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## **NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST RELEASES STRONG SECOND QUARTER 2019 RESULTS**

TORONTO, August 8, 2019 /CNW/ - NorthWest Healthcare Properties Real Estate Investment Trust (the "REIT") (TSX: NWH.UN), Canada's leading global diversified healthcare real estate investment trust, today announced its results for the three months ended June 30, 2019.

Commenting on the activity, Paul Dalla Lana, CEO of the REIT, said:

"Q2 was another active quarter with the REIT making progress on several key strategic initiatives. In Australia, the completion of the Healthscope acquisition together with our JV partner marked the end of an intense year-long process and we are proud of the result we achieved. It also served as a catalyst for a further \$1.6 billion upside of our Australian JV which provides significant additional capacity to expand our leading position in this important market. Outside of Australia, the business continues to build momentum. In Europe, the team has cultivated a number of key new relationships in both the medical office and hospital segments which are consistently being converted into accretive acquisitions, including \$63M closed in Q2 and subsequent to quarter end, while in Canada, the REIT has been successful in partnering with Lakeridge Health, Durham Ontario's regional acute healthcare provider to develop a new ambulatory care centre together.

Equally as important, the REIT continues to build scale in the Canadian capital markets and post quarter-end successfully executed its largest equity offering to date. Proceeds from the financing have been deployed to repay existing debt, reducing leverage by over 250 basis points on accretive basis to earnings. .

As we look forward, the REIT continues to benefit by supportive healthcare trends which are leading to exciting high quality real estate and partnership opportunities across the business. With strong relationships, established local operating platforms and strong access to public and increasingly attractively priced private capital, the REIT is well positioned to execute on these opportunities at scale."

### **2019 Second Quarter Financial and Operational Highlights:**

For the three months ended June 30, 2019, the REIT delivered another quarter of strong financial and operating results with key highlights as follows:

- IFRS revenue increased 7.0% in Q2 2019 to \$91.4 million from \$85.2 million in Q2 2018 primarily driven by net acquisition activity;
- For Q2 2019, net income/(loss) increased to \$83.7 million from \$39.1 million in Q2 2018 in part due to current quarter fair value gains on investment properties;

- AFFO per unit for the second quarter 2019 of \$0.22 and \$0.88 on an annualized basis (\$0.92 per unit on a normalized basis);
- Pro forma leverage post the July equity raise of approximately 51%. Leverage at 45.5% (53.7% including convertible debentures) at the end of Q2 2019. The REIT continues to target a sub-50% leverage ratio (including converts) ;
- Net asset value per unit of \$11.76, representing a 2.3% increase from Q2 2018 primarily driven by fair value gains in the REIT's property portfolio but partially offset by foreign currency movement;
- Source currency and Canadian dollar cash recurring SPNOI growth of 1.8% and (0.7)%, respectively, in Q2 2019 as compared to Q2 2018;
- Strong portfolio occupancy of 97.2% rising 50 bps from Q4 2018 with the international portfolio holding stable above 98% occupancy, underpinned by a 14 year WALT.

During the second quarter and subsequent to quarter end, the REIT has continued to execute on committed, low-risk development and expansion projects, completing accretive debt and equity financings and pursuing select accretive acquisitions. Significant achievements included:

- **Advancing strategic priorities:** During the quarter, the REIT completed its \$1.2 billion acquisition of 11 high quality Australian hospitals (the "Healthscope Portfolio") from Healthscope together with its existing joint venture ("JV") partner. The REIT's JV partner acquired a 70% economic interest in the portfolio with NorthWest retaining a 30% economic interest and providing management.
- With the acquisition of the Healthscope Portfolio now complete and together with the initial seed portfolio, anticipated brownfield developments, and near-term acquisition pipeline opportunities the initial capacity of the Australian Healthcare joint venture (the "Australian JV") has been fully deployed. As a result, on July 23, 2019 the REIT reached an agreement to increase the size of the JV by \$1.6 billion (A\$1.7 billion) of debt and equity bringing the total Australian JV commitment to \$3.4 billion (A\$3.7 billion).
- **Acquisitions:** To date, the REIT has closed or committed to \$1.4Bn of accretive acquisitions at a weighted average cap rate of 5.1% and funded at a blended LTV of 65% at a weighted average interest rate of 2.7%. In addition to the Healthscope Portfolio acquisition activity includes:
  - In Europe, during the quarter the REIT acquired a rehabilitation hospital and an MOB for a combined purchase price of \$63 million in the quarter and subsequent to quarter-end. The REIT has agreed to acquire a second rehabilitation clinic for and two MOB's in the Netherlands for \$54.4M which are expected to close in Q3. The committed acquisitions will be funded from a combination of low-cost mortgages at a weighted average interest rate of approximately 2.0% and the REIT's internal resources.
  - In Canada, the REIT has agreed to acquire a small medical office property contiguous with an existing property owned by the REIT, [Queensway Professional Centre], in the Greater Toronto Area for \$5.5 million. The property is well located near a major public hospital and there is potential through asset management initiatives optimize operations and drive NOI growth at the larger property. The acquisition will be funded with a new mortgage and proceeds from recent Canadian mortgage refinancing activity.
- **Developments:** During the quarter, the REIT progressed its earnings and NAV accretive development projects. On a fully consolidated basis the REIT has approximately \$251M of projects under construction and a further approximately \$162 million of committed projects, expecting to generate incremental stabilized NOI of \$26 million between Q4 2019 and Q2 2023. This drives an incremental \$54M of value creation, on a fully consolidated basis.

- **Post quarter end financing activity:**

- On July 3, 2019, the REIT entered into a new 3 year New Zealand Dollar denominated bank loan facility of \$109.5 million (NZ\$125.0 million), secured by 108.8 million units of Vital Trust owned by the REIT at a current interest rate of 4.3%. Proceeds from the new loan facility were used to repay the existing Australasian secured facility in the amount of \$96.1 million (NZ \$109.7million) bearing interest at 5.84%, generating \$1.4 million of annualized interest savings on a leverage neutral basis while also extending the REIT's weighted average term to maturity on its corporate facilities.
- On July 22, 2019 the REIT closed a new 12 year, Brazilian Real denominated \$190 million (BRL\$548 million) financing at a 3.88% interest rate, subject to annual inflation adjustments. The financing is secured by a portfolio of three Brazilian hospitals including Hospital Sao Luiz Morumbi, Santa Luzia Hospital and Coracao Hospital. Proceeds will be used in part to repay existing Brazilian financing totaling \$112.3 million (BRL\$330.3 million) and with a weighted average interest rate of 7.8% and subject to inflation indexation.
- On July 31, 2019 the REIT closed a \$172.6M equity offering (including full exercise of the over-allotment option), which was used to repay higher cost debt including the REIT's \$38.8 million, 7.25% Series C convertible debenture maturing October, 2019 and to fund the equity component of European acquisitions. As a result of the offering the REIT expects leverage to decline by 260 bps.

Looking ahead and building on strong and consistent quarterly operational results, the REIT is focused on further deleveraging consistent with its sub-50% LTV target as well as continuing to execute on its accretive acquisition and development pipeline. Over the balance of 2019, the REIT will continue to advance ongoing discussions with institutional capital partners in each of its international markets as a means to leverage its platform in the continuing consolidation of healthcare real estate globally.

**Selected Financial Information:**

<i>(unaudited)</i> <i>(\$000's. except unit and per unit amounts)</i>	<i>Three months ended</i> <i>June 30, 2019</i>	<i>Three months ended</i> <i>March 31, 2019</i>
Number of properties	169	158
Gross leasable area (sf)	13,758,818	11,922,414
Occupancy <sup>(1)</sup>	97.2%	96.8%
Weighted Average Lease Expiry (Years)	14.0	13.0
Net Operating Income	\$70,457	\$69,092
Net Income (Loss) attributable to unitholders	\$49,613	(\$57,988)
Funds from Operations ("FFO")	\$31,147	\$26,756
Adjusted Funds from Operations ("AFFO")	\$30,360	\$25,045
Debt to Gross Book Value - Declaration of Trust	45.5%	46.3%
Debt to Gross Book Value - Including Convertible Debentures	53.7%	54.5%

The REIT invites you to participate in its conference call with senior management to discuss our first quarter 2019 results on Friday, August 9, 2019 at 10:00 AM (Eastern).

The conference call can be accessed by dialing 416-764-8609 or 1 (888) 390-0605. The conference ID is 51272224.

Audio replay will be available until August 9, 2019 through August 16, 2019 by dialing 416-764-8677 or 1 (888) 390-0541. The reservation number is 272224#.

In conjunction with the release of the REIT's second quarter 2019 financial results, the REIT will post a current investor update presentation to its website where additional information on the REIT's investments and operating performance may be found. Please visit the REIT's website at [www.nwhreit.com/Investors/Presentations](http://www.nwhreit.com/Investors/Presentations)

### **Vital Healthcare Property Trust**

On August 8, 2019, Vital Trust also announced its financial results for the three months ended June 30, 2019. Details on Vital Trust's financial results are available on Vital Trust's website at [www.vitalhealthcareproperty.co.nz](http://www.vitalhealthcareproperty.co.nz)

### **About NorthWest Healthcare Properties Real Estate Investment Trust**

NorthWest Healthcare Properties Real Estate Investment Trust (TSX: NWH.UN) (NorthWest) is an unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. As at June 30, 2019 the REIT provides investors with access to a portfolio of high quality international healthcare real estate infrastructure comprised of interests in a diversified portfolio of 169 income-producing properties and 13.8 million square feet of gross leasable area located throughout major markets in Canada, Brazil, Europe, Australia and New Zealand. The REIT's portfolio of medical office buildings, clinics, and hospitals is characterized by long term indexed leases and stable occupancies. With a fully integrated and aligned senior management team, the REIT leverages over 200 professionals in nine offices in five countries to serve as a long term real estate partner to leading healthcare operators.

For further information, please contact Paul Dalla Lana, CEO at (416) 366-8300 x 1001.

### **Non-IFRS Measures**

Some financial measures used in this press release, such as Operating Income, adjusted same-property NOI, FFO, AFFO, Normalized AFFO, Net Asset Value per Unit, portfolio occupancy and weighted average lease expiry, are used by the real estate industry to measure and compare the operating performance of real estate companies, but they do not have any standardized meaning prescribed by IFRS. As such, they are unlikely to be comparable to similar measures presented by other real estate companies. These non-IFRS measures are more fully defined and discussed in the REIT's Management's Discussion and Analysis ("MD&A") for the second quarter ending June 30, 2019, which is available on the SEDAR website at [www.sedar.com](http://www.sedar.com). Also on SEDAR are the condensed consolidated unaudited interim financial statements of the REIT for the three months ended June 30, 2019.

### **Forward-Looking Statements**

This press release may contain forward-looking statements with respect to the REIT, its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe", "normalized", "contracted", "stabilized" or "continue" or the negative thereof or similar variations. The REIT's actual results and performance discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transactions contemplated herein are completed. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under "Risks and Uncertainties" in the REIT's Annual Information Form and the risks and uncertainties set out in the MD&A which are available on [www.sedar.com](http://www.sedar.com). These cautionary statements qualify all forward-looking statements attributable to the REIT and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release, and, except as expressly required by applicable law, the REIT assumes no obligation to update such statements.