180 DUNDAS STREET WEST, SUITE 1100, TORONTO,
ONTARIO, M5G 1Z8
T: 416 366 2000 F: 416 366 2433
www.nwhp.ca

NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST RELEASES STRONG FOURTH QUARTER AND FULL YEAR 2020 RESULTS

TORONTO, March 11, 2021 /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, 2020.

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

> "2020 was an unprecedented year with a global pandemic that impacted societies and economies everywhere, the legacy of which will be felt for many years to come. It was, at its core, a year focused on healthcare, our industry.
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> I am pleased with how NorthWest's defensive business model performed in this environment, and proud of the way our team took on all challenges to support our many critical facilities and frontline partners delivering life-saving services.
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> For the year, the REIT delivered solid operating results with AFFO per unit and NAV per unit growth of 4.8% and 3.2%, respectively, on a constant currency basis, on an $8.0 billion 188 property global portfolio. The REIT was also successful on advancing all of its 2020 strategic objectives, including completion of a new $3 billion European JV, geographic expansion into the UK and simplification of its Australasian platform.
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> Moreover, as the world looks to emerge from this pandemic, with societies everywhere focused on reinforcing their health systems to cope with pent-up demand as well as planning for additional capacity to meet challenges in the future, the REIT is exceptionally well positioned to continue to broaden and grow it business as the partner of choice for institutional investors and health systems around the world."

Impact of COVID-19:

The REIT's portfolio of healthcare infrastructure assets continues to perform well through the COVID-19 pandemic with all properties open and operational. For the three months ended December 31, 2020 the REIT collected 98.2% of rent (including those subject to formal deferral arrangements), which is a 67 basis points improvement from the 97.6% collected in Q3 2020. The strong rent collection throughout the pandemic is illustrative of the defensive attributes of the REIT's portfolio, the essential nature of its tenant base and commitment from governments to ensure access to critical healthcare services. The REIT believes that a growing back log of non-essential treatments and surgeries in each of its global markets is expected to increase demand levels for acute healthcare services and support private hospital system volumes going forward.

2020 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 188 property, 15.5 million square foot defensive healthcare real estate portfolio underpinned by long-term inflation indexed leases. Key highlights are as follows:

- Total unitholder return of 13.4%, outperformed the S&P/TSX capped REIT index and the TSX by approximately 2,650 bps and 780 bps, respectively;
- IFRS revenue increased 2.1% in 2020 to $374 million primarily driven by acquisition activity;
- Proportionate management fee income increased by 7.5% to $40.4 million;
- AFFO per unit increased by 1.0% to $0.85 in 2020 ($0.92 per unit on a normalized basis) as a result of accretive strategic acquisitions, and increased proportionate management fees partially offset by lower parking income in Canada owing to stay at home orders due to COVID-19;
- After adjusting for the foreign exchange impact, constant currency AFFO/Unit increased by 4.8% to $0.88;
- AFFO payout ratio of 94% (87% normalized) based on the REIT's $0.80 per unit annual distribution;
- 2020 source currency and Canadian dollar cash recurring SPNOI growth of 3.4% and -2.1%, respectively, driven primarily by annual rent indexation and occupancy gains in the REIT's international portfolio;
- Strong portfolio occupancy of 97.1% with the international portfolio holding stable above 98% occupancy;
- Weighted average lease expiry was flat at 14.5 years, underpinned by the international portfolio weighted average lease expiry of 17.3 years;
- Total assets under management “AUM” increased by 20% from $6.5 billion to $7.8 billion;
- Net asset value per unit increased by 1.0% to $13.27 driven by portfolio valuation gains but partially offset by foreign currency losses;
- After adjusting for the foreign exchange impact, constant currency net asset value per unit increased by 3.2% to $13.59;
- Consolidated leverage (including convertible debentures) declined by 160 bps to 48.0%.

Selected Financial Information:

(unaudited) *($000's, except unit and per unit amounts)*	*Three months ended December 31, 2020*	*Three months ended September 30, 2020*
Number of properties	188	190
Gross leasable area (sf)	15,498,485	15,447,626
Occupancy	97.1%	97.2%
Weighted Average Lease Expiry (Years)	14.5	14.5
Net Operating Income	$71,007	$72,239
Net Income (Loss) attributable to unitholders	$143,763	$19,911
Funds from Operations ("FFO")	$40,252	$39,779
Adjusted Funds from Operations ("AFFO")	$38,539	$39,953
Debt to Gross Book Value - Declaration of Trust	42.9%	47.6%
Debt to Gross Book Value - Including Convertible Debentures	48.0%	52.6%

Executing on 2020 strategic priorities: During 2020, the REIT successfully executed on its main strategic priorities including:

- **Scaling its European Platform:** In 2020, the REIT expanded its European footprint to the UK with the acquisition of 10 high quality hospitals for a combined purchase price of $620 million (£358 million) at an approximately 6.5% weighted average initial capitalization rate. The UK hospitals were acquired in two transactions completed in Q1, 2020 and Q3, 2020. The properties are 100% occupied on an absolute net lease basis, on long-term leases subject to annual rent indexation. Including normal course acquisitions and revaluation gains, European AUM increased by 115% YOY to $1.7 billion;
- ***Expanded asset management platform:*** In Q3, 2020 the REIT completed a new $3 billion (€2.0 billion) European joint venture with GIC (the "European JV"), creating the REIT's first managed fund outside of Australasia. In 2020, total deployed fee bearing capital increased by 46% from $3.3 billion to $4.8 billion and total committed fee bearing capital increased by 76% to $8.8 billion. Key joint venture transactions included:
    - The acquisition of a $278 million (€178 million) portfolio of German rehabilitation hospitals (the "German Seed Portfolio) by the European JV in Q3, 2020. Followed in Q4, by the acquisition of a $196 million (€127 million) portfolio of Dutch clinics (the "Dutch Seed Portfolio"). Both portfolios were vended into the European JV by the REIT.
    - On June 30, 2020, the REIT finalized the sale of a 70% interest in its wholly-owned Australia REIT portfolio to its Australian joint venture with GIC (the "Australia JV"). The transaction generated net proceeds of approximately $64 million (A$70.5 million).
    - On March 16, 2020, the REIT completed the sale of three aged-care assets to Vital Trust for $50 million. Net proceeds from the transaction were deployed towards debt repayment.
    - In Q1, 2021 the European JV acquired four Dutch Clinics, from the REIT, for $44.8 million (€29.1 million).

Normal course investment activity: During 2020 and subsequent to year end the REIT completed $998 million of accretive acquisitions as set out below:

- **Europe:** The REIT acquired 2 German rehabilitation clinics, 4 Dutch clinics, 1 Dutch MOB, 1 Dutch Life Science building and the above mentioned 10 UK hospitals for an aggregate purchase price of $732 million at a weighted average capitalization rate of 6.4%. The properties are 100.0% occupied and have a weighted average lease term of 18.5 years;
- **Australia:** As part of its Australian JV the REIT acquired its first life science building being the $93 million (A$105 million) Alfred Centre and Burnett Tower in Melbourne, Australia. In addition to intra-group acquisitions by Vital noted above, Vital Trust acquired Grace Hospital for $87 million (NZ$95 million) and development land in Melbourne for $28 million (A$29 million) and disposed of three Hospitals for $93 million (A$94 million).
- **Developments:** The REIT progressed its earnings and NAV accretive development projects with $414 million of projects under construction and a further $27 million of approved projects with expected completion dates between Q1-2021 and Q4-2023 expecting to generate incremental stabilized NOI of $26 million and $52 million of value creation on a fully consolidated basis;
    - Development completions include: two Vital expansions comprising $33.7 million, one Brazil expansion for $6.0 million, and the completion of Sturgeon Medical in Canada for $19.8 million.

On-Going Strategic Initiatives:

As previously announced, the REIT together with a capital partner, has entered into option agreements to acquire a strategic interest of approximately 16% of the units in Australian Unity Healthcare Property Trust ("AUHPT"), a $2.4 billion (A$2.5 billion) unlisted healthcare property trust comprising 62 high quality hospital, medical centres and other healthcare assets leased to leading Australian healthcare operators with a WALE of 16 years and 98% occupancy. The agreements are subject to customary Australian foreign investment approvals.

In Europe, the REIT continues to explore the formation of a UK joint venture. Discussions continue to progress with an expectation for the fund to be complete in 2021.

Balance Sheet Initiatives:

Driven primarily by dispositions of wholly owned assets into managed capital platforms, the REIT’s consolidated leverage decreased by 160 bp YOY to 48.0% (57.0% on a proportionate basis) at the end of 2020. Post quarter end, the REIT issued 17.0 million units at $12.65 per unit, raising gross equity of $215 million (including the partial exercise of the overallotment option; the “February Equity Offering”). Proceeds from the February Equity Offering were used to repay corporate debt further reducing the REIT’s consolidated and proportionate leverage to 44.3% and 52.4%, respectively. Consolidated and proportionate leverage are expected to be further reduced to 38.3% and 46.9%, respectively over 2021 as the REIT executes on deleveraging activities including:

- At the REIT's current unit price of $12.83, holders of NWH.DB.E 5.25% debentures maturing July 31, 2021 and NWH.DB.F 5.25% debentures maturing December 31, 2021 with conversion prices of $12.75 and $12.80 per Unit, respectively, have an economically advantageous opportunity to convert their debentures to REIT units. Assuming full conversion to equity, the REIT's pro-forma consolidated and proportionate leverage would decline by approximately 270 bp and 330 bp, respectively;
- The previously announced private placement to NorthWest Value Partners of between $5 million and $25 million is expected to close in April, 2021. Upon completion and full deployment of net proceeds consolidated and proportionate leverage is expected to decline by up to 50 bp; and
- The formation of a UK JV and sale of the REIT’s existing UK assets into the JV which is expected to be complete in 2021, is expected to reduce consolidated and proportionate leverage by 320 bp and 210 bp, respectively.

Conference Call Details:

The REIT invites you to participate in its conference call with senior management to discuss our fourth quarter 2020 results on Friday, March 12, 2021 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 #24599469.

Audio replay will be available from March 12, 2021 through March 19, 2021 by dialing 416-764-8677 or 1 (888) 390-0541. The reservation number is #599469.

In conjunction with the release of the REIT's fourth 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 February 25, 2021, Vital Trust also announced its financial results for the six months ended December 31, 2020. 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 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 188 income-producing properties and 15.5 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 230 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, AUM, 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 year ending December 31, 2020, which is available on the SEDAR website at www.sedar.com.

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.