, 2022 and 2021

Unaudited

corporate facilities and using cash on hand. Post the completion of the equity raise the REIT will maintain its investment interest in Vital Trust at approximately 27.5%.

- iv. On May 11, 2022, the REIT renewed one of its revolving credit facilities, in the amount of \$472.5 million, to extend the maturity date to November 2022.
- v. On May 10, 2022, the REIT entered into a joint venture agreement with its existing JV partner to form a second Australian JV with a total initial commitment of \$2.2 billion (A\$2.4 billion) of debt and equity. The JV is 70% owned by the JV partner, with the REIT owning the remaining 30% interest. The key financial terms are broadly consistent with the first Australian JV.
- vi. On March 15, 2022, the REIT announced a distribution of \$0.06667 per REIT unit to unitholders of record on March 31, 2022, to be paid and settled on April 15, 2022. On April 14, 2022, the REIT announced a distribution of \$0.06667 per REIT unit to unitholders of record on April 30, 2022, and will be paid on May 13, 2022.



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

Phone 416 366 2000
Fax 416 366 2433

nwhreit.com