


**NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST
ANNOUNCES AN UPDATE ON KEY STRATEGIC INITIATIVES PROVIDING A PATH TO
INVESTMENT GRADE CREDIT METRICS AND TIMING OF FOURTH QUARTER 2019 RESULTS**

TORONTO, February 7, 2020 – NorthWest Healthcare Properties Real Estate Investment Trust (TSX: NWH.UN) (the “REIT”) is pleased to announce an update on the REIT’s key strategic initiatives including: (i) growth of the REIT’s asset management platform with the formation of a new \$3.0 billion (€2.0 billion) European joint venture which increases Global capital commitments to \$10.0 billion; (ii) European expansion into the United Kingdom with the acquisition of a \$167.0 million (£97.8 million) six-hospital portfolio leased to BMI Healthcare Limited (“BMI”) on a long term, triple net, inflation indexed basis; and, (iii) Australasian portfolio management initiatives targeted at simplifying its leading regional platform, providing a clear path to investment grade credit metrics.

For further information please refer the REIT's investor presentation available on our [website](#).

Growth of asset management platform

On January 31, 2020 the REIT reached agreement on heads of terms with a global institutional investor to form a new \$3.0 billion (€2.0 billion; including targeted 65% financing) joint venture to pursue healthcare real estate acquisitions initially in Germany and the Netherlands with infrastructure-like characteristics including long WALE, triple net leases with inflation linked annual rental growth (the “European JV”). The REIT will retain a 30% economic interest in the JV with its partner having a 70% interest. As part of the transaction the REIT has agreed to vend in an initial seed portfolio (the “European Seed Portfolio”) comprising 8 German rehabilitation clinics and 3 Dutch out-patient clinics valued at approximately \$303 million (€209 million), representing a premium to Q3 2019 reported values . NorthWest will act as the investment manager of the European JV and will earn market property, asset and activity based management fees, as well as a potential performance fee. The completion of the European JV remains subject to final approvals and documentation and the European Seed Portfolio sale is subject to final due diligence and is expected to close in H1 2020. Upon closing of the European Seed Portfolio sale, the REIT expects to receive net proceeds of approximately \$95 million.

European expansion

The REIT also announced that it has acquired 6 high quality private hospitals in the UK for approximately \$167.0 million (£97.8 million) (the “UK Portfolio”).

The acquisition of the UK Portfolio represents a unique opportunity to enter the UK private hospital market by acquiring a high quality portfolio that is 100% leased by BMI. BMI is one of the leading private hospital operators in the region, with a portfolio of 52 private hospitals and is currently subject to an acquisition by affiliates of Circle Health (“Circle”). Circle is an award winning operator of UK acute care hospitals and has committed to a multi-million pound program of investment in facility infrastructure, technology and people as part of its acquisition of BMI.

The UK Portfolio is expected to generate initial annual NOI of approximately \$12.2 million (£7.1 million) resulting in a weighted average capitalization rate of 7.3% and will be immediately accretive to AFFO per unit. The UK Portfolio is 100% occupied by BMI on an absolute triple net lease basis, with

the tenant responsible for all property costs including maintenance and capital expenditures. The leases have a weighted average expiry of 13 years and are subject to annual rent increases based on the UK Retail Price Index.

The acquisition was funded with available capacity on the REIT's revolving credit facility, which has been partially drawn in GBP to hedge exposure to the British Pound at an effective interest rate of 3.9%, approximately 110 bps lower than equivalent Canadian rates.

Commenting on the European JV and expansion, NorthWest Chairman and CEO Paul Dalla Lana said:

"We are excited to start the year with progress on three of the REIT's key strategic initiatives. The European joint venture adds \$3 billion of new growth capital for that region, and increases total joint venture capital commitments to \$10 billion, demonstrating NorthWest's position as a leading international healthcare real estate investor and its increasing global capabilities as an institutional asset manager."

Mr. Dalla Lana went on to say:

"The BMI transaction is a unique opportunity to partner with a top tier hospital operator while expanding our European footprint to a new market with excellent prospects. Our presence elsewhere in Europe and now, the UK, dovetails with healthcare systems that have a strong foundation of universal publicly sponsored coverage, but elect to privately capitalize facilities inside or alongside those public systems. The UK in particular has attractive demographics and a small but dynamic private healthcare sector operating alongside Britain's renowned NHS. Moreover, the UK private sector appears to be in a phase of accelerating operator consolidation which we expect will lead to additional near term opportunities and potential further institutional capital commitments targeting the region."

Australasian portfolio management

Presently, the REIT's \$3.5 billion of Australasian investments are controlled through one of three structures, including: (i) investments held by Vital Trust ("Vital"), in which the REIT has an approximate 25% interest; (ii) investments held by the REIT's Australian institutional joint venture (the "Australian JV"), in which the REIT has a 30% interest; and (iii) investments directly held by the REIT through its 100% owned subsidiary, Australia REIT ("NW AUS").

Investments held by Vital and the Australian JV earn promoted returns as a result of management fees earned by NorthWest, which amounted to \$25 million on a Q3 2019 annualized basis at the REIT's proportionate share. The REIT intends to divest of the real estate investments directly held by NW AUS, for which it does not earn management fees, which at September 30, 2019 had an IFRS value of approximately \$425 million (A\$473 million) (the "NW AUS Dispositions").

After extensive review, the REIT has successfully executed sale contracts for two non-core assets in Queensland, Australia to a third party for approximately \$110 million (A\$123 million). This sale is in line with the REIT's IFRS cap rate of 6.2% and, subject to normal closing conditions, is expected to close in Q1 2020. The remainder of the NW AUS assets (which total approximately \$315 million (A\$350 million) based on September 30, 2019 IFRS values and exclude the assets held by the Australian JV and accounted for proportionately) fit the investment criteria of the REIT's existing Australasian capital platforms and the REIT is committed to working with these platforms to complete the sale of the properties prior to the end of H1 2020.

As a result of the above noted NW AUS Dispositions, the REIT expects to receive approximately \$140 million (A\$157 million) of net proceeds that will be utilized to further deleverage and position the REIT for future growth while also driving incremental management fees.

Separately, in conjunction with Vital's independent directors, the REIT is well advanced on consideration of a potential restructuring initiative (the "Proposal") that is expected to consist of:

- A foreign exempt listing on the Australian Securities Exchange (ASX) (with the primary listing to remain on the NZX);
- Related legal and capital structure changes to enable the Proposal and remove structural tax inefficiencies for international investors; and
- An expected increase in distributions and payout ratio for all unitholders.

In broad terms, the Proposal is expected to provide Vital with access to larger and deeper pools of capital, improving its competitive position for future growth opportunities and ensuring it is an internationally competitive investment vehicle.

The evaluation and preparation process for the Proposal remains ongoing and involves detailed interaction with multiple regulators in both New Zealand and Australia, as well as Vital's Supervisor. On the basis that these discussions and related workstreams are supportive, and no unforeseen obstacles arise, the Vital board expects to seek unitholder approval of the Proposal by the end of Q1 2020. The Proposal would require approval by Vital unitholders by way of a special resolution, meaning at least 75% of unitholders' votes would need to be in support of the Proposal. While interactions with regulators and the Supervisor have been supportive to date, there can be no assurance that the Proposal will proceed.

Normal course acquisition update

In Europe, in Q4 2019 and YTD 2020, the REIT completed the previously announced acquisitions of three Dutch clinics and two German rehabilitation hospitals for an aggregate purchase price of \$93 million (€65 million) at a weighted average capitalization rate of 5.6%. The properties are 100% occupied and have a weighted average remaining lease term of 20 years. The acquisitions were financed with \$53 million (€36.5 million) of property level debt at a weighted average interest rate of approximately 2.0% and the REIT's existing liquidity.

In addition, the REIT, has two properties under contract, subject to typical closing conditions, and scheduled to close in Q1 2020:

- In Germany, the REIT expects to close on its previously announced acquisition of a clinic for \$30 million (€21 million) at a 6.20% capitalization rate. The property is 100% occupied by a single-tenant on a new 25 year lease with rents annually indexed to CPI.
- In Australia, the REIT is pleased to announce that it has contracted the acquisition of two highly strategic assets within the prominent and renowned Alfred Health Precinct in Melbourne, Australia for \$94 million at 100% (A\$105 million) at a 7.0% capitalization rate that will be acquired by the Australian JV. The acquisition provides NorthWest access to a high quality, long term income stream, well located within one of Australia's premier health precincts and the opportunity to partner with highly reputable tenants with strong growth aspirations. The buildings are fully leased to highly regarded universities (Monash University and La Trobe University) and medical research institutes (Burnet Institute and Baker Heart and Diabetes Institute) on a triple net basis with structured 4% fixed annual reviews and 13.1 year WALE (23.2 years with option periods).

Collectively, the above-noted acquisition of three Dutch clinics, two rehabilitation hospitals and a clinic in Germany, and the Australian assets represent an aggregate of approximately \$151 million of acquisitions at NorthWest's share (the "Normal Course Acquisitions").

Progress towards achieving investment grade credit metrics

In Q4 2019 and YTD 2020, the REIT has raised \$327M of equity including: i) the December \$253.2 million public offering; ii) the NWVP \$25.0 million private placement; and iii) the equity conversion of \$48.6 million of the REIT's 5.5% convertible debentures (collectively the "Equity Raise"). Net proceeds from the Equity Raise were used to fund the equity portion of the acquisitions noted above, redemption of the REIT's \$40.3 million 5.25% convertible debentures due September 30, 2020, redemption of \$4.2 million of the REIT's 5.50% convertible debenture due October 31, 2020 that did not convert to equity and repayment of other corporate debt of approximately \$180 million with a weighted average interest rate of approximately 6%.

Pro-forma the acquisition of the European Seed Portfolio by the European JV, the acquisition of the UK Portfolio, the completion of the NW AUS Dispositions into the REIT's respective capital platforms and to third parties, the Normal Course Acquisitions and the Equity Raise as described herein, the REIT expects to have net proceeds of approximately \$217 million, which will be deployed to further reduce leverage in the immediate term and position the REIT for future growth.

Assuming proceeds are fully deployed to repay debt, the REIT estimates reducing its pro forma net debt to EBITDA ratio to approximately 7.5x and 8.0x on a consolidated and proportionate basis, respectively, supporting leverage below 50% while maintaining its AFFO per unit.

Fourth Quarter 2019 Results and Conference Call

The REIT will issue its fourth quarter 2019 financial results for the three months ending December 31, 2019 on Wednesday, March 4, 2020, after markets close.

A conference call will be held on Thursday, March 5, 2020 at 10:00 am (EST). Participating on the call will be members of the REIT's senior management team.

Investors are invited to access the call by dialing (416) 764-8609 or toll-free 1 (888) 390-0605, conference ID# 26931444. A recording of this call will be made available Thursday, March 5, 2020 beginning at 12:00 pm (ET) through to Thursday, March 12, 2020. To access the recording, please call +1 (416) 764 8677 or (888) 390 0541 and use the reservation number 931444.

About NorthWest Healthcare Properties Real Estate Investment Trust

NorthWest Healthcare Properties Real Estate Investment Trust (TSX:NWH.UN) is an unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. 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 174 income-producing properties and over 14 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 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.

This press release contains forward-looking statements which reflect the REIT's current expectations regarding future events. The forward-looking statements involve risks and uncertainties. Actual results could differ materially from those projected herein. The REIT disclaims any obligation to update these forward-looking statements.