


NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST RELEASES FIRST QUARTER 2021 RESULTS

TORONTO, May 13, 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 months ended March 31, 2021.

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

"2021 has gotten off to a strong start with the REIT raising approximately \$280 million of new equity and significantly reducing leverage, advancing its life sciences strategy with inaugural acquisitions in both Canada and Europe, as well as strong momentum in its global asset management initiatives.

Looking ahead to the balance of 2021 the REIT is in excellent position to execute on its key priorities including solidifying its position as the leading healthcare real estate asset manager globally, expanding its geographic footprint into the United States, fortifying and simplifying its balance sheet, and executing on its ESG initiatives."

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 March 31, 2021 the REIT collected 98.6% of rent (including those subject to formal deferral arrangements), which is a 40 basis points improvement from the 98.2% collected in Q4 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.

2021 First Quarter Financial and Operational Highlights:

For the three months ended March 31, 2021, the REIT delivered strong financial and operational performance with an increasingly conservative balance sheet across an expanded 186 property, 15.5 million square foot defensive acute healthcare real estate portfolio underpinned by long-term inflation indexed leases. Key highlights are as follows:

- Q1 2021 revenue was stable at \$92.6M with improved cash collection of 98.6% up 50 bp quarter over quarter;
- AFFO per unit increased by 0.5% to \$0.21 in Q1 2021 (\$0.92 per unit on an annualized normalized basis) as a result of accretive acquisitions, increased management fees and same property net operating income (“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 4.3% in Q1 2021 as compared to Q1 2020, driven primarily by annual rent indexation;
- Strong portfolio occupancy of 97.0% with the international portfolio holding stable at 98.5%;
- Weighted average lease expiry of 14.3 years is underpinned by the international portfolio’s Hospital and Health Care Facility Assets’ weighted average lease expiry of 17.1 years;
- Total assets under management “AUM” increased 16.2% year over year to \$7.7 billion;
- Total capital deployed in fee bearing vehicles was \$4.8 billion up 44.3% as compared to Q1 2020. Undeployed capital in existing fee bearing vehicles totals \$3.9 billion;
- Net asset value (“NAV”) per unit increased by 2.0% year over year to \$12.77 driven by fair value gains across the portfolio. Excluding the impact of foreign exchange movement the NAV per unit would have been 6.3% higher;
- Consolidated leverage of 44.3% (including convertible debentures) is down 370 bp from December 31, 2020 primarily as a result of the February equity offering. Planned asset dispositions into the REIT’s capital platforms as well as repayment of convertible debentures are expected to result in a further 870 bps reduction in consolidated leverage to approximately 35.6%.

Selected Financial Information:

<i>(unaudited)</i> <i>(\$000's, except unit and per unit amounts)</i>	<i>Three months ended</i> <i>March 31, 2021</i>	<i>Three months ended</i> <i>March 31, 2020</i>
Number of properties	186	183
Gross leasable area (sf)	15,535,503	15,119,616
Occupancy	97.0%	97.3%
Weighted Average Lease Expiry (Years)	14.3	14.4
Net Operating Income	\$70,564	\$72,646
Net Income (Loss) attributable to unitholders	\$52,957	\$114,717
Funds from Operations ("FFO")	\$38,330	\$38,348
Adjusted Funds from Operations ("AFFO")	\$38,024	\$36,207
Debt to Gross Book Value - Declaration of Trust	39.2%	44.6%
Debt to Gross Book Value - Including Convertible Debentures	44.3%	49.5%

Key priorities for 2021 build upon successes in 2020 and accelerate the REIT's asset management strategy. Priorities include:

- **Scaling the REIT's global asset management platform.** The REIT has a two-pronged approach to expanding AUM predicated on (i) deploying available capacity within existing JV vehicles and (ii) launching new fee bearing capital pools of which the previously mentioned UK JV remains the top priority for 2021. Through these actions the REIT will be well positioned as the leading global healthcare real estate asset manager;
- **Geographic expansion:** In 2020 the REIT entered the UK and quickly assembled a high quality 10 hospital portfolio. In 2021, the REIT intends to further expand its geographic reach. Key markets under consideration include the United States and select Western European countries;
- **Balance sheet optimization:** The REIT continues to simplify and strengthen its balance sheet and has now achieved credit metrics generally in line with investment grade and is positioned for future growth. Key objectives for 2021 include: (i) executing on its UK JV initiatives and resultant debt repayment initiatives; (ii) optimizing regional leverage targets to account for FX exposure; and (iii) simplifying the capital structure by reducing the number of series of convertible debentures.
- **Environmental, Social, and Governance ("ESG"):** The REIT is committed to issuing its first ESG report in 2021 and is working to submit its initiatives for independent review. The REIT believes that ESG issues have played, and will play, an important role in defining the REIT in its past, currently and in the future. To that end it has formed a global cross functional team led by the REIT's recently appointed Chief Administrative Officer to advance this important aspect of its business.

Normal Course Investment Activity: During Q1 2021 and subsequent to quarter end, the REIT completed \$69.3 million of accretive acquisitions and \$42.9 million of dispositions:

- **Europe:** The REIT completed the acquisition of Europe's first Life Science asset for an aggregate purchase price of \$24.3 million (€15.8 million) at a weighted average capitalization rate of 5.7%. The property is 100% occupied with a weighted average remaining lease term of 19.2 years. The REIT also completed the sale of four wholly owned Dutch clinics into its European JV at an aggregate price of \$23.5 million (€13.9 million). The portfolio is 100% occupied with a 11 year weighed average remaining lease term;
- **Australasia:** NWH as the manager of Vital Trust completed the acquisition of a Brownfield Development site for \$30.0 million (A\$29.0 million). The parcel is adjacent to the REIT's existing Epworth Eastern Hospital in central Melbourne, Australia.
- **Canada:** The REIT completed the sale of one non-core MOB for an aggregate sale price of \$12.5 million at a weighted average capitalization rate of 5.5%. Post-quarter end, the REIT sold a second non-core MOB for an aggregate sale price of \$6.9 million at a weighted average capitalization rate of 6.0%. Also post-quarter, the REIT acquired its first Life Science asset in Canada for \$15.0 million at a weighted average capitalization rate of 6.1%. The property has a prime location in

close proximity to Montreal's Technoparc and is 100% occupied with a 11 year weighed average remaining lease term.

- **Developments:** The REIT completed three development projects, Darwin Private Hospital, South Eastern Private, and Royston Hospital, for a total cost of \$41.9 million. Moreover, the REIT continues to progress earnings and NAV accretive development projects with \$365 million currently under construction and an additional \$22 million of approved projects with expected completion dates between Q4-2021 and Q4-2023.

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.

In Europe, the REIT continues to execute on its UK joint venture initiative which will be seeded with its existing portfolio of UK hospitals upon completion of on-going value enhancing initiatives. This initiative is expected to be completed in 2021.

Balance Sheet Initiatives:

On February 26, 2021, the REIT completed a \$215 million (including the partial exercise of the overallotment option) offering of 17.0 million units at \$12.65 per unit (the "February Offering"). On April 9, 2021 the REIT closed a \$5 million private placement with NorthWest Value Partners on the same terms as the February Offering (the "Private Placement"). On May 10, 2021, the REIT redeemed its NWH.DB.E 5.25% debentures (the "Series E Debentures") maturing July 31, 2021. Prior to the redemption date and at the election of debenture holders, debentures totaling \$60.9 million were converted to 4.82 million REIT units. The remaining \$13.8 million of Series E Debentures were redeemed for cash. Primarily, as a result of the February Offering and pro forma the Private Placement and the Series E Debentures redemption, the REIT's proportionate leverage declined by 630 bp QoQ to 50.7%.

The REIT's NWH.DB.F 5.25% debentures maturing December 31, 2021 (the "Series F Debentures") have a conversion price of \$12.80 per Unit. At the REIT's current trading price, unit holders have an economically advantageous opportunity to convert their Series F Debentures to REIT units. The formation of a UK JV and sale of the REIT's existing UK assets into the JV is expected to be completed in 2021. Assuming full conversion of the Series F Debentures to equity and pro forma the completion of the UK JV the REIT's pro-forma consolidated and proportionate leverage would further decline by approximately 760 bp and 710 bp, respectively;

Q1 2021 Conference Call:

The REIT invites you to participate in its conference call with senior management to discuss our first quarter 2021 results on Friday, May 14, 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 77170206#.

Audio replay will be available from May 14, 2021 through May 21, 2021 by dialing 416-764-8677 or 1 (888) 390-0541. The reservation number is 170206#.

In conjunction with the release of the REIT's first quarter 2021 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 May 12, 2021 Vital Trust also announced its financial results for the three months ended March 31, 2021. 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 2021, 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 186 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 Net Operating Income, SPNOI, FFO, AFFO, NAV, 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 three months ending March 31, 2021, 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", or "continue" or the negative thereof or similar variations. Examples of such statements in this press release may include statements concerning the REIT's position as a leading healthcare real estate asset manager globally, geographic expansion, ESG initiatives, expanding AUM, balance sheet optimization arrangements, the proposed U.K. joint venture and potential acquisitions, dispositions and other transactions, including a potential UK joint venture and a potential transaction involving Australian Unity. The REIT's actual results and performance discussed herein could differ materially from those expressed or implied by such statements. The forward-looking statements contained in this press release are based on numerous assumptions which may prove incorrect and which could cause actual results or events to differ materially from the forward-looking statements. Such assumptions include, but are not limited to (i) assumptions relating to completion of anticipated acquisitions, dispositions, development, joint venture, deleveraging and other transactions (some of which remain subject to completing documentation) on terms disclosed; (ii) the REIT's properties continuing to perform as they have recently, (iii) the REIT successfully integrating past and future acquisitions, including the realization of synergies in connection therewith; (iv) various general economic and market factors, including exchange rates remaining constant, local real estate conditions remaining strong, interest rates remaining at current levels, the impacts of COVID-19 on the REIT's business ameliorating or remaining stable; and (vii) the availability of equity and debt financing to the REIT. Such forward-looking 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.