

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

For the three months ended  
March 31, 2021  
(unaudited)



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

(in thousands of Canadian dollars)

**Unaudited**

<b>As at</b>	<b>Note</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Assets</b>			
Investment properties	5	\$ 5,166,263	\$ 5,262,063
Equity accounted investments	6	294,048	297,993
Intangible assets		47,295	47,309
Goodwill		41,671	41,671
Financial instruments	7	11,393	541
Other assets	8	45,881	41,862
Accounts receivable		15,398	9,652
Assets held for sale	4	7,120	—
Cash and cash equivalents	16	52,516	144,147
<b>Total assets</b>		<b>\$ 5,681,585</b>	<b>\$ 5,845,238</b>
<b>Liabilities</b>			
Mortgages and loans payable	9	\$ 2,211,259	\$ 2,495,413
Convertible debentures	10	290,171	292,821
Deferred unit plan liability	11	25,087	24,277
Class B exchangeable units	12	22,110	21,546
Deferred tax liability		280,151	287,820
Financial instruments	7	49,877	62,405
Income tax payable		22,591	21,216
Accounts payable and accrued liabilities	17	94,695	92,340
Distributions payable		12,897	11,732
Liabilities related to assets held for sale	4	2,138	—
<b>Total liabilities</b>		<b>\$ 3,010,976</b>	<b>\$ 3,309,570</b>
<b>Unitholders' Equity</b>			
Unitholders' equity	13	1,783,290	1,638,419
Non-controlling interests	14	887,319	897,249
<b>Total liabilities and unitholders' equity</b>		<b>\$ 5,681,585</b>	<b>\$ 5,845,238</b>

*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	2021	2020
<b>Net Property Operating Income</b>			
Revenue from investment properties	15	\$ 92,599	\$ 95,594
Property operating costs		22,035	22,948
		<b>70,564</b>	<b>72,646</b>
<b>Other Income</b>			
Interest and other		354	620
Development revenue	4	1,853	—
Management fees		3,556	1,423
Share of profit (loss) of equity accounted investments	6	6,145	7,518
		<b>11,908</b>	<b>9,561</b>
<b>Expenses and other</b>			
Mortgage and loan interest expense		23,111	24,852
General and administrative expenses		10,157	7,019
Transaction costs		1,793	16,413
Development costs	4	1,305	—
Foreign exchange (gain) loss		(12,460)	7,465
		<b>23,906</b>	<b>55,749</b>
<b>Income before finance costs, fair value adjustments and net gain (loss) on financial instruments</b>		<b>58,566</b>	<b>26,458</b>
<b>Finance costs</b>			
Amortization of financing costs	9	(4,057)	(1,246)
Amortization of mark-to-market adjustment	9	97	291
Class B exchangeable unit distributions	12	(342)	(2,475)
Fair value adjustment of Class B exchangeable units	12	(564)	88,351
Accretion of financial liabilities	9	(4,082)	(2,702)
Fair value adjustment of convertible debentures	10	2,650	26,210
Net gain (loss) on financial instruments	7	15,489	(13,820)
Fair value adjustment of investment properties	5	22,320	(5,234)
Fair value adjustment of deferred unit plan liability	11	(599)	3,892
<b>Income before taxes</b>		<b>89,478</b>	<b>119,725</b>
Current tax expense		2,801	17,141
Deferred tax expense (recovery)		13,088	(13,476)
Income tax expense		15,889	3,665
<b>Net income</b>		<b>\$ 73,589</b>	<b>\$ 116,060</b>
<b>Net income (loss) attributable to:</b>			
Unitholders		\$ 52,957	\$ 114,717
Non-controlling interests		20,632	1,343
		<b>\$ 73,589</b>	<b>\$ 116,060</b>

*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**

<b>For the three months ended March 31,</b>	<b>2021</b>		<b>2020</b>
<b>Net income</b>	<b>\$</b>	<b>73,589</b>	<b>\$ 116,060</b>
<b>Other comprehensive income (loss) ("OCI"):</b>			
Items that have been or may be reclassified subsequently to income (loss):			
Foreign currency translation adjustment	<b>\$</b>	<b>(108,122)</b>	<b>\$ (95,944)</b>
Realized foreign exchange gains/(losses) on hedges	<b>9</b>	<b>42,418</b>	<b>—</b>
Unrealized foreign exchange gains/(losses) on hedges		<b>—</b>	<b>—</b>
Fair value gain (loss) on net investment hedges	<b>9</b>	<b>(42,318)</b>	<b>1,356</b>
Deferred taxation (expense)/recovery		<b>6,475</b>	<b>(379)</b>
Current taxation (expense)/recovery		<b>(6,298)</b>	<b>—</b>
<b>Other comprehensive income (loss), net of tax</b>		<b>(107,845)</b>	<b>(94,967)</b>
<b>Total comprehensive income (loss) for the year</b>	<b>\$</b>	<b>(34,256)</b>	<b>\$ 21,093</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Unitholders	<b>\$</b>	<b>(28,662)</b>	<b>\$ 51,579</b>
Non-controlling interests		<b>(5,594)</b>	<b>(30,486)</b>
	<b>\$</b>	<b>(34,256)</b>	<b>\$ 21,093</b>

*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 14)	Total Equity
<b>Balance, December 31, 2020</b>		\$ 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		5,528	—	—	—	—	5,528	1,542	7,070
Units issued on exercise of deferred units	13	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)		—	—	—	72	—	72	205	277
Net income		—	—	—	—	52,957	52,957	20,632	73,589
<b>Balance, March 31, 2021</b>		\$ 1,905,870	\$ 39,724	\$ (540,683)	\$ (263,075)	\$ 641,454	\$ 1,783,290	\$ 887,319	\$ 2,670,609

	Note	Unitholders' Equity	Contributed Surplus	Cumulative Distributions	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Unitholders' Equity	Non-Controlling Interests (note 14)	Total Equity
Balance, December 31, 2019		\$ 1,510,245	\$ 39,724	\$ (364,595)	\$ (140,209)	\$ 274,142	\$ 1,319,307	\$ 756,812	\$ 2,076,119
Public offering of units		24,941	—	—	—	—	24,941	—	24,941
Units issued through distribution reinvestment plan		4,296	—	—	—	—	4,296	1,167	5,463
Units issued on exercise of deferred units	13	445	—	—	—	—	445	—	445
Cancellation of REIT units under normal course issuer bid		(1,694)	—	—	—	—	(1,694)	—	(1,694)
Conversion of Class B LP exchangeable units	12	106,387	—	—	—	—	106,387	—	106,387
Conversion of convertible debenture into units	13	51,483	—	—	—	—	51,483	—	51,483
Distributions		—	—	(33,089)	—	—	(33,089)	(7,131)	(40,220)
Foreign currency translation adjustments		—	—	—	(63,381)	—	(63,381)	(32,563)	(95,944)
Other comprehensive income (loss)		—	—	—	243	—	243	734	977
Net income (loss)		—	—	—	—	114,717	114,717	1,343	116,060
Balance, March 31, 2020		\$ 1,696,103	\$ 39,724	\$ (397,684)	\$ (203,347)	\$ 388,859	\$ 1,523,655	\$ 720,362	\$ 2,244,017

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**

<b>For the three months ended March 31,</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net income (loss)		\$ 73,589	\$ 116,060
Adjustments for:			
Amortization		364	407
Mortgage and loan interest accrued		23,111	24,852
Mortgage and loans interest paid		(22,442)	(24,416)
Finance costs	16	6,298	(108,429)
Interest income		(354)	(620)
Share of (profit)/loss of equity accounted investments	6	(6,145)	(7,518)
Unrealized foreign exchange loss (gain)		(15,276)	7,442
Amortization of finance leases receivable/payable, net		—	(22)
Fair value adjustment of investment properties	5	(22,320)	5,234
Fair value loss on financial instruments	7	(15,489)	13,820
Transaction costs		1,793	16,413
Fair value adjustment of deferred unit plan liability		599	(3,892)
Unit-based compensation expense	11	1,658	1,074
Redemption of units issued under deferred unit plan		(1,372)	(1,077)
Income tax expense		15,889	3,665
Income taxes paid		(6,628)	(6,717)
Changes in non-cash working capital balances	16	(1,196)	18,362
<b>Cash provided by (used in) operating activities</b>		<b>32,079</b>	<b>54,638</b>
<b>Investing activities</b>			
Acquisitions of investment properties	3	(57,214)	(245,699)
Additions to investment properties	5	(36,387)	(39,111)
Net proceeds on disposal of investment properties	4	35,502	103,418
Investment in equity accounted investments	6	(7,143)	(10,340)
Net investment in financial instruments	7	(5,877)	—
Transaction costs attributable to investment activities		(5,703)	(16,413)
Distributions from equity accounted investments	6	6,714	2,973
Cash interest received		299	479
Additions to furniture and fixtures		(60)	(61)
Receipts (payments) from foreign exchange contracts		(11)	182
Net decrease (increase) to restricted cash		4	(1)
<b>Cash provided by (used in) investing activities</b>		<b>(69,876)</b>	<b>(204,573)</b>
<b>Financing activities</b>			
Mortgage and loan proceeds	9	138,941	403,207
Repayment of mortgages	9	(361,386)	(278,513)
Repurchase of units under normal course issuer bid	13	—	(1,694)
Redemption of convertible debentures	10	—	(44,568)
Proceeds from issuance of units, net of issuance costs	13, 14	207,351	24,941
Financing fees paid		(3,146)	(1,191)
Distributions paid		(30,835)	(27,291)
Class B exchangeable units distributions paid	12	(342)	(2,475)
Distributions paid to non-controlling interests		(6,125)	(5,963)
<b>Cash provided by (used in) financing activities</b>		<b>(55,542)</b>	<b>66,453</b>
<b>Net change in cash and cash equivalents</b>		<b>(93,339)</b>	<b>(83,482)</b>
<b>Effect of foreign currency translation</b>		<b>1,712</b>	<b>(12,282)</b>
<b>Net change in cash and cash equivalents</b>		<b>(91,627)</b>	<b>(95,764)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>144,106</b>	<b>192,150</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 52,479</b>	<b>\$ 96,386</b>

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

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**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, 2021 and 2020

Unaudited

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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 and manage 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, 2020. These condensed consolidated interim financial statements were approved by the Board of Trustees of the REIT on May 13, 2021.

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for investment properties and financial assets and liabilities including, convertible debentures, derivative financial instruments, Class B exchangeable units and deferred units under the deferred unit plan ("DUP"), which are measured at 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, 2020.

### COVID-19 Pandemic

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19" in early 2020 was declared a pandemic by the World Health Organization. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel restrictions, self-imposed quarantine periods, temporary closures or restrictions of non-essential businesses, limitations on public gatherings, and social distancing guidelines, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity and capital markets have also experienced significant volatility and weakness. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. It is not possible to forecast with certainty the duration and full scope of the economic impact of the pandemic and other consequential changes to the REIT's business and operations, both in the short term and in the long term.

In the preparation of these unaudited condensed consolidated interim financial statements, the REIT has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of its assets and liabilities, and the reported amount of its results using the best available information as of March 31, 2021. Actual results could differ from those estimates. The estimates and assumptions that the REIT considers critical and/or could be impacted by COVID-19 include those underlying the valuation of investment properties, the estimate of any expected credit losses on its accounts receivable or loans and mortgages receivable and determining the values of financial instruments for disclosure purposes.

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**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, 2021 and 2020

Unaudited

**3. Investment Property Acquisitions**

During the three months ended March 31, 2021, the following investment property acquisitions were completed:

<b>Region</b>	<b>Acquisition Cost</b> <sup>(i)</sup>	<b>Property specific debt</b>
Europe	\$ 26,969	\$ —
Australasia	30,245	—
<b>Total</b>	<b>\$ 57,214</b>	<b>\$ —</b>

i. Total acquisition costs includes transaction costs totaling \$3.4 million incurred with respect to acquiring the investment property assets.

**4. Investment Property Dispositions**

During the three months ended March 31, 2021, the REIT disposed of the following investment properties:

<b>Region</b>	<b>Gross Proceeds</b>	<b>Property specific debt settled or sold</b>
Europe <sup>(i)</sup>	\$ 23,502	\$ —
Canada	12,000	—
Other <sup>(ii)</sup>	2,287	—
	<b>\$ 37,789</b>	<b>\$ —</b>

i. In Q1 2021, the REIT disposed of four investment properties in the Netherlands in the amount of \$23.5 million to the European JV, a related party. Two of the properties are under development. The sales and purchase agreement of the two development properties consisted of two parts; the sale of the properties amounting to \$9.1 million and a fixed price development arrangement where revenue will be recognized on percentage of completion basis relative to the costs incurred, which are also fixed, and will be payable at the completion of the development, which is expected to be by Q2 2022. The REIT recognized the disposition of both properties during the quarter ended March 31, 2021 and recognized net development profit of \$0.5 million. As at March 31, 2021, the REIT has recorded in accounts receivable \$2.6 million relating to the development revenue owing from the European JV.

ii. Included in Europe dispositions is a \$2.3 million purchase price adjustment on the sale of Dutch investment property in Q4 2020.

As at March 31, 2021, the REIT classified an investment property in Canada with a fair value of \$7.1 million as asset held for sale. Liabilities associated with the investment property as at March 31, 2021 are \$2.1 million. The property was sold on April 1, 2021 at its carrying value.

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**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, 2021 and 2020

Unaudited

**5. Investment Properties**

<b>As at</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Balance, beginning of period	\$ 5,262,063	\$ 4,928,111
Acquisition of investment properties (note 3)	57,214	807,648
Disposition of investment properties (note 4)	(37,789)	(841,016)
Additions to investment properties	36,387	167,257
Increase in straight line rents	715	3,101
Reclassified as assets held for sale (note 4)	(7,120)	—
Right of use asset addition	108	1,714
Fair value gain	22,320	174,415
Foreign currency translation	(167,635)	20,833
<b>Balance, end of period</b>	<b>\$ 5,166,263</b>	<b>\$ 5,262,063</b>

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, or on valuations performed by independent third-party appraisers.

The fair values of the investment properties at March 31, 2021 and December 31, 2020 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 in determining the 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 REIT reviewed its future cash flow projections and the valuation of its properties in light of the COVID-19 pandemic during the three months ended March 31, 2021. The carrying value for the REIT's investment properties reflects its best estimate for the highest and best use as at March 31, 2021.

It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 and other consequential changes it will have on the REIT's business and operations, both in the short term and in the long term. In a long term scenario, certain aspects of the REIT's business and operations that could potentially be impacted include rental income, occupancy, tenant inducements, future demand for space, and market rents, which all impact the underlying valuation of investment properties. The REIT has provided a wider range of measurement uncertainty scenarios with respect to the impact on valuation of investment properties using a range of discount and capitalization rates below.

# 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, 2021 and 2020

Unaudited

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

	As at March 31, 2021			
	Canada	Brazil	Europe	Australasia
Discount rate - range	5.3% - 8.5%	6.5% - 7.8%	4.8% - 6.3%	5.8% - 9.3%
Discount rate - weighted average	7.3%	7.1%	5.6%	6.5%
Terminal capitalization rate - range	4.8% - 7.8%	6.3% - 7.3%	4.3% - 7.8%	5.1% - 8.0%
Terminal capitalization rate - weighted average	6.6%	6.6%	5.0%	5.8%
Overall capitalization rate - range	3.3% - 9.9%	6.3% - 7.4%	3.5% - 8.0%	4.8% - 10.7%
Overall capitalization rate - weighted average	6.4%	6.8%	5.1%	5.3%
	As at December 31, 2020			
	Canada	Brazil	Europe	Australasia
Discount rate - range	5.3% - 8.5%	6.5% - 7.8%	4.8% - 6.3%	5.8% - 9.3%
Discount rate - weighted average	7.3%	7.1%	5.6%	6.6%
Terminal capitalization rate - range	4.8% - 7.8%	6.3% - 7.3%	4.3% - 7.8%	5.1% - 8.0%
Terminal capitalization rate - weighted average	6.6%	6.6%	5.0%	5.7%
Overall capitalization rate - range	3.1% - 10.0%	6.3% - 7.4%	3.5% - 8.7%	4.8% - 10.7%
Overall capitalization rate - weighted average	6.6%	6.8%	5.1%	5.3%

The following table summarizes fair value sensitivity for the portion of the REIT's investment properties and assets held for sale 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	Fair value variance	% Change
(0.75)%	4.95 %	\$ 6,177	\$ 1,004	19.0 %
(0.50)%	5.20 %	\$ 5,808	\$ 635	12.0 %
(0.25)%	5.45 %	\$ 5,475	\$ 302	6.0 %
— %	5.70 %	\$ 5,173	—	— %
0.25 %	5.95 %	\$ 4,898	(\$ 275)	(5.0)%
0.50 %	6.20 %	\$ 4,646	(\$ 527)	(10.0)%
0.75 %	6.45 %	\$ 4,415	(\$ 758)	(15.0)%

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 every 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. During the three months ended March 31, 2021, investment properties with an aggregate estimated fair value of \$0.1 billion (for the three months ended March 31, 2020 - \$0.3 billion) were valued by independent third party appraisers.

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

(in thousands of Canadian dollars, unless otherwise stated)

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**6. 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 ownership.

As at March 31, 2021, the total equity commitment to the Australian and European joint ventures is approximately \$3.4 billion and \$3.1 billion, respectively, less funding to date, including 30% participation by the REIT.

<b>Equity Accounted Investments</b>	<b>Ownership Interest</b>	<b>Location</b>
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 partner, owning assets that are in similar in asset class and geographical region, and have similarly structured 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 carrying value of the equity accounted investments:

<b>March 31, 2021</b>		<b>Australia</b>		<b>Europe</b>		<b>Total</b>
Balance, beginning of period	\$	224,347	\$	73,646	\$	297,993
Cash contributions		—		7,143		7,143
Share of profit for the period		5,578		567		6,145
Distributions		(5,547)		—		(5,547)
REIT's share of interest and management fees		(684)		(1,434)		(2,118)
Foreign exchange		(5,515)		(4,053)		(9,568)
Balance, end of period	\$	218,179	\$	75,869	\$	294,048

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

		<b>March 31, 2021</b>				
		<b>Australia</b>	<b>Europe</b>	<b>Total</b>		
Total assets	\$	1,835,567	\$	499,897	\$	2,335,464
Total liabilities		1,049,298		261,452		1,310,750
Net assets		786,269		238,445		1,024,714
Less: Non-controlling interests		59,989		—		59,989
Net assets less non-controlling interests		726,280		238,445		964,725
Ownership Interest		30.0%		30% to 33.6%		30% to 33.6%
Equity Accounted Investments	\$	218,179	\$	75,869	\$	294,048

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

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In January and February 2021, the REIT completed the sale of four investment properties located in the Netherlands to the European JV (note 4).

Included in total assets is cash of \$12.6 million and \$7.8 million in Australia and Europe respectively (December 31, 2020 - \$19.1 million and \$6.7 million).

For the three months ended March 31,	2021			2020		
	Australia	Europe	Total	Australia	Europe	Total
Revenue	\$ 26,463	\$ 7,773	\$ 34,236	\$ 17,578	\$ —	\$ 17,578
Interest income	1,318	—	1,318	44	—	44
<b>Total revenue</b>	<b>\$ 27,781</b>	<b>\$ 7,773</b>	<b>\$ 35,554</b>	<b>\$ 17,622</b>	<b>\$ —</b>	<b>\$ 17,622</b>
<b>Expenses and fair value adjustments</b>						
Operating costs	3,845	1,344	5,189	\$ 1,645	\$ —	\$ 1,645
Mortgage and loan interest expense	3,473	1,220	4,693	4,245	—	4,245
General and administrative expenses	102	1,404	1,506	109	—	109
Other	170	—	170	112	—	112
Fair value (gain) loss	701	1,789	2,490	(13,547)	—	(13,547)
Income tax expense	—	642	642	—	—	—
<b>Net income (loss)</b>	<b>\$ 19,490</b>	<b>\$ 1,374</b>	<b>\$ 20,864</b>	<b>\$ 25,058</b>	<b>\$ —</b>	<b>\$ 25,058</b>
Non-controlling interests	897	—	897	—	—	—
<b>Net profit attributable to owners</b>	<b>18,593</b>	<b>1,374</b>	<b>19,967</b>	<b>25,058</b>	<b>—</b>	<b>25,058</b>
<b>Weighted average share of profits (loss)</b>	<b>30.0%</b>	<b>30% to 33.6%</b>	<b>30% to 33.6%</b>	<b>30 %</b>		<b>30.0%</b>
<b>REIT's share of income (loss)</b>	<b>\$ 5,578</b>	<b>\$ 567</b>	<b>\$ 6,145</b>	<b>\$ 7,518</b>	<b>\$ —</b>	<b>\$ 7,518</b>

**7. Financial Instruments**

As at	March 31, 2021	December 31, 2020
Financial assets:		
Option contracts <sup>(i)</sup>	\$ 11,393	\$ —
Foreign exchange contracts	—	541
<b>Total financial assets</b>	<b>11,393</b>	<b>541</b>
Financial liabilities:		
Option contracts <sup>(i)</sup>	6,965	—
Interest rate swaps <sup>(ii)</sup>	42,824	62,405
Foreign exchange contracts	88	—
<b>Total financial liabilities</b>	<b>\$ 49,877</b>	<b>\$ 62,405</b>

(i) On December 24, 2020, the REIT entered into a derivative agreement to invest \$15.0 million in a 13 month call and put option contracts on behalf of itself and for its Australian JV partner, in respect of their share of the investment, giving both parties an unconditional economic interest in Australian Unity Healthcare Property Trust ("AUHPT"). The derivative financial instruments were recognized during Q1 2021 upon exchange of consideration with an arms-length party. The arrangement between the REIT and its Australian JV partner has been recognized as a separate derivative under financial liabilities from the call/put option. The derivative financial asset and derivative financial liability have been recorded in accordance with IFRS 9.

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Under the above derivative agreement, the REIT has also committed to increase the call and put options to cover an additional interest in AUHPT for an incremental joint investment with its Australian JV partner of \$31.2 million, subject to certain regulatory conditions.

- (ii) The REIT has entered into interest rate swap contracts during the three months ended March 31, 2021 with respect to certain Canadian and German mortgages, and portions of the Vital Healthcare Property Trust ("Vital Trust") facility for a total of \$606.0 million (note 9). The interest rate derivatives mature over the next 1 to 10 years and have fixed interest rates ranging from 1.38% to 4.32%.

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

<b>For the three months ended March 31,</b>	<b>2021</b>	<b>2020</b>
Fair value adjustment - interest rate swaps	\$ 16,856	\$ (14,189)
Receipts/(payments) under transaction hedging foreign exchange contracts	(11)	182
Fair value adjustment - foreign exchange contracts	—	187
Fair value adjustment - option contracts	(1,356)	—
	<b>\$ 15,489</b>	<b>\$ (13,820)</b>

**8. Other Assets**

<b>As at</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Loans and mortgages receivable carried at amortized cost (i)	\$ 10,656	\$ 10,925
Acquisition and financing costs (ii)	9,639	7,767
Finance lease receivable (iii)	6,931	7,060
Prepaid expenses and deposits	7,566	5,892
Right-of-use lease assets (iv)	4,455	3,723
Commodity taxes recoverable	4,097	3,828
Furniture and office equipment	2,532	2,661
Other	5	6
	<b>\$ 45,881</b>	<b>\$ 41,862</b>

- i. Loans and mortgages receivable carried at amortized cost relates to an interest-bearing loan secured by an Australian investment property maturing in April 2023.
- ii. Acquisition and financing costs relate to potential acquisitions and debt refinancing which are currently undergoing due diligence and/or negotiation.
- iii. 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 67 years.
- iv. Right-of-use lease assets are net of accumulated amortization of \$2.2 million (December 31, 2020 - \$2.0 million).

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**9. Mortgages and Loans Payable**

<b>As at</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Mortgage payable, net of financing costs	\$ 935,085	\$ 952,882
Term debt, net of financing costs	1,090,358	1,083,664
Credit facilities, net of financing costs	172,608	446,480
Lease liabilities	13,208	12,387
<b>Total Mortgages and loans payable</b>	<b>\$ 2,211,259</b>	<b>\$ 2,495,413</b>
Less: Current portion	435,415	744,434
<b>Non-current debt</b>	<b>\$ 1,775,844</b>	<b>\$ 1,750,979</b>

**Mortgages**

All mortgages are secured by first or second charges on specific investment properties in Canada and Europe, with a carrying value of \$1.8 billion as at March 31, 2021 (December 31, 2020 - \$1.8 billion).

**Term debt**

As at March 31, 2021, the term debt balance includes Brazilian debt secured by related investment property of \$157.8 million (December 31, 2020 - \$244.8 million); Australian term debt of \$98.9 million (December 31, 2020 - \$101.4 million), \$22.7 million (December 31, 2020 - \$23.3 million) of which is secured by related investment property of \$40.8 million (December 31, 2020 - \$41.7 million); New Zealand term debts of \$709.1 million (December 31, 2020 - \$675.4 million) secured by Vital Trust's security trust deed and by a first mortgage ranking over the respective investment properties held by Vital Trust; and Australasian secured term financing of \$132.0 million (December 31, 2020 - \$137.9 million) secured by 114,462,050 units (December 31, 2020 - 111,923,175 units) of Vital Trust held by the REIT.

In March 2021, Vital Trust amended and refinanced its syndicated revolving multi-currency term facility. Facility limits of \$372.6 million, of which \$282.0 is drawn as at March 31, 2021, have been secured from new banks, over terms of 4 to 5 years, resulting in a weighted average facility term to maturity increasing from 1.3 to 2.9 years. Vital Trust had previously designated the loans outstanding denominated in Australian dollars as a partial foreign exchange hedge of its net investment in an Australian subsidiary. As a result of the refinancing, Vital Trust ceased the hedging relationship and recognized a realized foreign exchange gain of \$42.4 million in the statement of other comprehensive income (loss), representing the effective hedging relationship that had been previously recorded as fair value gain (loss) on the loan balance that was designated as a net investment hedge in prior periods.

**Credit facilities**

As at March 31, 2021, the balance outstanding includes \$145.1 million of revolving credit facilities with weighted average interest rate of 1.96% (December 31, 2020 - \$369.5 million) and \$29.0 million of non-revolving credit facilities with weighted average interest rate of 7.00% (December 31, 2020 - \$79.0 million). The revolving credit facility is secured by first and second charges on certain Canadian investment properties with an estimated fair value of \$488.0 million, as well as the terms of a general security agreement.

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**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, 2021 was 67 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:

<b>As at</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Minimum lease payments payable:		
Not later than one year	\$ 1,779	\$ 1,626
Later than one year and not later than five years	5,881	5,395
Later than five years	31,522	31,842
	<b>39,182</b>	<b>38,863</b>
Future finance charges	(25,974)	(26,476)
<b>Present value of minimum lease payments</b>	<b>\$ 13,208</b>	<b>\$ 12,387</b>
Present value of minimum lease payments:		
Not later than one year	1,744	1,581
Later than one year and not later than five years	5,231	4,716
Later than five years	6,233	6,090
	<b>\$ 13,208</b>	<b>\$ 12,387</b>

As at March 31, 2021, the scheduled principal repayments and debt maturities are as follows:

	Mortgage Debt	Term Debt	Credit Facilities	Finance Lease	Total
2021 (remainder)	\$ 314,390	\$ 11,726	\$ —	\$ 1,528	\$ 327,644
2022	136,854	301,294	174,145	1,678	613,971
2023	86,910	387,838	—	1,581	476,329
2024	130,142	16,620	—	1,160	147,922
2025	131,077	77,298	—	713	209,088
2026 & thereafter	140,162	303,065	—	6,548	449,775
	<b>\$ 939,535</b>	<b>\$ 1,097,841</b>	<b>\$ 174,145</b>	<b>\$ 13,208</b>	<b>\$ 2,224,729</b>
Financing costs	(5,487)	(7,483)	(1,537)	—	(14,507)
Mark-to-market adjustment	1,037	—	—	—	1,037
<b>Total</b>	<b>\$ 935,085</b>	<b>\$ 1,090,358</b>	<b>\$ 172,608</b>	<b>\$ 13,208</b>	<b>\$ 2,211,259</b>

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

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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, 2021 are as follows:

	<b>Maturity</b>	<b>Weighted Average Interest Rate</b>	<b>Carrying Value</b>	<b>Available to be Drawn</b>
<b>Fixed rate</b>				
Mortgage debt	April 2021 - June 2030	3.00 %	\$ 939,535	\$ —
Term debt	July 2022 - June 2031	4.71 %	579,307	153,485
Total fixed rate debt			\$ 1,518,842	\$ 153,485
<b>Variable Rate</b>				
Term debt	July 2022 - October 2023	1.47 %	518,534	132,264
Credit facilities	January 2022 - October 2023	2.80 %	174,145	195,355
Total variable rate debt			\$ 692,679	\$ 327,619
Total debt excluding the following:			\$ 2,211,521	\$ 481,104
Finance lease			13,208	—
Financing costs			(14,507)	—
Mark-to-market adjustment			1,037	—
<b>Total debt</b>			<b>\$ 2,211,259</b>	<b>\$ 481,104</b>

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

	<b>Mortgage Debt</b>	<b>Term Debt</b>	<b>Credit Facilities</b>	<b>Total</b>
Opening balance, January 1, 2021	\$952,882	\$1,083,664	\$446,480	<b>\$2,483,026</b>
Repayments	(56,774)	(3,896)	(300,716)	<b>(361,386)</b>
Advances	53,535	53,506	31,900	<b>138,941</b>
Reclassified as held for sale	(2,138)	—	—	<b>(2,138)</b>
Additional financing fees incurred	(421)	(2,519)	(206)	<b>(3,146)</b>
Amortization of finance fees	2,323	1,184	550	<b>4,057</b>
Amortization of mark-to-market	(97)	—	—	<b>(97)</b>
Inflation adjustment	—	4,082	—	<b>4,082</b>
Foreign exchange adjustment	(14,225)	(45,663)	(5,400)	<b>(65,288)</b>
Ending balance, March 31, 2021	\$935,085	\$1,090,358	\$172,608	<b>\$2,198,051</b>

The REIT has entered into interest rate swap contracts to limit its exposure to fluctuations in the interest rates on its \$606.0 million variable rate mortgage debt as at March 31, 2021 (December 31, 2020 - \$617.8 million). The interest rate swaps terminate between 2022 and 2026, refer to note 7.

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**10. Convertible Debentures**

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

<b>As at</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Balance, beginning of year	\$ 292,821	\$ 391,201
Conversion to REIT units (note 13)	—	(51,483)
Convertible debentures redeemed	—	(44,567)
Change in fair value of convertible debentures	(2,650)	(2,330)
Balance, end of year	\$ 290,171	\$ 292,821

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

<b>As at</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
NWH.DB.E	76,347	76,601
NWH.DB.F	81,949	83,720
NWH.DB.G	131,875	132,500
Fair Value	\$ 290,171	\$ 292,821
Current	158,296	160,321
Non-Current	131,875	132,500
	\$ 290,171	\$ 292,821

<b>Debentures Series</b>	<b>Conversion price per Unit (\$)</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>Interest payment</b>	<b>Interest payment dates</b>
NWH.DB.E	\$12.75	July 31, 2021	5.25%	Semi-annual	January 31 and July 31
NWH.DB.F	\$12.80	December 31, 2021	5.25%	Semi-annual	June 30 and December 31
NWH.DB.G	\$13.35	December 31, 2023	5.50%	Semi-annual	June 30 and December 31

**11. 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 NorthWest Healthcare Properties Management Limited (the "Global Manager") and are related to deferred units of Vital Trust, a consolidated subsidiary.

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(a) Liability:

<b>As at</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Balance, beginning of year	\$ 24,277	\$ 19,656
Unit based compensation expense	1,658	7,374
Exercised and paid in cash	(1,372)	(2,215)
Exercised and settled in Trust Units	(41)	(2,275)
Fair value adjustment	599	1,673
Foreign exchange	(34)	64
Balance, end of year	\$ 25,087	\$ 24,277

The balance of the DUP liability at March 31, 2021 consists of \$23.9 million related to the REIT's DUP and \$1.2 million related to Vital Trust's DUP (December 31, 2020 - \$22.8 million related to the REIT's DUP and \$1.5 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. At March 31, 2021, 1,386,019 unvested deferred units are expected to vest between 2021 and 2025. 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:

<b>As at March 31, 2021</b>	<b>REIT</b>	<b>Vital Trust</b>
Balance, beginning January 1, 2021	2,259,611	585,878
Granted	15,344	—
Exercised and paid in cash	(89,384)	(73,276)
Exercised and paid in REIT units	(3,270)	—
Distribution entitlement	35,523	3,746
Balance, as at March 31, 2021	2,217,824	516,348
Units vested but not exercised	1,295,526	52,632

For the three months ended March 31, 2021, the REIT granted 15,344 DUP units with a grant-date fair value of \$0.2 million (for the three months ended March 31, 2020 - 18,954 DUP units with a fair value of \$0.2 million).

**12. Class B Exchangeable Units**

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

Distributions declared on the Class B exchangeable units of NorthWest International Healthcare Properties LP ("NWI LP") totaled \$0.3 million for the three months ended March 31, 2021 (for the three months ended March 31, 2020 - \$2.5 million) and have been accounted for as finance costs in profit or loss.

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The following table shows the continuity of the Class B exchangeable units:

	Units	Amount
<b>Balance, December 31, 2020</b>	1,710,000	\$ 21,546
Fair value adjustment	—	564
<b>Balance, March 31, 2021</b>	<b>1,710,000</b>	<b>\$ 22,110</b>

**13. 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.

The following table shows the changes in REIT units:

	REIT units	Amount
<b>Balance, December 31, 2019</b>	<b>153,626,666</b>	<b>\$ 1,510,245</b>
Units issued through distribution reinvestment plan (i)	646,360	7,122
Units issued on conversion of convertible debentures (note 10)	4,244,780	51,483
Units issued under deferred unit plan (note 11)	212,936	2,275
Units issued pursuant to Class B conversion (note 12)	15,998,065	106,387
Units issued pursuant to private placement	2,049,180	25,000
Units cancelled pursuant to NCIB (ii)	(800,207)	(7,196)
Units issuance cost	—	(506)
<b>Balance, December 31, 2020</b>	<b>175,977,780</b>	<b>\$ 1,694,810</b>
Units issued through distribution reinvestment plan (i)	443,537	5,528
Units issued under deferred unit plan (note 11)	3,270	41
Units issued pursuant to equity offering (iii)	17,020,000	215,303
Units issuance costs	—	(9,812)
<b>Balance, March 31, 2021</b>	<b>193,444,587</b>	<b>\$ 1,905,870</b>

- (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%. On March 24, 2020, in response to market volatility caused by the COVID-19 pandemic the Board approved the elimination of the 3% bonus distribution under the DRIP, commencing with the April 2020 distribution. On November 12, 2020, the REIT announced the reinstatement of the DRIP, which had previously been

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suspended on March 24, 2020. For the three months ended March 31, 2021 the REIT's DRIP participation rate was 14.5% (three months ended March 31, 2020 - 13.5%).

- (ii) On March 24, 2020 the TSX approved the REIT's application to proceed with a normal course issuer bid ("NCIB") for a portion of its Trust Units from time to time. Trust Units representing up to 10% of the REIT's public float may be purchased for cancellation under the NCIB, subject to certain maximum daily amounts, over the next 12 months. During the three months ended March 31, 2021, the REIT did not purchase any units under the NCIB.
- (iii) On February 22, 2021, the REIT completed a public offering of 17,020,000 units at a price of \$12.65 per unit for gross proceeds of \$215.3 million, which included partial exercise of the over-allotment option granted to the underwriters, whereby an additional 1,200,000 units were issued at a price of \$12.65 per unit.

**14. Non-Controlling Interests**

The following tables present summarized accounts for Vital Trust and two investment properties Divine, and Fritz-Lang-Platz 6, held by Australia REIT and NWI Gesundheitsimmobilien GmbH & Co. KG, respectively, where a non-controlling or partial interest is owned by a third party. On June 30, 2020, the REIT sold a 70% interest in its Australia REIT subsidiary, and as a result the non-controlling interests balance related to Divine is no longer consolidated by the REIT.

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

As at March 31, 2021	Vital Trust		Fritz-Lang-Platz 6		Total
REIT's ownership interest	25.9 %		94.9 %		
Total assets	\$	2,084,084	\$	26,163	\$ 2,110,247
Total liabilities		880,864		9,224	890,088
Net assets	\$	1,203,220	\$	16,939	\$ 1,220,159
Attributable to:					
Unitholders of the REIT		316,417		16,423	332,840
Non-controlling interests		886,803		516	887,319
	\$	1,203,220	\$	16,939	\$ 1,220,159

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

# NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

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	For the three months ended March 31, 2021				For the three months ended March 31, 2020			
	Vital Trust	Divine	Fritz-Lang-Platz 6	Total	Vital Trust	Divine	Fritz-Lang-Platz 6	Total
<b>Revenue from investment properties</b>	\$ 28,573	\$ —	\$ 436	\$ 29,009	\$ 23,968	\$ 1,843	\$ 380	\$ 26,191
Net income (loss) attributable to:								
Unitholders of the REIT	6,997	—	185	7,182	230	845	159	1,234
Non-controlling interests	20,622	—	10	20,632	693	642	8	1,343
<b>Net income (loss)</b>	<b>\$ 27,619</b>	<b>\$ —</b>	<b>\$ 195</b>	<b>\$ 27,814</b>	<b>\$ 923</b>	<b>\$ 1,487</b>	<b>\$ 167</b>	<b>\$ 2,577</b>
<b>Total comprehensive income (loss) attributable to:</b>								
Unitholders of the REIT	(1,999)	—	(293)	(2,292)	(9,511)	(2,420)	157	(11,774)
Non-controlling interests	(5,574)	—	(20)	(5,594)	(28,695)	(1,833)	42	(30,486)
<b>Total comprehensive income (loss)</b>	<b>\$ (7,573)</b>	<b>\$ —</b>	<b>\$ (313)</b>	<b>\$ (7,886)</b>	<b>\$(38,206)</b>	<b>\$ (4,253)</b>	<b>\$ 199</b>	<b>\$(42,260)</b>
<b>Distributions attributable to non-controlling interests</b>	<b>\$ 7,761</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 7,761</b>	<b>\$ 6,415</b>	<b>\$ 716</b>	<b>\$ —</b>	<b>\$ 7,131</b>

	For the three months ended March 31, 2021				For the three months ended March 31, 2020			
	Vital Trust	Divine	Fritz-Lang-Platz 6	Total	Vital Trust	Divine	Fritz-Lang-Platz 6	Total
<b>Cash flows from (used in):</b>								
Operating	\$ 8,931	\$ —	\$ 205	\$ 9,136	\$ 7,505	\$ 1,733	\$ 225	\$ 9,463
Investing	(59,694)	—	—	(59,694)	(26,312)	—	—	(26,312)
Financing	48,994	—	(206)	48,788	19,540	(1,647)	(257)	17,636
Effect of foreign currency translation	3,049	—	(1)	3,048	590	12	(2)	600
<b>Net change in cash</b>	<b>\$ 1,280</b>	<b>\$ —</b>	<b>\$ (2)</b>	<b>\$ 1,278</b>	<b>\$ 1,323</b>	<b>\$ 98</b>	<b>\$ (34)</b>	<b>\$ 1,387</b>
<b>Cash ending balance</b>	<b>\$ 7,055</b>	<b>\$ —</b>	<b>\$ 19</b>	<b>\$ 7,074</b>	<b>\$ 5,902</b>	<b>\$ 1,533</b>	<b>\$ (37)</b>	<b>\$ 7,398</b>

The REIT is subject to restrictions over the extent to which it can access funds 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 25.9% and 94.9%, respectively.

### 15. Rental Revenue

The components of rental revenue are as follows:

	For the three months ended March 31,	
	2021	2020
Rental income	\$ 71,024	\$ 72,680
Operating cost recoveries	14,386	15,000
Tax and insurance recoveries	5,638	5,772
Other revenue	1,551	2,142
<b>Rental revenue</b>	<b>\$ 92,599</b>	<b>\$ 95,594</b>

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**16. Supplemental Cash Flow Information**

(i) Cash, cash equivalents and restricted cash

<b>As at</b>	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
Cash and cash equivalents	\$	<b>52,479</b>	\$	144,106
Restricted cash		<b>37</b>		41
Total cash, cash equivalents and restricted cash	\$	<b>52,516</b>	\$	144,147

Restricted cash represents cash held in the REIT's designated bank accounts pledged as collateral for the Brazil term debt (note 9).

(ii) Changes in Non-Cash Working Capital Balances

<b>For the three months ended March 31,</b>	<b>2021</b>		<b>2020</b>	
Accounts receivable	\$	<b>(6,465)</b>	\$	5,633
Other assets		<b>(2,280)</b>		8,332
Accounts payable and accrued liabilities		<b>7,549</b>		4,397
Changes in non-cash working capital balances	\$	<b>(1,196)</b>	\$	18,362

(iii) Non-Cash Financing and Investing Activities

<b>For the three months ended March 31,</b>	<b>2021</b>		<b>2020</b>	
Non cash distributions to Unitholders under the DRIP (note 13)	\$	<b>5,528</b>	\$	4,296
Units issued under deferred unit plan (note 11)		<b>41</b>		445
Non-cash conversion of convertible debentures		<b>—</b>		51,483
Non-cash conversion of Class B exchangeable units (note 12)		<b>—</b>		106,387

(iv) Finance costs

<b>For the three months ended March 31,</b>	<b>2021</b>		<b>2020</b>	
Distributions on Exchangeable Units	\$	<b>342</b>	\$	2,475
Accretion of financial liabilities		<b>4,082</b>		2,702
Amortization of deferred financing costs		<b>4,057</b>		1,246
Amortization of marked to market adjustment		<b>(97)</b>		(291)
Fair value adjustment of Convertible Debentures		<b>(2,650)</b>		(26,210)
Fair value adjustment of Class B exchangeable units		<b>564</b>		(88,351)
Total finance costs	\$	<b>6,298</b>	\$	(108,429)

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**17. Related Party Transactions**

- (a) As at March 31, 2021, Northwest Value Partners Inc. and affiliates ("NWVP") indirectly owned approximately 14.0% (approximately 12.5% on a fully diluted basis assuming conversion of the REIT's convertible debentures and redemption of its deferred units) of the REIT through a combination of Trust Units of the REIT and Class B exchangeable units of NWI LP. Paul Dalla Lana, Chairman of the Board of Trustees and Chief Executive Officer ("CEO") of the REIT, is the sole shareholder, sole director and President of NWVP.
- (b) As at March 31, 2021, the REIT had a net liability owing to NWVP of \$0.1 million (December 31, 2020 - \$0.7 million) that is included in accounts payable and accrued liabilities.

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

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

**18. 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. The REIT's trust and general and administrative expenses are managed centrally in Canada and are not allocable to operating segments, however certain operating segments incur general and administrative expenses specific to their segment.

During the three months ended March 31, 2021, two tenants in Brazil accounted for 11% (for the three months ended March 31, 2020 - 13%), and one tenant in Australasia accounted for 12% (for the three months ended March 31, 2020 - 14%) of the total revenue from investment properties.

<b>As at March 31, 2021</b>	<b>Europe</b>	<b>Brazil</b>	<b>Australasia</b>	<b>Canada</b>	<b>Total</b>
Investment properties	\$1,144,184	\$ 593,539	\$2,238,546	\$1,189,994	\$5,166,263
Mortgages and loans payable	\$ 448,628	\$ 154,171	\$ 810,808	\$ 797,652	\$2,211,259
<b>As at December 31, 2020</b>	<b>Europe</b>	<b>Brazil</b>	<b>Australasia</b>	<b>Canada</b>	<b>Total</b>
Investment properties	\$1,172,476	\$ 648,226	\$2,236,504	\$1,204,857	\$5,262,063
Mortgages and loans payable	\$ 468,208	\$ 170,415	\$ 781,116	\$1,075,674	\$2,495,413

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For the three months ended March 31, 2021	Europe	Brazil	Australasia	Canada	Total
<b>Operating Income</b>					
Revenue from investment properties	\$ 18,429	\$ 10,272	\$ 31,720	\$ 32,178	\$ 92,599
Property operating costs	2,643	—	3,519	15,873	22,035
<b>Net property operating income</b>	<b>15,786</b>	<b>10,272</b>	<b>28,201</b>	<b>16,305</b>	<b>70,564</b>
Other income					
Interest and other	—	30	259	65	354
Development revenue	1,853	—	—	—	1,853
Management fee	884	—	2,672	—	3,556
Share of income (loss) of associate	567	—	5,578	—	6,145
	<b>3,304</b>	<b>30</b>	<b>8,509</b>	<b>65</b>	<b>11,908</b>
Mortgage and loan interest expense	2,948	1,805	6,198	12,160	23,111
General and administrative expenses	1,878	321	3,589	4,369	10,157
Transaction costs	443	—	348	1,002	1,793
Development costs	1,305	—	—	—	1,305
Foreign exchange (gain) loss	55	3	1,166	(13,684)	(12,460)
	<b>6,629</b>	<b>2,129</b>	<b>11,301</b>	<b>3,847</b>	<b>23,906</b>
<b>Operating income (loss)</b>	<b>\$ 12,461</b>	<b>\$ 8,173</b>	<b>\$ 25,409</b>	<b>\$ 12,523</b>	<b>\$ 58,566</b>
For the three months ended March 31, 2020	Europe	Brazil	Australasia	Canada	Total
<b>Operating Income</b>					
Revenue from investment properties	\$ 16,431	\$ 12,863	\$ 33,732	\$ 32,568	\$ 95,594
Property operating costs	3,195	—	4,209	15,544	22,948
<b>Net property operating income</b>	<b>13,236</b>	<b>12,863</b>	<b>29,523</b>	<b>17,024</b>	<b>72,646</b>
Other income					
Interest and other	22	61	446	91	620
Management fee	—	—	1,423	—	1,423
Share of income (loss) of associate	—	—	7,518	—	7,518
	<b>22</b>	<b>61</b>	<b>9,387</b>	<b>91</b>	<b>9,561</b>
Mortgage and loan interest expense	2,333	2,529	8,494	11,496	24,852
General and administrative expenses	1,141	352	2,968	2,558	7,019
Transaction costs	—	213	6,670	9,530	16,413
Foreign exchange (gain) loss	(33)	7	(780)	8,271	7,465
	<b>3,441</b>	<b>3,101</b>	<b>17,352</b>	<b>31,855</b>	<b>55,749</b>
<b>Operating income (loss)</b>	<b>\$ 9,817</b>	<b>\$ 9,823</b>	<b>\$ 21,558</b>	<b>\$ (14,740)</b>	<b>\$ 26,458</b>

**19. Commitments and Contingent Liabilities**

- a. The REIT obtains letters of credit to support its obligations with respect to construction work on its investment properties and satisfying mortgage financing requirements. As at March 31, 2021, the REIT has a total of \$6.1 million in outstanding 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 believe 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 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

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# NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

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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 vend-in of European investment properties to the European JV, the REIT has indemnified its joint venture partner for potential tax liabilities related to the 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 acquisitions and construction agreements on development properties and is committed to associated costs of \$250.6 million as at March 31, 2021 (December 31, 2020 - \$271.0 million), of which \$12.6 million relates to the committed development expenditures for properties contributed and sold to the European JV (note 4).
- 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.

## 20. 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).

The REIT determined the fair value of each investment property 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 5 outlines the key assumptions used by the REIT in determining fair value of its investment properties.

Derivatives 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 are valued using an internal model without observable market information as inputs (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.

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The fair value of the REIT's mortgages and loans payable and deferred consideration 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, 2021 is as follows:

	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Assets measured at fair value:				
Investment properties	\$ 5,166,263	\$ —	\$ —	\$ 5,166,263
Financial instruments	11,393	—	—	11,393
Assets held for sale	7,120	—	—	7,120
Assets recorded at amortized cost:				
Loans receivable	10,656	—	—	10,656
Liabilities measured at fair value:				
Financial instruments	49,877	—	42,912	6,965
Convertible debentures	290,171	290,171	—	—
Class B LP exchangeable units	22,110	22,110	—	—
Deferred unit plan liabilities	25,087	25,087	—	—
Financial liabilities recorded at amortized cost:				
Mortgage and loans payable	2,211,259	—	2,219,571	—
Liabilities related to assets held for sale	2,138	—	2,138	—

**21. 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.

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.

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At March 31, 2021, the REIT is in compliance with its debt to gross book value ratio of the Declaration of Trust at 39.2% (December 31, 2020 - 42.9%).

As at	March 31, 2021	December 31, 2020
<b>Debt</b>		
Gross value of debt excluding convertible debentures <sup>(1)</sup>	\$ 2,224,729	\$ 2,510,310
Gross value of total debt <sup>(2)</sup>	2,514,900	2,803,131
<b>Gross Book Value of Assets</b>		
Total assets	\$ 5,681,585	\$ 5,845,238
<b>Debt-to-Gross Book Value (Declaration of Trust)</b>	<b>39.2 %</b>	42.9 %
<b>Debt-to-Gross Book Value (including convertible debentures)</b>	<b>44.3 %</b>	48.0 %

(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, 2021, the REIT is in compliance with all such financial covenants.

## 22. 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, 2020.

## 23. Subsequent Events

- i. On April 1, 2021, the REIT completed the disposition of investment property located in Canada with value of \$7.1 million and associated liabilities of \$2.1 million that were classified as asset held for sale and liabilities related to assets held for sale, respectively as at March 31, 2021.
- ii. In connection with a public offering of units on February 22, 2021, the REIT closed a private placement of 395,257 Trust Units to NWVP on April 9, 2021, for gross proceeds of approximately \$5.0 million.
- iii. In April 2021, the REIT completed refinancing of mortgages related to four Canadian properties that were maturing in 2021. The new mortgages are in aggregate approximately \$56.0 million, bear interest rate ranging from 2.16% to 3.32% and have a term to maturity between 3 to 5 years. Proceeds were partially used to repay existing mortgages on the four properties of approximately \$46.9 million, bearing interest rate ranging from 1.88% to 3.56%.
- iv. On April 14, 2021, the REIT acquired a life science building located in Canada for approximately \$15.0 million. The acquisition was partially funded by new property specific mortgage of \$10.0 million, bearing interest of 3.53% with term to maturity of 25 years.
- v. On May 10, 2021, \$60.9 million of the \$74.7 million principal amount 5.25% NWH.DB.E convertible debenture series were converted by the debenture holders into 4,818,001 Trust Units. The REIT fully repaid the remaining \$13.8 million principal balance outstanding in cash.
- vi. On April 15, 2021, the REIT announced a distribution of \$0.06667 per REIT unit to unitholders of record on April 30, 2021, and paid on May 14, 2021.

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