
NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST RELEASES DEFENSIVE SECOND QUARTER 2020 RESULTS AND ANNOUNCES PROGRESS ON STRATEGIC PRIORITIES ALONG WITH BOARD AND MANAGEMENT APPOINTMENTS

TORONTO, August 24, 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 six months ended June 30, 2020.

Commenting on the REIT's second quarter, Paul Dalla Lana, Chairman and CEO of the REIT, said:

"While COVID-19 has created much uncertainty, NorthWest has remained focused on supporting its global operating partners in providing essential healthcare services. The REIT's properties have remained open during this challenging operating environment although some tenants have had to adapt their businesses to align with local government and healthcare guidelines. Despite this, operating performance during the quarter remained defensive with 97.6% of proportionate rent being collected or subject to formal deferral arrangements."

Mr. Dalla Lana went on to say:

"In addition to strong operating performance, the REIT has also been able to advance all of its strategic priorities during the quarter and finds itself well positioned to continue to its partnership with leading global investors and healthcare operators going forward."

2020 Second Quarter Financial and Operational Highlights:

For the three months ended June 20, 2020, the REIT delivered another quarter of robust financial and operating results, highlighting the defensiveness of its healthcare real estate portfolio which is focused on hospital, outpatient and medical office segments of healthcare:

- Net operating income remained stable at \$69.9 million;
- AFFO per unit of \$0.20 in Q2 2020 (\$0.92 per unit on an annualized normalized basis);
- AFFO payout ratio of 100% (87% normalized) based on the REIT's \$0.80 per unit annual distribution;
- Constant currency cash recurring SPNOI growth of 2.9% in Q2 2020 as compared to Q2 2019, driven primarily by annual rent indexation;
- Portfolio occupancy holding stable at 97.3%, with the international portfolio holding stable at 98.8%;
- Weighted average lease expiry of 14.5 years increased by 0.5 years, underpinned by the international portfolio's hospital and healthcare facilities weighted average lease expiry of 20.5 years;
- Total fee bearing assets under management increased to \$8.4 billion;
- Net asset value per unit of \$12.37; and,

- Consolidated leverage of 49.6% (including convertible debentures)

Impact of COVID-19:

The defensive nature of the REIT's healthcare real estate portfolio that is 97.3% occupied with more than 80% of the revenues provided directly or indirectly by public healthcare funding, has resulted in the REIT's operating results and portfolio valuations not being significantly impacted by COVID-19. During Q2 2020, 97.6% of the REIT's revenues, on a proportionate ownership basis, were either collected or subject to formal deferral arrangements. In July 2020, the REIT's collections are broadly consistent with 97.2% of rents collected or formally deferred. The REIT's deferral arrangements span 379 tenants representing approximately 4.0% of annual gross rent with the majority of the arrangements in the REIT's Canadian and Australasian portfolios. During the quarter, the REIT did not recognize any significant provisions for uncollected rent as it expects outstanding rent to be fully collectible. The REIT has excellent working relationships with all of its tenants and is confident that the vast majority of deferred rent will be recovered.

The impact of COVID-19 continues to affect countries unevenly with some countries progressing through phased re-openings while others struggle to control the wave of the pandemic. Nonetheless, signs of a return to normalcy are beginning to emerge, despite setbacks particularly in the Australian State of Victoria, as evidenced by the re-start of elective surgeries in most of the REIT's global markets.

Select Financial Information:

<i>(unaudited)</i> <i>(\$000's, except unit and per unit amounts)</i>	<i>Three months ended</i> <i>June 30, 2020</i>	<i>Three months ended</i> <i>March 31, 2020</i>
Number of properties	183	183
Gross leasable area (sf)	15 million	15 million
Occupancy	97.3%	97.3%
Weighted Average Lease Expiry (Years)	14.5	14.4
Net Operating Income	\$69,902	\$72,646
Net Income (Loss) attributable to unitholders	\$35,962	\$114,717
Funds from Operations ("FFO")	\$33,910	\$38,348
Adjusted Funds from Operations ("AFFO")	\$35,568	\$36,207
Debt to Gross Book Value	49.6%	49.5%

As a result of the underlying defensiveness of the portfolio, the REIT continued to execute on its key strategic priorities during second quarter and subsequent to quarter end. Significant achievements included:

- **Strategic portfolio acquisition and UK growth:** On August 21, 2020 the REIT completed a \$454m (£260m) acquisition of a portfolio of four hospitals located in Greater London, England (the "London Portfolio"). The properties are 100% leased on a long-term (20 year WALE) inflation indexed basis to Aspen Healthcare ("Aspen"), a leading English hospital operator. The London Portfolio was acquired at a 6.2% going-in capitalization rate and funded with a \$223m (£128m) term loan, a \$125m expansion of

the REIT's revolving credit facility, and existing liquidity. The addition of the London Portfolio is strategically important as it: (i) increases the scale of the REIT's UK portfolio to \$620m and positions it for further growth and partnership with the region's leading hospital operators; (ii) diversifies the REIT's UK operator mix and brings its focus into major UK markets; and (iii) provides the REIT with an attractive portfolio with which to seed a future UK joint venture.

- **European joint venture ("European JV") update:** In conjunction with its previously announced \$3.1 billion (€2.0 billion) European JV initiative, the REIT entered into a definitive agreement with GIC, Singapore's sovereign wealth fund, to pursue pan-European healthcare real estate opportunities together. Commenting on the European JV, Paul Dalla Lana, said:

"We are pleased to be expanding our partnership with GIC into Europe. The joint venture will benefit from a high quality initial portfolio and leverages NorthWest's significant regional presence with a goal to building the leading pan-European healthcare real estate platform."

- **Strategic asset sales:** Year to date the REIT has completed three of the four previously announced portfolio disposition transactions, generating \$130m of net proceeds, while adding \$273m in fee bearing capital. During the quarter the REIT advanced the remaining disposition transaction, namely the sale of a 70% interest in its \$470 million (€305 million) German and Dutch clinic and triple net portfolio which will be used to seed the European JV (the "European Seed Portfolio"). The European Seed Portfolio has been expanded by \$196 million (€127 million) to include an additional 5 assets in the Netherlands and is expected to close in Q3 2020, subject to customary closing conditions.
- **Deleveraging:** While the acquisition of the London Portfolio is expected to temporarily increase the REIT's leverage, the REIT remains committed to its deleveraging strategy and achieving investment grade credit metrics through reaching its target leverage of less than 50% and net debt to EBITDA ratio of 8.0x over the next 12 months. The REIT sees a clear path to achieving these objectives by:
 - Executing the sale of the European Seed Portfolio into the European JV which is expected to generate net proceeds of approximately \$160m (€102m) and will reduce proportionate leverage by 300 bp and 0.7x turns of net debt to EBITDA;
 - Advancing its initial discussions around a UK joint venture which would be seeded with its \$620m UK hospital portfolio, including the recently acquired London Portfolio. The REIT has taken initial steps to identify potential partners and will work to advance this strategic initiative over the short-to medium-term. Assuming a 30% retained interest in the portfolio and target JV portfolio leverage of 65%, this will generate net proceeds of approximately \$300m (€172m) and will reduce proportionate leverage by a further 500 bp and 1.1x turns of net debt to EBITDA.

Management and Board Appointments:

The REIT is pleased to announce the appointment of Craig Mitchell, currently its CEO, Australasia to the role of President. He will replace Bernard Crotty who is retiring from the REIT after 15 years of leadership, most recently through its Vital Healthcare Trust subsidiary where he will continue as a NorthWest representative on its board.

Additionally, to support its accelerating growth in Europe, the REIT has added Tim Blackwell as EVP, Funds Management and Marco Mosselman as VP & Country Head, Netherlands, both new positions within the REIT's management team.

Finally, the REIT announces the appointment of Ms. Stephani Kingsmill to its board of trustees effective September 8, 2020. Ms. Kingsmill is an experienced executive who served in a wide range of roles in the insurance, asset management and real estate businesses of Manulife Financial Corporation between 1988 and 2019. Amongst her roles at Manulife, she was EVP, Human Resources for the company's global workforce, additional experience that is valuable to NWH at this time of ongoing international expansion. Ms. Kingsmill was named one of the 100 most influential women in Canada by the Women's Executive Network in 2008, 2009 and 2014. She holds a Bachelor of Commerce degree from Queen's University and has her ICD.D designation from the Institute of Corporate Directors.

Ms. Kingsmill will replace Dr. David Naylor who will resign concurrently from the board to focus on a number of urgent public health initiatives related to the COVID-19 pandemic after almost 7 years of service to NorthWest and its predecessor entities.

Commenting on the Management and Board appointments, Paul Dalla Lana further noted:

"On behalf of NorthWest, we welcome Ms. Kingsmill to our board and wish Dr. Naylor and Mr. Crotty success in their new endeavours noting their many contributions to the growth and success of the REIT over the past years."

Q2 2020 Conference Call:

The REIT invites you to participate in its conference call with senior management to discuss our second quarter 2020 results on Monday, August 24, 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 25119140#. Audio replay will be available by dialing 416-764-8677 or 1 (888) 390-0541. The reservation number is 119140#.

In conjunction with the release of the REIT's second quarter 2020 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 August 10, 2020, Vital Trust also announced its financial results for the year ended June 30, 2020 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 June 30, 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 189 income-producing properties and 15.3 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.