


NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST RELEASES STRONG FOURTH QUARTER AND FULL YEAR 2019 RESULTS

TORONTO, March 4, 2020 /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 and twelve months ended December 31, 2019.

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

"2019 was another transformational year for the REIT which saw it deliver strong financial and operational results while advancing four key strategic initiatives, including: growing its global asset management platform by almost \$5.0 billion of committed capital, executing on a substantial deleveraging plan with a clear path to investment grade credit metrics, completing the \$1.3 billion Healthscope transaction in Australia and expanding its European footprint into the UK. As a result of these initiatives the REIT delivered growing AFFO per unit and market leading total returns to unitholders and enters 2020 in the strongest position in its history ready to capitalize on the increasingly positive trends in global healthcare real estate."

2019 Full Year Financial and Operational Highlights:

In addition to a very busy transactional year, the REIT continued to deliver improved financial and operational performance with an increasingly conservative balance sheet across an expanded 175 property, 14.5 million square foot defensive healthcare real estate portfolio underpinned by long-term inflation indexed leases. Key highlights are as follows:

- Total unitholder return of 35%, outperformed the Canadian REIT index and the S&P/TSX composite index by approximately 1,200 bps;
- IFRS revenue increased 4.7% in 2019 to \$366 million primarily driven by acquisition activity;
- AFFO per unit increased by 3.7% to \$0.84 in 2019 (\$0.92 per unit on a normalized basis) as a result of accretive strategic acquisitions, increased management fees and SPNOI growth;
- AFFO payout ratio of 95% (87% normalized) based on the REIT's \$0.80 per unit annual distribution;
- 2019 source currency and Canadian dollar cash recurring SPNOI growth of 3.8% and 2.2%, respectively, driven primarily by annual rent indexation at the REIT's international assets and occupancy gains in the REIT's MOB portfolio;
- Strong portfolio occupancy of 97.3% rising 60 bps from Q4 2018 and the international portfolio holding stable above 98.3% occupancy;
- Weighted average lease expiry of 14 years increased by 1.2 years, underpinned by the international portfolio weighted average lease expiry of 16.5 years;

- Total fee bearing assets under management “AUM” increased by 130% from \$3.5 billion to \$8.0 billion;
- Net asset value per unit increased by 7.0% to \$13.17 primarily driven by portfolio valuation gains and the expansion of the asset management platform; and,
- Consolidated leverage of 49.6% (including convertible debentures) is down 600 bp YOY and proforma full deployment of proceeds of the December equity offering and planned asset dispositions into the REIT’s capital platforms is expected to fall by a further 720 bps to approximately 42.4%.

Selected Financial Information:

<i>(unaudited)</i> <i>(\$000's, except unit and per unit amounts)</i>	<i>Three months ended</i> <i>December 31, 2019</i>	<i>Three months ended</i> <i>September 30, 2019</i>
Number of properties	175	171
Gross leasable area (sf)	14,488,966	13,977,943
Occupancy	97.3%	97.1%
Weighted Average Lease Expiry (Years)	13.8	13.7
Net Operating Income	\$69,494	\$69,787
Net Income (Loss) attributable to unitholders	\$(12,058)	\$18,562
Funds from Operations ("FFO")	\$30,352	\$26,494
Adjusted Funds from Operations ("AFFO")	\$31,009	\$31,286
Debt to Gross Book Value - Declaration of Trust	42.5%	45.4%
Debt to Gross Book Value - Including Convertible Debentures	49.6%	52.8%

Strategic initiatives: In 2019 the REIT successfully executed upon four strategic initiatives:

- **Expanded global asset management platform:** The REIT increased committed fee bearing assets from \$3.0 billion to \$8.0 billion including a \$1.6 billion (A\$1.8 billion) upside of the initial Australian institutional JV and an agreement in principal for a \$3.0 billion (€2.0 billion) European JV. These increased commitments leave the REIT with \$4.3 billion of available capacity to pursue continued growth across Australasia and Europe and generate accretive promoted returns
- **Deleveraging:** Driven by \$644 million of equity capital raised in 2019 and \$725 million of portfolio sales into the REIT’s capital platforms which are expected to close by mid-year, consolidated leverage is expected to decrease by approximately 1,300 bp to 42.4% supporting a pro forma net debt to EBITDA ratio of 8.0x and investment grade credit metrics
- **ANZ leadership:** The acquisition of a high quality \$1.2 billion (A\$1.3 billion) portfolio of 11 leading private hospitals on a long-term triple net basis with fixed annual rent increases from Healthscope solidified the REIT’s market leading position in the region with total assets under management of \$3.5 billion across its leading Australasian platforms
- **Geographic expansion:** Building upon the REIT’s success in Germany and the Netherlands, the REIT entered into the UK with the acquisition of 6 high quality private hospitals for approximately \$167.0 million (£97.8 million) representing a unique opportunity to expand the REIT’s European platform into a new market with attractive demographics, a small but dynamic private healthcare

sector and lead to near-term growth opportunities and potential further institutional capital commitments

Normal course investment activity: During 2019 and subsequent to year end the REIT completed \$470 million of accretive acquisitions as set out below:

- **Europe:** The REIT completed the acquisition of 3 Dutch clinics and 5 German rehabilitation hospitals, and 2 German MOBs for an aggregate purchase price of \$241 million (€161.5 million) at a weighted average capitalization rate of 5.8%. The properties are 99.8% occupied and have a weighted average remaining lease term of 22.4 years
- **Australasia:** The REIT completed acquisitions in Australia totaling \$159 million (A\$179 million) at a weighted average capitalization rate of 5.0%
- **Canada:** During 2019 the REIT completed two acquisitions totaling approximately \$57 million of Canadian MOBs including the Cambrian Centre in Calgary, Alberta
- **Developments:** The REIT progressed its earnings and NAV accretive development projects with \$400M of projects under construction and a further \$25 million of approved projects with expected completion dates between Q1-2020 and Q4-2023 expecting to generate incremental stabilized NOI of \$26 million and \$50 million of value creation on a fully consolidated basis.

The REIT invites you to participate in its conference call with senior management to discuss our fourth quarter 2019 results on Thursday, March 5, 2020 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 #26931444.

Audio replay will be available until March 5, 2020 through March 12, 2020 by dialing 416-764-8677 or 1 (888) 390-0541. The reservation number is #931444.

In conjunction with the release of the REIT's fourth 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

Vital Healthcare Property Trust

On February 19, 2020, Vital Trust also announced its financial results for the three months ended December 31, 2019. Details on Vital Trust's financial results are available on Vital Trust's website at 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 December 31 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 175 income-producing properties and 14.5 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. Also on SEDAR are the condensed consolidated unaudited interim financial statements of the REIT for the three months ended December 31, 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. 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.