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NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST RELEASES FIRST QUARTER 2020 RESULTS

TORONTO, May 14, 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 months ended March 31, 2020.

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

> "The declaration of COVID-19 as a global pandemic at the end of the quarter has caused unprecedented challenges in the world as well as highlighting the continued importance of public health. The REIT's tenants and their employees are at the frontline in providing essential healthcare services to their communities. Our primary objective is to support them as they confront this demanding moment and for the long-term.

Mr. Dalla went on to say:

> "Q1 and year to date, the REIT made significant progress on advancing key strategic initiatives including the completion of its planned Australian asset dispositions, advancing its $3.0 billion European JV and expanding its European footprint with its first UK acquisition of 6 hospitals".
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> Operationally, the REIT's high-quality portfolio has performed well with 100% of properties remaining open and approximately 85% of May rent collected with the majority of the balance subject to formal deferral arrangements. Building on a defensive operational focus, the REIT has shifted its near-term corporate priorities from growth initiatives to maximizing liquidity and operating efficiencies while limiting non-essential capital spending. The REIT also enacted its business continuity plans to transition to a remote operating model while executing on all aspects of the business without interruption.
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> With temporary restrictions on elective procedures in response to the COVID-19 pandemic, healthcare services have seen growing underlying demand. As a result, we believe that as policies and practices liberalize going forward, the healthcare industry will see a strong recovery driving the need for our services and opening up possibilities for expanding our business. With strong operating and capital partners, the REIT is exceptionally well positioned to build on its leading healthcare real estate platform".

2020 First Quarter Financial and Operational Highlights:

For the three months ended March 31, 2020, the REIT delivered strong financial and operational performance with an increasingly conservative balance sheet across an expanded 183 property, 15.2 million square foot defensive acute healthcare real estate portfolio underpinned by long-term inflation indexed leases. Key highlights are as follows:

- Revenue increased 3.8% year over year in Q1 2020 to $96 million primarily driven by acquisition activity;
- AFFO per unit increased by 3.7% to $0.21 in Q1 2020 ($0.92 per unit on an annualized normalized basis) as a result of accretive strategic acquisitions, increased management fees and SPNOI growth;
- AFFO payout ratio of 97% (87% normalized) based on the REIT's $0.80 per unit annual distribution;
- Constant currency cash recurring SPNOI growth of 2.9% in Q1 2020 as compared to Q1 2019, driven primarily by annual rent indexation;
- Strong portfolio occupancy of 97.3% rising 50 bps from Q1 2019 and the international portfolio holding stable at 98.9% occupancy;
- Weighted average lease expiry of 14.4 years increased by 1.4 years, underpinned by the international portfolio's Hospital and Heathcare Facilities Assets weighted average lease expiry of 20.2 years;
- Total fee bearing assets under management was unchanged at $8.0 billion;
- Net asset value per unit decreased by 4.9% to $12.53 primarily as a result of depreciation in exchange rates across all currencies relative to CAD; and,
- Consolidated leverage of 49.5% (including convertible debentures) is down 10 bp from December 31, 2019 due to the full deployment of proceeds from the December equity offering. Planned asset dispositions into the REIT's capital platforms are expected to result in a further 500 bps reduction in consolidated leverage to approximately 44.5%.

Selected Financial Information:

(unaudited) *($000's, except unit and per unit amounts)*	*Three months ended March 31, 2020*	*Three months ended December 31, 2019*
Number of properties	183	175
Gross leasable area (sf)	15,119,616	14,488,966
Occupancy	97.3%	97.3%
Weighted Average Lease Expiry (Years)	14.4	13.8
Net Operating Income	$72,646	$69,494
Net Income (Loss) attributable to unitholders	$114,717	$(12,058)
Funds from Operations ("FFO")	$38,348	$30,352
Adjusted Funds from Operations ("AFFO")	$36,207	$31,009
Debt to Gross Book Value - Declaration of Trust	44.6%	42.5%
Debt to Gross Book Value - Including Convertible Debentures	49.5%	49.6%

During the second quarter and subsequent to quarter end, the REIT has continued to execute on its key strategic priorities. Significant achievements included:

- ***Strategic Asset Sales*** continue to progress with signing of the Australian disposition to its institutional partner and continued progress on the $3.0 billion European Joint Venture and related seed portfolio sale. Collectively, these sales are expected to generate approximately $145 million of net proceeds to the REIT as more specifically set out below.
    - o *Australian disposition to institutional JV*: On May 14, 2020 the REIT finalized and received regulatory approvals in respect of the previously announced sale of a 70% interest in its wholly-owned Australia REIT portfolio, generating net proceeds of approximately $64 million (A$70.5 million). The REIT will retain a 30% interest in the Australia REIT portfolio and will provide asset and property management services to the portfolio. The transaction is expected to close in Q2 2020 and is subject only to normal closing conditions.
    - o *European JV seed portfolio sale*: In conjunction with its $3.0 billion (€2.0 billion) European JV, which continues to progress, the REIT advanced the sale of the $276 million (€178 million) initial seed portfolio (the "European Seed Portfolio"). While the on-set of COVID-19 has impacted timing, execution of the definitive JV documentation and the closing of the seed portfolio sale is expected in Q2 2020.

- ***Increasing Liquidity***: On May 14, 2020 the REIT finalized an $82 million increase to its revolving credit facility secured by its portfolio of 6 UK hospitals. The facility was provided by the REIT's Canadian corporate banking syndicate.

- ***Deleveraging:*** Driven by the REIT's strategic asset sales, consolidated leverage is expected to decrease by a further 500 bps to 45% supporting a pro forma net debt to EBITDA ratio of 8.0x and investment grade credit metrics.

Normal Course Investment Activity: During Q1 2020 and subsequent to quarter end, the REIT completed $325 million of accretive acquisitions and $154 million of dispositions:

- **Europe:** The REIT completed the acquisition of 2 German rehabilitation hospitals with an aggregate purchase price of $62 million (€40.1 million) at a weighted average capitalization rate of 5.8%. The properties are 100% occupied and have a weighted average remaining lease term of 26.0 years. The REIT also completed its first acquisition in the UK with the $167 million (£97.8 million) acquisition of six high quality hospitals private hospitals at a 7.2% capitalization rate. The portfolio is 100% occupied with a 13 year weighted average remaining lease term.

- **Australasia:** The REIT, together with its institutional joint venture partner, acquired the leasehold interest, with an approximately 34 year weighted average remaining term, in the Alfred Centre and Burnett Tower in Melbourne, Australia for $93 million (A$105 million) at an initial yield of approximately 7%. The property is located in the Alfred health precinct adjacent to a major hospital and approximately three kilometers from the Melbourne CBD. During the quarter the REIT completed the sale of two non-core assets to an unrelated third party and the sale of three aged care assets to Vital trust for a combined sale price for approximately $155 million. Net proceeds from asset sales were partially used to repay $90 million of Australian term debt bearing interest at 3.6%.

- **Developments:** The REIT completed the $75 million (A$86 million) expansion of the Grey Street Centre at Epworth Freemasons Hospital in Melbourne, Australia and a $6 million (BRL 22 million) expansion at Maternidade Brazil Hospital in Sao Paulo, Brazil. Moreover, the REIT progressed its earnings and NAV accretive development projects with $273 million of projects under construction and a further $68 million of approved projects with expected completion dates between Q2 2020 and Q4 2023.

COVID-19 Update:

Since the onset of COVID-19, the REIT's top priority has been the safety of our tenants, our employees and the global effort to mitigate the impact of COVID-19. For the month of May, tenants representing approximately 84% of contracted gross rent have met or are expected to meet their rental obligations, including approximately 97% amongst its largest 10 tenants. Temporary rent deferral discussions are in progress, on a case-by-case basis, with tenants whose current circumstances are impacting their ability to meet rental obligations. The REIT has strong working relationships with all of its tenants and is confident that the vast majority of any deferred rent will ultimately be recovered over time.

NorthWest is well positioned with a defensive portfolio that is 97.3% occupied, by a diversified tenant roster of predominantly hospital and healthcare tenants that are an essential component of healthcare delivery in REIT's global markets. Financially the REIT is well positioned with $220 million of cash and available borrowing capacity[1] which is expected to increase to $364 million upon the completion of the strategic asset sales in Q2 2020. Further, 88% of the REIT's 2020 debt maturities have already been completed with remaining maturities comprising Canadian mortgages with a consolidated outstanding balance of $50 million.

Development activity remains on track across most of NorthWest's $273 million of expansion projects with the exception of those in New Zealand which were temporarily delayed due to regulated site closures from late in the first quarter until recently, when New Zealand began to re-open its economy and construction activities recommenced. To conserve liquidity, the REIT has temporarily paused early stage developments and is actively working to identify opportunities to drive further operational efficiencies.

While the impact of COVID-19 continues to affect much of the world, some countries have begun to lift restrictions and re-open. Across the REIT's markets, Australia and New Zealand have been amongst the most successful nations at controlling the spread of the novel coronavirus and as such both have already taken steps to re-start their economies including allowing elective surgeries to begin to work through pent-up demand. Similarly, Germany was amongst the most successful European countries at controlling the spread of COVID-19 and has also taken steps to restart its economy and open up its healthcare system.

Q1 2020 Conference Call:

The REIT invites you to participate in its conference call with senior management to discuss our first quarter 2020 results on Friday, May 15, 2020 at 10:00 AM (Eastern).

[1] Inclusive of $82 million upsize to revolving credit facility completed on May 14, 2020

The conference call can be accessed by dialing 416-764-8609 or 1 (888) 390-0605. The conference ID is 59244209#.

Audio replay will be available from May 15, 2020 through May 22, 2020 by dialing 416-764-8677 or 1 (888) 390-0541. The reservation number is 244209#.

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 April 9, 2020, Vital Trust also announced its financial results for the three months ended December 31, 2019 and confirmed its distribution guidance for NZ$0.0875 per unit for the financial year. 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 March 31 2020, 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 183 income-producing properties and 15.2 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 230 professionals across 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.

Additional Disclosure

The REIT will rely on the relief granted by the Canadian Securities Administrators and Ontario Securities Commission under Ontario Instrument 51-504 – Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials in respect of the filing of its executive compensation disclosure for fiscal 2019, which it intends to include in the information circular for its 2020 annual meeting of unitholders. The relief provides an extension for executive compensation disclosure normally required to be filed within 140 days of a reporting issuer’s financial year-end.