



**NORTHWEST INTERNATIONAL HEALTHCARE PROPERTIES
REAL ESTATE INVESTMENT TRUST**

ANNUAL INFORMATION FORM

March 11, 2013

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GLOSSARY OF TERMS

In this Annual Information Form, the following terms will have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa and words importing any gender include all genders:

“**AFFO**” has the meaning ascribed thereto under “Non-IFRS Measures”;

“**Asset Management Agreement**” means the asset management agreement among the Asset Manager, the REIT, NWI LP, as described under “Relationship with NWVP – Asset Management Agreement”;

“**Asset Manager**” means NWI Asset Management Inc., an affiliate of NWVP;

“**Audit Committee**” has the meaning ascribed thereto under “Management of the REIT – Audit Committee Information”;

“**Board**” or “**Board of Trustees**” means the board of Trustees of the REIT;

“**Brazil Securitization**” has the meaning ascribed thereto under “Assets of the REIT – Brazil – Sabará Children’s Hospital”;

“**Call Right**” has the meaning ascribed thereto under “Relationship with NWVP – Put/Call Agreement”;

“**CAGR**” means compound annual growth rate;

“**CBCA**” means the *Canada Business Corporations Act*, as amended;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**CEO**” means Chief Executive Officer;

“**CFA**” means “controlled foreign affiliate”, as defined in the Tax Act;

“**Class A LP Units**” means class A limited partnership units of NWI LP;

“**Class B LP Units**” means class B limited partnership units of NWI LP;

“**Class C Amount**” has that meaning ascribed thereto under “Relationship with NWVP – Class C Amount Pursuant to the NWI LP Agreement”;

“**Class C GP Units**” means class C general partnership units of NWI LP;

“**Class D GP Units**” means class D general partnership units of NWI LP;

“**Class E GP Units**” means class E general partnership units of NWI LP;

“**Closing Market Price**” has the meaning ascribed thereto under Declaration of Trust – Redemption Right”;

“**Declaration of Trust**” means the amended and restated declaration of trust of the REIT dated as of November 16, 2012;

“**Demand Distribution**” has the meaning ascribed thereto under “Exchange Agreement”;

“**Demand Registration Right**” has the meaning ascribed thereto under “Exchange Agreement”;

“**Developer**” means NWI Development Management Inc., an affiliate of NWVP;

“**Development Agreement**” means the development agreement among NWI LP and NWI Development Management Inc., as described under “Relationship with NWVP – Development Agreement”;

“**Distribution Date**” means any date on which the Trustees have determined that a distribution will be made by the REIT to Unitholders;

“**DRIP**” means the REIT’s distribution reinvestment plan;

“**Early Redemption Date**” has the meaning ascribed thereto under “Assets of the REIT – Brazil – Sabará Children’s Hospital”;

“**Exchange Agreement**” means the exchange agreement dated December 24, 2010 between the REIT, GT LP, the General Partner and holders of Class B LP Units;

“**Exchange Right**” has the meaning ascribed thereto under “Exchange Agreement”;

“**FAPI**” means “foreign accrual property income” as defined in the Tax Act;

“**FFO**” has the meaning ascribed thereto under “Non-IFRS Measures”;

“**GAAP**” means Canadian generally accepted accounting principles determined with reference to The Handbook of The Canadian Institute of Chartered Accountants, as amended from time to time;

“**GBV**” means the acquisition cost of the assets of the REIT plus: (i) the cumulative impact of fair value adjustments; (ii) acquisition related costs in respect of completed investment property acquisitions that were expensed in the period incurred; (iii) accumulated amortization on property, plant and equipment, and other assets; and (iv) deferred loan costs;

“**GLA**” means gross leasable area measured in square feet;

“**Global Unit Certificate**” has the meaning ascribed thereto under “Declaration of Trust – Book-Based System”;

“**Gross All In Return**” has the meaning ascribed thereto under “Relationship with NWVP – Class C Amount Pursuant to the NWI LP Agreement”;

“**GT Canada**” means GT Canada Medical Properties Inc.;

“**GT LP**” means GT Canada Operating Partnership (I) L.P.;

“**HMB Property**” means Hospital e Maternidade Brasil;

“**IFRS**” means International Financial Reporting Standards;

“**indebtedness**” means (without duplication) on a consolidated basis;

- (a) any obligation of the REIT for borrowed money (excluding any premium in respect of indebtedness assumed by the REIT for which the REIT has the benefit of an interest rate subsidy, but only to the extent an amount receivable has been excluded in the calculation of GBV with respect to such interest rate subsidy);
- (b) any obligation of the REIT incurred in connection with the acquisition of property, assets or business other than the amount of future income tax liability arising out of indirect acquisitions;

- (c) any obligation of the REIT issued or assumed as the deferred purchase price of property;
- (d) any capital lease obligation of the REIT; and
- (e) any obligation of the type referred to in clauses (A) through (D) of another person, the payment of which the REIT has guaranteed or for which the REIT is responsible for or liable,

provided that (i) for the purposes of (a) through (d), an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the REIT in accordance with IFRS; (ii) obligations referred to in clauses (a) through (c) exclude trade accounts payable, distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business; (iii) exchangeable units issued by subsidiaries of the REIT will not constitute indebtedness notwithstanding the classification of such securities as debt under IFRS; (iv) any liabilities associated with the REIT's obligations under the Put/Call Agreement will not constitute indebtedness notwithstanding the classification of such obligations as debt under IFRS, (v) any liabilities associated with revenue securitization arrangements will not constitute indebtedness notwithstanding the classification of such obligations as debt under IFRS, and (vi) any unsecured liabilities of the REIT will not constitute indebtedness notwithstanding the classification of such obligations as debt under IFRS;

“**Independent Trustee**” has the meaning ascribed thereto under “Trustees and Management of the REIT – Trustees”;

“**Issued Securities**” has the meaning ascribed thereto under “Exchange Agreement”;

“**LP Units**” means, collectively, the Class A LP Units and the Class B LP Units;

“**Market Price**” has the meaning ascribed thereto under “Declaration of Trust – Redemption Right”;

“**MD&A**” has the meaning ascribed thereto under “Non-IFRS Measures”;

“**MOB**” means Medical Office Building;

“**Net Asset Value**” has that meaning ascribed thereto under “Relationship with NWVP – Class C Amount Pursuant to the NWI LP Agreement”;

“**NHP LP**” means NHP Holdings Limited Partnership;

“**NHP Note**” has the meaning ascribed thereto under “General Development of the Business”;

“**NOI**” has the meaning ascribed thereto under “Non-IFRS Measures”;

“**Non-Resident**” means either a “non-resident” of Canada within the meaning of the Tax Act or a partnership that is not a “Canadian partnership” within the meaning of the Tax Act;

“**NW Trust**” means NorthWest Operating Trust, an affiliate of NWVP;

“**NWHP REIT**” means NorthWest Healthcare Properties Real Estate Investment Trust;

“**NWI LLC**” means NWI Healthcare Properties LLC, a limited liability company formed under the laws of Delaware;

“**NWI LP**” means NWI Healthcare Properties LP, the limited partnership formed under the laws of Ontario pursuant to the NWI LP Agreement;

“**NWI LP Agreement**” means the amended and restated limited partnership agreement of NWI LP dated November 16, 2012, among the REIT, the REIT GP, NWVP and affiliates of NWVP;

“**NWVP**” means NorthWest Value Partners Inc.;

“**NWVP GP**” means NWVP (NWI LP) GP Inc., an affiliate of NWVP that serves as a general partner of NWI LP;

“**NWVP Offer**” has the meaning ascribed thereto under “General Development of the Business”;

“**Operating Policies**” has that meaning ascribed thereto under “Relationship with NWVP – Class C Amount Pursuant to the NWI LP Agreement”;

“**Piggy-Back Distribution**” has the meaning ascribed thereto under “Exchange Agreement”;

“**Piggy-Back Registration Right**” has the meaning ascribed thereto under “Exchange Agreement”;

“**Property Management Agreement**” means the property management agreement among NWI Property Management Inc., the REIT, as described under “Relationship with NWVP – Property Management Agreement”;

“**Property Manager**” means NWI Property Management Inc., an affiliate of NWVP;

“**Put/Call Agreement**” has the meaning ascribed thereto under “Relationship with NWVP – Put/Call Agreement”;

“**Put Right**” has the meaning ascribed thereto under “Relationship with NWVP – Put/Call Agreement”;

“**Redemption Date**” has the meaning ascribed thereto under “Declaration of Trust – Redemption Right”;

“**Redemption Notes**” means unsecured subordinated promissory notes of the REIT having a maturity date to be determined at the time of issuance by the Trustees, in accordance with the Declaration of Trust, bearing interest from the date of issue at a market rate of interest determined at the time of issuance by the Trustees, payable for each month during the term on the 15th day of each subsequent month with all principal being due on maturity, such promissory notes to provide that the REIT shall at any time be allowed to prepay all or any part of the outstanding principal without notice or bonus;

“**Redemption Price**” has the meaning ascribed thereto under “Declaration of Trust – Redemption Right”;

“**Redemption Right**” has the meaning ascribed thereto under “Declaration of Trust – Redemption Right”;

“**REIT**” means NorthWest International Healthcare Properties Real Estate Investment Trust, including its predecessors where the context requires;

“**REIT GP**” means NWI Healthcare GP Inc., general partner of NWI LP;

“**REIT Exception**” means the exception to the SIFT Rules available to a publicly traded or listed trust which satisfies certain conditions relating to the nature of its revenue and investments, and qualifies as a “real estate investment trust”, as amended, as defined in the Tax Act for the year;

“**Sabará**” means a 104,915 square foot private facility in São Paulo, Brazil, as described in further detail under “Assets of the REIT”;

“**Sabará Instalment Note**” has the meaning ascribed thereto under “Assets of the REIT – Brazil – Sabará Children’s Hospital”;

“**Sabará Lease**” has the meaning ascribed thereto under “Assets of the REIT – Brazil – Sabará Children’s Hospital”;

“**Sabará Lease Agreement**” has the meaning ascribed thereto under “Assets of the REIT – Brazil – Sabará Children’s Hospital”;

“**Sabar Tenant**” has the meaning ascribed thereto under “Assets of the REIT – Brazil – Sabar Children’s Hospital”;

“**SEDAR**” means System for Electronic Documents Analysis and Retrieval;

“**SIFT**” means a SIFT trust or a SIFT partnership as defined in the SIFT Rules;

“**SIFT Rules**” means the amendments to the Tax Act proclaimed in force on June 22, 2007, as amended, that implement the changes announced as part of the Tax Fairness Plan proposed by the Minister of Finance (Canada) on October 31, 2006 which modify the tax treatment of SIFTs and the tax treatment of their unitholders;

“**SLA Collateral**” has the meaning ascribed thereto under “Assets of the REIT – New Zealand – Vital Trust – The Vital SLA”;

“**SLA Counterparty**” has the meaning ascribed thereto under “Assets of the REIT – New Zealand – Vital Trust – The Vital SLA”;

“**Special Voting Unit**” means a special voting unit of the REIT;

“**subsidiary**” has the meaning ascribed thereto in Ontario Securities Commission Rule 45-501 – Ontario Prospectus and Registration Exemptions;

“**Support Agreement**” means the support agreement entered into between the REIT and NWVP on April 16, 2012 in connection with the NWVP Offer;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

“**Trustees**” means the trustees from time to time of the REIT;

“**TSXV**” means the TSX Venture Exchange;

“**Unitholder**” means a holder of Units and any reference to a Unitholder in the context of such Unitholder’s right to vote at a meeting of Unitholders also includes a holder of Special Voting Units;

“**Units**” means trust units of the REIT;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;

“**Vital Management Rights**” means a management fee participation and certain other rights in respect of Vital Trust to be provided to the REIT, as described in further detail under “Assets of the REIT”;

“**Vital SLA**” has the meaning ascribed thereto under “Assets of the REIT – New Zealand – Vital Trust – The Vital SLA”;

“**Vital Trust**” means Vital Healthcare Property Trust; and

“**Vital Units**” has the meaning ascribed thereto under “Assets of the REIT – New Zealand – Vital Trust”.

CERTAIN REFERENCES AND FORWARD-LOOKING STATEMENTS

The information in this Annual Information Form is stated as of March 11, 2013, unless otherwise indicated.

For an explanation of the capitalized terms and expressions, please refer to “Glossary of Terms”. Unless otherwise indicated or the context otherwise requires, the “REIT” refers to NorthWest International Healthcare Properties Real Estate Investment Trust and its direct and indirect subsidiaries, including its predecessors. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

This Annual Information Form contains forward-looking statements which reflect management’s expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT. The words “plans”, “expects”, “does not expect”, “scheduled”, “estimates”, “intends”, “anticipates”, “does not anticipate”, “projects”, “believes” or variations of such words and phrases or statements to the effect that certain actions, events or results “may”, “will”, “could”, “would”, “might”, “occur”, “be achieved” or “continue” and similar expressions identify forward-looking statements. Some of the specific forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to the following:

- the intention of the REIT to pay stable and growing distributions;
- the ability of the REIT to execute its growth strategies;
- the expected tax treatment of the REIT’s distributions to holders (“**Unitholders**”) of trust units of the REIT (“**Units**”); and
- the expectations regarding real estate, the healthcare industry and demographic trends.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this Annual Information Form, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The REIT’s estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the REIT’s future growth potential, results of operations, future prospects and opportunities, the demographic and industry trends remaining unchanged, future levels of indebtedness, the tax laws as currently in effect remaining unchanged, and the current economic conditions remaining unchanged.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under “Risk Factors”. These forward-looking statements are made as of the date of this Annual Information Form and, except as expressly required by applicable law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

NOTICE REGARDING INFORMATION CONCERNING OTHER PUBLIC ENTITIES

The information concerning NorthWest Healthcare Properties Real Estate Investment Trust (“**NWHP REIT**”) and Vital Healthcare Property Trust (“**Vital Trust**”) contained in this Annual Information Form has been taken from, or is based upon, publicly available documents and records on file with the Canadian Securities Administrators and other regulatory bodies. Although the REIT has no knowledge that would indicate that any of such information is untrue or incomplete, the REIT was not involved in the preparation of any such publicly available documents and neither the REIT, nor any of its officers or directors, assumes any responsibility for the accuracy or completeness of

such information or the failure by NWHP REIT or Vital Trust to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the REIT.

MARKET AND INDUSTRY DATA

This Annual Information Form includes market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information.

Although the third-party sources believe it to be reliable, we have not independently verified any of the data from third-party sources referred to in this Annual Information Form, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

NON-IFRS MEASURES

Funds from operations (“**FFO**”), adjusted funds from operations (“**AFFO**”) and net operating income (“**NOI**”) are not measures recognized under International Financial Reporting Standards (“**IFRS**”) and do not have standardized meanings prescribed by IFRS. FFO, AFFO and NOI are supplemental measures of a real estate investment trust’s performance and the REIT believes that FFO, AFFO and NOI are relevant measures of its ability to earn and distribute cash returns to Unitholders. The IFRS measurement most directly comparable to FFO, AFFO and NOI is net income. A reconciliation of NOI, FFO and AFFO to net income is presented in the REIT’s MD&A, as filed on SEDAR at www.sedar.com, incorporated by reference herein.

“FFO” is defined as net income (computed in accordance with IFRS), excluding: (i) fair value adjustments on investment properties; (ii) gains (or losses) from sales of investment properties; (iii) amortization of tenant incentives; (iv) fair value adjustments and other effects of redeemable units classified as liabilities; (v) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; and (vi) deferred income tax expense, after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.

“AFFO” is defined as FFO, subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on mortgages acquired, amortization of deferred financing and leasing costs, and compensation expense related to deferred unit incentive plans, (ii) adjusting for differences, if any, resulting from recognizing property revenues on a straight line basis as opposed to contractual rental amounts, and (iii) deducting reserves for tenant inducements, leasing costs, financing costs and sustaining capital expenditures, as determined by the REIT. Other adjustments may be made to AFFO as determined by the Trustees in their discretion.

“NOI” is defined as income from properties after operating expenses have been deducted, computed in accordance with IFRS, but before deducting interest expense, depreciation and amortization expense, general and administrative expenses, income taxes, leasehold improvement and leasing costs, and unrecoverable capital costs.

FFO, AFFO and NOI should not be construed as alternatives to net income determined in accordance with IFRS as an indicator of the REIT’s performance. The REIT’s method of calculating FFO, AFFO and NOI may differ from other issuers’ methods and accordingly may not be comparable to measures used by other issuers.

STRUCTURE OF THE REIT

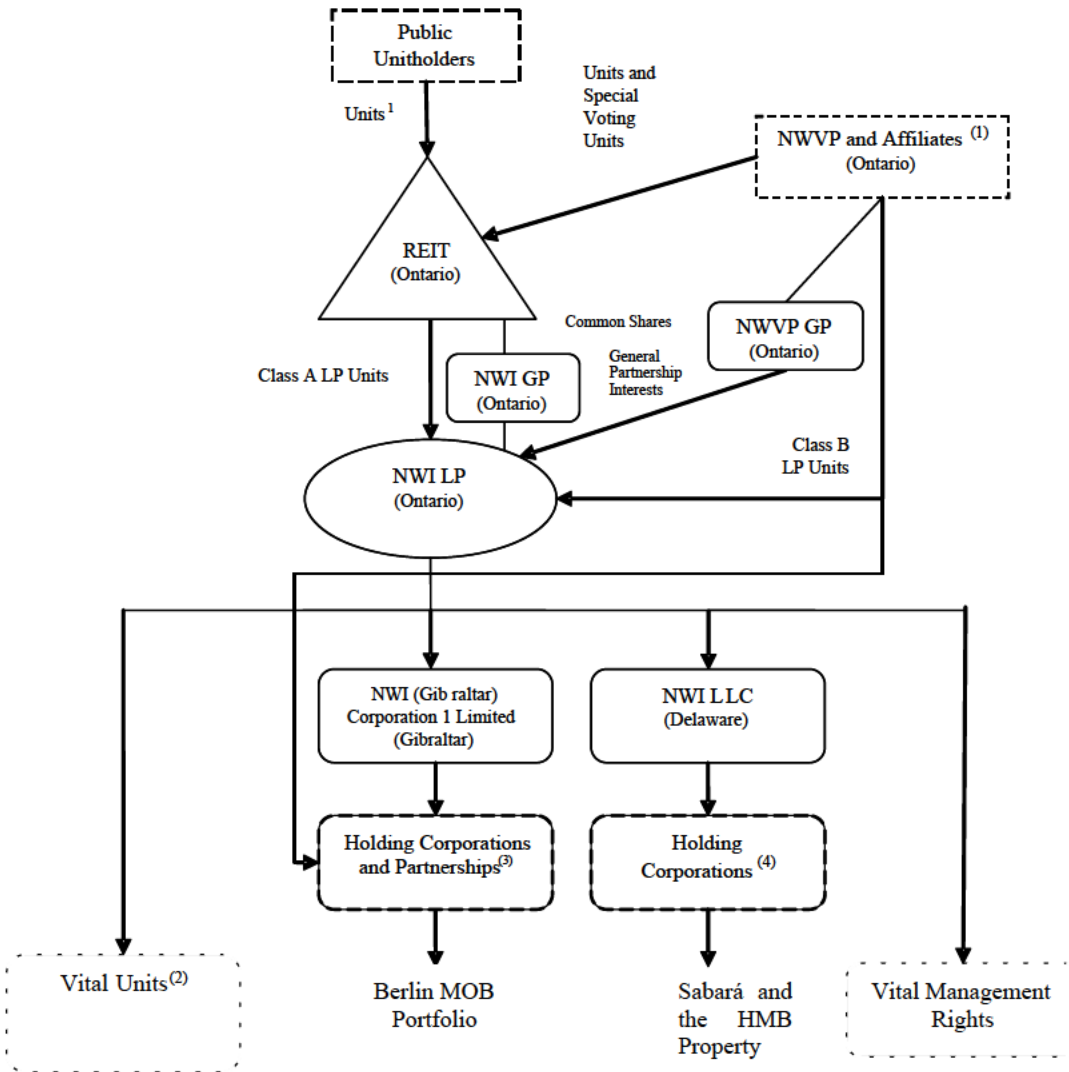
The REIT is an unincorporated, open-ended real estate investment trust form under the laws of the province of Ontario, whose purpose is to invest in healthcare real estate internationally. The REIT's head and registered office is located at 284 King Street East, Toronto, Ontario, M5A 1K4.

The REIT's objectives are to:

- manage its investments to provide stable, sustainable and growing cash flows through investments in healthcare real estate internationally;
- build a diversified, growth-oriented global portfolio of healthcare properties based on an initial portfolio of investments in Australasia, Brazil and Germany;
- capitalize on internal growth and seek accretive healthcare real estate acquisition opportunities in its target international markets, with a focus primarily on Australasia, Brazil, and Germany;
- grow the value of its assets and maximize the long-term value of its Units through active and efficient management; and
- provide predictable and growing cash distributions per Unit, on a tax-efficient basis.

Affiliates of NorthWest Value Partners Inc. (“NWVP”) serve as the REIT's asset manager, property manager and developer pursuant to certain management and partnership agreements which are filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. See “Relationship with NWVP”.

The chart below illustrates the structure of the REIT and its principal Subsidiaries as at the date hereof (including jurisdiction of establishment/incorporation of the various entities).



Notes:

1. NWVP, directly or indirectly, owns: (a) 27,000,711 Units, representing approximately 62% of the Units outstanding, and (b) approximately 55,944,444 Class B LP Units, representing all of the Class B LP Units outstanding.
2. The REIT indirectly has exposure to the Vital Units, which represents exposure to an approximate 20% interest of Vital Trust. The Vital Units are subject to the Vital SLA. See "Assets of the REIT – New Zealand – Vital Trust – The Vital SLA".
3. NWI (Gibraltar) Corporation 1 owns 90% of the common shares of NWI (Gibraltar) Corporation 2, NWI (Gibraltar) Corporation 3 and NWI (Luxembourg) Sarl. NorthWest International Management Company Inc., an affiliate of NWVP whose shares are held by Paul Dalla Lana, owns the remaining 10% of NWI (Gibraltar) Corporation 2, which in turn owns the remaining 10% of NWI (Gibraltar) Corporation 3. NWI (Gibraltar) Corporation 3 owns the remaining 10% of NWI (Luxembourg) Sarl., which in turn owns 100% of NWI Gesundheitsimmobilien GmbH & Co. KG, a German entity. Gesundheitsimmobilien GmbH & Co. KG owns 94.9% of the interests in the underlying properties that comprise the German MOB Portfolio (each held in a German limited partnership (Kommanditgesellschaft) or limited liability company (Gesellschaft mit beschränkter Haftung)), with the remaining 5.1% of the interests held by a third party.
4. NWI Healthcare Properties LLC ("NWI LLC") owns 31,878,199 or 99.99% of the shares of Northwest International Investimentos Imobiliários em Saúde S.A., which in turn owns 12,858,799 or 99.99% of the shares of Avenida Angélica Investimentos Imobiliários e Participações S.A., the owner of Sabará. A Brazilian citizen owns one share of each Northwest International Investimentos Imobiliários em Saúde S.A. and Avenida Angélica Investimentos Imobiliários e Participações S.A., representing the sole minority holder in each entity.

GENERAL DEVELOPMENT OF THE BUSINESS

Formation

GT Canada Medical Properties Inc. (“**GT Canada**”), a former wholly-owned subsidiary of the REIT, was incorporated on March 25, 2008 as “GT Canada Capital Corporation” and formed as a “capital pool corporation” under the policies of the TSXV. On July 17, 2008, GT Canada completed its initial public offering and its common shares were listed and began trading August 6, 2008 on the TSXV under the symbol “MOB.P”. On March 12, 2010, GT Canada completed its qualifying transaction under the policies of the TSXV through the acquisition of a medical office building in Hamilton, Ontario and changed its name to “GT Canada Medical Properties Inc.” On December 24, 2010, GT Canada converted into a real estate investment trust under the name “GT Canada Medical Properties Real Estate Investment Trust”, along with acquiring a portfolio of five medical office buildings. In 2011 and 2012, the REIT acquired seven more Canadian medical office buildings.

NWVP Offer and Disposition of Canadian MOB Portfolio

On April 16, 2012, the REIT announced it had entered into a support agreement (the “**Support Agreement**”) with NWVP whereby NWVP would offer to acquire all of the Units for \$2.05 per Unit (which price was subsequently reduced to \$1.87 per Unit as a result of a rights offering completed by the REIT) by way of a take-over bid (the “**NWVP Offer**”). On June 11, 2012, after the extension of the initial expiry date of the NWVP Offer, 18,481,046 Units were tendered to the NWVP Offer, representing approximately 91% of the total outstanding Units and approximately 68% of the fully diluted Units. As disclosed in the takeover bid circular mailed in connection with the NWVP Offer, and for purposes of ensuring that the REIT continued to meet the ongoing listing requirements of the TSXV, NWVP sold 1,840,000 Units deposited under the NWVP Offer. After the take-up and payment by NWVP Acquisition L.P. (a wholly-owned subsidiary of NWVP) of the remaining tendered Units, NWVP indirectly owned 16,641,046 Units, representing approximately 82% of the total outstanding Units (approximately 61% of the total outstanding Units on a fully-diluted basis).

On November 2, 2012, the REIT changed its name to “NorthWest International Healthcare Properties Real Estate Investment Trust”.

In connection with the NWVP Offer, in two separate transactions on November 14, 2012 and November 16, 2012 (together, the “**Disposition**”) all of the REIT’s existing properties were sold to NHP Holdings Limited Partnership (“**NHP LP**”), a subsidiary of NWHP REIT. As net consideration (after the assumption of mortgage indebtedness), the REIT received \$39,200,000 (subject to customary post-closing adjustments), satisfied by cash in the amount of approximately \$9,200,000 and a promissory note in the amount of \$30,000,000 (the “**NHP Note**”).

The NHP Note is unsecured, repayable on the demand of the REIT at any time on or after November 29, 2012 and bears interest at a rate of 8% per annum, payable quarterly in arrears. The NHP Note provides that NHP LP can assign its obligations under the NHP Note without the consent of the REIT (a) to an affiliate (provided the obligations of such assignee are guaranteed by NHP LP) or a related party of NHP LP (provided the obligations of such assignee are guaranteed by a credit worthy affiliate of such related party, as determined by the REIT, acting reasonably), or (b) in connection with, or as part of, a restructuring. In December 2012, approximately \$15M of the NHP Note was repaid. The remaining balance of the NHP Note was assumed by an affiliate of NWVP in connection with a restructuring of other obligations owing between affiliates of NWVP and NHP LP.

The Disposition was completed on financial terms that were economically equivalent (to the REIT) to the terms offered (to the Unitholders) pursuant to the NWVP Offer. In other words, the NWVP Offer generally resulted in Unitholders of the REIT at the time receiving the same gross proceeds (on a pre-tax basis) they would have received had the REIT completed the Disposition and then distributed the proceeds to such Unitholders. In accordance with TSXV policies, Unitholder approval of the Disposition was obtained by way of written consent from approximately 66% of Unitholders, excluding NWVP and its affiliates and associates. The effective date of the Disposition closing was October 1, 2012.

Reconfiguration of the REIT to Focus on International MOB Assets

On November 16, 2012 (but with an effective date of October 1, 2012), pursuant to a definitive agreement that was entered into on October 23, 2012 (the “**Definitive Agreement**”), the REIT indirectly acquired interests in certain international assets (the “**International Assets**”) of NWVP (the “**Acquisition**”). See “Assets of the REIT”. In connection with the closing of the Acquisition, the REIT announced that it has increased its annual distributions from \$0.064 per unit to \$0.16 per unit.

Public Offering of Trust Units

On December 20, 2012, the REIT completed the issuance of 12,500,000 Units at a price of \$2.00 per Unit for gross proceeds of \$25,000,000, along with the issuance of an additional 850,900 Units for additional gross proceeds of \$1,701,800 pursuant to the exercise of an over-allotment option, which closed on January 14, 2013.

Acquisition of the HMB Property

On December 27, 2012, the REIT indirectly acquired the land and buildings constituting Hospital e Maternidade Brasil (the “**HMB Property**”), located in suburban Sao Paulo, Brazil, from Rede D’Or São Luiz S.A. (“**Rede D’Or**”) for approximately \$120.0 million (\$250.0 million Reais). Concurrent with its sale of the HMB Property, Rede D’Or entered into a fully net 25 year leaseback of the HMB Property with an initial annual rent of approximately \$12.3 million (\$25.6 million Reais), plus annual inflation adjustments.

During the first 25 years of the term of the lease, Rede D’Or is responsible for all repair and maintenance of the HMB Property of any nature, the tenant has no right to terminate the lease, and has no right to seek a judicial review of rent as would be available in a typical Brazil lease.

Rede D’Or has the option to renew the lease for three additional terms of 25 years each, at market rent, increased annually by inflation. The terms of the lease during the option periods are revised to reflect a more typical Brazilian lease, including obligations of the landlord in relation to the structure of the property, and the penalty for termination of the lease by the tenant being reduced from full indemnity for loss of the balance of the term to a one year termination, and the right of each party to seek judicial review of the rent.

In the first three years of the term of the leaseback Rede D’Or is entitled to request the landlord to expand the property in the amount of up to \$30.0 million Reais, subject to certain conditions including the approval of the Landlord in its sole discretion, including an increase in base rent to ensure a return of 12% on the new investment.

At approximately 342,000 square feet and with 305 beds, the HMB Property houses the largest full-service hospital in Santo Andre, a suburb of Sao Paulo, located approximately 30 kilometres south of the city centre. The HMB Property is operated by Rede D’Or, a privately-owned Brazilian hospital operator with 26 hospitals across Brazil and a dominant presence in Rio de Janeiro under the “D’Or” hospitals brand; São Paulo under the “São Luiz” brand and Brasilia under the "Santa Lucia" brand.

The gross purchase price of approximately \$120.0 million included approximately \$24.0 million (\$50 million Reais) of deferred consideration, of which \$23.5 million (\$49.0 million Reais) is due on December 21, 2013 and \$0.5 million (\$1.0 million Reais), adjusted in accordance with variation in CDI, is due December 21, 2014. The REIT’s investment was funded from existing resources and new financing from BTG Pactual Bank for \$60.0 million (\$125.0 million Reais) at an effective interest rate of 6.60% for a two year term. The principal balance of the new financing will be adjusted by IPCA (the consumer price inflation measure used by the Central Bank of Brazil for guiding monetary policy) upon repayment.

Rent under the leaseback is paid into a lock box and the lender retains \$687,171.00 Reais each month from the rent payment, together with a monthly reserve of an additional \$1,250,000 Reais, as security.

The lender has the right to call the loan in certain situations (such as on a default, bankruptcy or expropriation) and the borrower has the right to prepay the loan in certain circumstances for amount that takes into consideration changes in the yield curve and inflation. The lender has the right to call the loan after February 1, 2015.

If the borrower does not pay any payment required, or fails to pay the balance of the purchase price under the purchase agreement with Rede D'Or, Rede D'Or is to buy back the HMB Property for 92.5% of the amount already paid by the borrower under the purchase agreement from which payment the lender retains the amount owed to it and remits the balance to the borrower.

Rede D'Or has a right of first refusal to purchase the HMB Property if the landlord receives an offer it wants to accept.

Rede D'Or undertook to comply with conditions relating to certain title matters (including discharges of judicial liens against certain lots comprising a portion of the HMB Property) and to cause certain zoning matters to be regularized by December 10, 2013. If the conditions are not met, the buyer is entitled to waive the conditions and pay the balance of the price then due or exercise a put option under which the buyer requires Rede D'Or to purchase HMB for the fair market value thereof at such time. Management understands that the title issues are expected to be resolved by the end of March and that the zoning issues are under discussion with the governmental authorities responsible therefor.

In connection with the acquisition, the REIT obtained an appraisal of the HMB Property from Cushman & Wakefield, Brazil to provide the market value of the HMB Property. The appraisal was prepared in conformity with the Brazilian Standards Association (ABNT - Associação Brasileira de Normas Técnicas). In its appraisal, Cushman & Wakefield estimated the market value of the HMB Property as at December 18, 2012 to be \$122.4 million (\$255.1 million Reais). The estimated market value of the HMB Property was determined by Cushman & Wakefield by utilizing, where appropriate, one or more of the discounted cash flow approach, replacement cost approach and the income capitalization approach. These valuation methods are methods traditionally used by investors when acquiring property of this nature. Appropriate due diligence of the property was carried out, including "walk through" property inspections, review of external market factors, transaction comparables, and analysis of relevant operational and financial information. In determining the appropriate market value of the HMB Property, Cushman & Wakefield relied on the measurement of areas, property tax and title information provided by Rede D'Or. For purposes of the appraisal, Cushman & Wakefield assumed, among other things, that: (a) title to the HMB Property is good and marketable; and (b) there are no encroachments or encumbrances on the HMB Property, except as noted in the appraisal. In conducting the appraisal, Cushman & Wakefield did not complete a title search. As the lease is on a fully net basis to the lessee, Cushman & Wakefield did not review any operating or financial data of Rede D'Or.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The appraisal is based on various assumptions of future expectations and while the Cushman & Wakefield's internal forecasts are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

A property condition assessment report ("**PCA Report**") was prepared for the REIT to determine and document the existing condition of the HMB Property. The assessment included the major building operating components and systems of the HMB Property and also identified and quantified any major defects in materials or systems which might significantly affect the value of the HMB Property or the continued operation thereof. The PCA Report was completed in December 2012. In addition to required regular maintenance on the various components of the buildings comprising the HMB Property, the PCA Report assessed both work required to be completed immediately (i.e., within 90 days of the assessment) and work recommended to be completed during the subsequent ten years in order to maintain the building in an appropriate condition. Based on the PCA Report, the HMB Property was determined to be in a satisfactory condition commensurate with its age and comparable to other similar properties in its market. Under the terms of the lease, the tenant is responsible for maintaining and repairing the building.

The HMB Property was the subject of a Phase I and Phase II environmental site assessment report conducted by an independent environmental consultant in December 2012, which was also reviewed by Pinchin Environmental Ltd.

The Phase I and Phase II environmental reports included procedures related to soil sampling, groundwater sampling and deep well sampling and revealed some minor issues in connection with smaller outparcel buildings located on the HMB Property which are not considered to be material risks. Under the terms of the lease, the tenant is required to resolve any environmental issues related to the HMB Property.

Distribution Reinvestment Plan

On January 23, 2013, the REIT implemented a distribution reinvestment plan (the “**DRIP**”). Eligible unitholders (which, by virtue of the Special Voting Units will include holders of Class B LP Units) that elect to participate in the DRIP will have their cash distributions used to purchase Units and will also receive a “bonus distribution” of Units equal in value to 3% of each distribution. The REIT may initially issue up to 10,000,000 Units under the DRIP. The REIT may increase the number of Units available to be issued under the DRIP at any time in its discretion subject to (a) the approval of the REIT’s board of Trustees, (b) the approval of any stock exchange upon which the Units trade, and (c) public disclosure of such increase.

Proposed Acquisition of Medicum Muensterfeld

On March 5, 2013, the REIT announced it had entered into an agreement to acquire Medicum Muensterfeld, a newly constructed medical office complex located in Fulda, Germany, approximately 100km northeast of Frankfurt, Germany. Upon completion, the acquisition will represent the REIT's sixth asset in Germany. At approximately 120,000 square feet, Medicum Muensterfeld is 99% occupied with a weighted average lease expiry of 7.1 years. The property has a diversified tenant base focused on healthcare related users and orthopaedic services which benefit from the building's close proximity to the Klinikum Fulda - one of Fulda's leading hospitals. The purchase price of approximately \$20.3 million (€15.0), subject to customary closing adjustments, represents an approximate 7.0% in-place capitalization rate. The REIT expects to fund the acquisition from existing resources (including, to the extent required, a portion of the net proceeds from the Offering) and new mortgage financing from Deutsche Genossenschafts-Hypothekenbank in the amount of \$12.2 million (€9.0) with a five year term, a fixed interest rate of approximately 2.50% per annum and a 40 year amortization period. The acquisition is expected to close during the first quarter of 2013, subject to customary closing conditions.

Public Offering of Convertible Debentures

Also on March 5, 2013, the REIT announced that it had reached an agreement with a syndicate of underwriters to issue \$20 million (\$23 million if the over-allotment option is exercised in full) of convertible unsecured subordinated debentures on a “bought deal” basis. The offering is expected to close in late March 2013.

INDUSTRY OVERVIEW AND BUSINESS OF THE REIT

The REIT provides an opportunity for investors to gain exposure to healthcare real estate internationally. The REIT intends to provide sustainable monthly cash distributions, while allowing investors to diversify their healthcare real estate holdings beyond strictly the Canadian market. The REIT is the only publicly-listed real estate investment trust in Canada dedicated to investing in healthcare real estate internationally.

Over the past several years, some of Canada’s largest pension funds and institutional investors have increasingly sought out investment opportunities outside of Canada in the real estate sector. These investors have increased the international component of their real estate investments for reasons that include diversification, the opportunity to enhance returns and the possibility of generating long-term, stable cash flows. Three of Canada’s major pension funds reported having approximately half of their real estate assets outside of Canada, with a particular focus in Europe. Other significant markets for Canadian institutional buyers of foreign real estate include the United States, Asia, Australia, and South America. The REIT believes that it is providing a unique opportunity for Canadian retail and institutional investors to diversify their real estate investments, as large Canadian pension funds and other large Canadian institutional investors have done, by investing in an entity that will pursue investment opportunities in international commercial real estate.

The REIT believes that favourable economic conditions in Canada relative to economic conditions in other countries, including the relatively low cost of capital in Canada, have created a window of opportunity to establish a Canadian investment entity to acquire healthcare real estate assets internationally.

In particular, the REIT believes that healthcare real estate represents a uniquely compelling asset class within commercial real estate, serving as a defensive asset class with both scale and growth. The REIT believes that international markets will continue to offer attractive healthcare real estate acquisition opportunities for the REIT in the future. To select international markets in which to expand, the REIT identifies key market characteristics that are consistent with those identified in Canada, specifically:

- Demographics: aging population, increasing life expectancy, and the need for healthcare;
- Economic: selected markets balance economic growth and stability, stabilized and/or increasing GDP per capita, and increasing healthcare spending as % of GDP; and
- Real estate and healthcare trends: fragmented healthcare real estate markets, healthcare operators focusing on “core business”, demand for new infrastructure, and growing public and private healthcare services.

Target Markets

Within the landscape of international healthcare real estate markets, the REIT has identified the following markets as the REIT’s initial focus areas, balancing both growth and stability:

- Australasia: an established market with consolidation opportunities, inflation indexed triple net rents, dominant exposure through an investment in Vital Trust;
- Brazil: a high-growth market backed by experienced operators, unique exposure through long-term inflation indexed triple-net sale leaseback structure; and
- Germany: a fragmented market with first mover advantage available, NOI growth through active management and scale, similar to NWHP REIT’s experiences growing in Canada.

The following table highlights certain key market data in connection with the REIT’s initial targeted markets, as compared against Canada:

	<u>Australasia⁽¹⁾</u>	<u>Brazil</u>	<u>Germany</u>	<u>Canada</u>
Population	26.3 million	194.9 million	81.7 million	34.7 million
GDP Growth (2012E)	1.5%	3.9%	2.2%	1.9%
Inflation (2012E)	3.5%	6.6%	1.1%	2.0%
5 Yr Government Bond Yield⁽²⁾	2.99%	9.01%	0.44%	1.31%
Healthcare System	Hybrid public and private healthcare systems	Hybrid public and private healthcare systems	Hybrid public and private healthcare systems	Publicly-funded healthcare system

Sources *Economist, World in Figures (August 31, 2012); Bloomberg*

Notes:

1. Statistics represent totals/weighted average between Australia and New Zealand. Bond yields refer to Australia.
2. Bond yields at March 6, 2013.

Australasia

The Australian healthcare system is designed to provide universal access of health services to all Australians based on a network of private services providers, acute services are provided by public hospitals. Australia’s healthcare system is predominately funded by its Federal Government through its Medicare program. Patients are reimbursed

up to 100% of the cost of general practice and 85% of diagnostic services while public hospitals are free to patients. According to the Australian Institute of Health and Welfare, around 45% of Australians opt to take additional private health insurance that enables patients to choose physicians, hospital accommodations and avoid the waiting lists in public hospitals.

Significant consolidation has occurred in the hospital, pathology and radiology diagnostics services and has now moved to more of the outpatient services. There are currently three main competitors (Ramsay Health Care, Healthscope and Health Care) in the “for-profit” private hospital, radiology and pathology sectors with considerable consolidation having occurred over the last 10 years.

The Australasia healthcare real estate market is undergoing a period of consolidation. Following the acquisition of Essential Healthcare Property Trust by Vital Trust, there remain three major designated healthcare real estate platforms (all of which have external management arrangements in place): Australian Unity Healthcare Property Trust (non-listed), Vital Trust (listed in New Zealand), and Generation Healthcare REIT (listed in Australia).

Brazil

Brazil’s healthcare system is a hybrid public/private model. In 2006, annual healthcare spending of approximately \$85 billion represented 8% of Brazil’s GDP. At \$44 billion, private healthcare expenditures represented approximately 52% of 2006 healthcare spending and was funded primarily through healthcare plans (44%), drug plans (27%) and other (29%). The public healthcare system representing 52% of 2006 healthcare spending is funded at Federal (2006 = 48%), State (2006 = 23%) and Municipal levels (2006 = 28%) and covers close to 80% of the country’s population (Source: World Health Organization (2006)).

There is a perceived lack of quality and inefficiency in Brazil’s public healthcare system, and as such regional governments have recently launched a medical assistance program, which provides users with credits for private healthcare services. Private healthcare operators are under significant political pressure to reduce the costs of their services and expand their regional footprint to service rural populations.

Brazil’s healthcare real estate market is, for the most part, non-existent. NWVP’s experiences have shown that many of the significant healthcare operators currently own their real estate and are actively seeking opportunities to redeploy capital and grow their businesses. Management has uncovered significant opportunities in the private healthcare system to provide alternative funding by way of real estate sale and leaseback alternatives.

Germany

Germany’s healthcare industry ranks as Europe’s largest. According to the World Health Organization, from 2000 to 2007, health expenditures rose from EUR 212.5 billion to EUR 252.8 billion, corresponding to a total growth of 19%, 2.7% higher than GDP. Germany has 82 million inhabitants, and the country’s ageing society is a growth driver for the healthcare industry. Nearly every German citizen benefits from health insurance. According to the World Health Organization, about 89% are covered by one of the public insurance providers, while about 9% choose a private system. The challenges of an ageing society are met by providers in fields such as generics and health management; these sectors are also fostered by the health reforms recently passed by the German government.

According to the World Health Organization, Germany’s healthcare industry employs 4.4 million highly-trained professionals. In addition, 116,237 health science and medical students, and 78,001 graduates in biology, chemistry and medical engineering work in Germany. The German medical office building (“**MOB**”) segment is similar to the Canadian model.

Competitive Conditions

Global healthcare trends continue to shape the competitive landscape for owners and operators of healthcare real estate across all countries, in the following ways:

- Increasing demand: increased demand underpinned by macro trends (ageing populations, increasing life expectancies, and rising incomes);
- Increasing operator focus: operators increasingly focusing on primary and acute services and investing in their ‘core’ businesses and focus on unlocking value from divestment of real estate assets to grow core business;
- More outpatient services: increasing use of ancillary medical facilities (including MOBs, clinics, etc.) and increasing demand for modern non-core healthcare facilities;
- Increasing healthcare expenditures: healthcare spending/capita is rising in all G20 countries, underpinned by macro trends, and in emerging markets growing from a zero base; and
- Consolidation: globalization, exposure to “BRIC” countries (ie. Brazil, Russia, India and China), and “pure-play” healthcare are the trends, while scale is a key factor in driving profitability and entering new markets.

Management believes that the REIT will be well-positioned to capitalize on these global healthcare trends and will be a strong competitor across the REIT’s targeted international markets in acquiring high quality healthcare real estate.

Employees

As at December 31, 2012, the REIT employed three individuals.

ASSETS OF THE REIT

The following table highlights certain information about certain of such assets as at December 31, 2012:

	<u>Brazil</u>	<u>Germany</u>	<u>Total/ Weighted Average⁽¹⁾</u>
Number of Buildings	2	5	7
Number of Tenants	2	103	105
GLA (sq ft.)	446,915	182,181	629,096
Occupancy	100.0%	98.7%	99.5%
Weighted Average Lease Expiry⁽²⁾	22.0	4.9	13.8

Notes:

1. Weighted average based on 100% of gross leasable area (“GLA”).
2. Lease expiry in years.

The International Assets also include exposure to an equity interest in Vital Trust (for further details concerning the nature of the REIT’s interest in Vital Trust, see “Assets of the REIT – New Zealand – Vital Trust”). The following table highlights certain information about Vital Trust as at December 31, 2012, on a 100% basis; noting, however, that the REIT has exposure to an approximate 20% interest in Vital Trust:

	<u>Australia/ New Zealand</u>
Number of Buildings	24
Number of Tenants	109
GLA (sqft.)	1,244,513
Occupancy	99.5%
Weighted Average Lease Expiry⁽¹⁾	12.1

Notes:

1. Lease expiry in years.

New Zealand – Vital Trust

Vital Units

Pursuant to the Acquisition, the REIT indirectly acquired (through NWI LP) 58,600,003 trust units of Vital Trust. As of March 8, 2013, the REIT owned an interest in 59,600,502 units of Vital Trust, which represents an approximate 20% interest in Vital Trust. The REIT may acquire additional units of Vital Trust from time to time, including pursuant to Vital Trust’s distribution reinvestment plan (all such units in which the REIT has an interest being referred to herein as the “**Vital Units**”). All of the Vital Units are subject to a securities lending arrangement, as described below under “– The Vital SLA”.

Vital Trust, based in Auckland, is an NSX-listed investment fund that invests in health and medical-related properties in Australia and New Zealand. Vital Trust’s real estate portfolio is comprised of 24 medical office buildings and private hospitals located in eastern Australia (approximately 75% of the portfolio and primarily in Melbourne) and New Zealand (approximately 25% of the portfolio and primarily in Auckland), with an aggregate GLA of approximately 1.2 million square feet. Vital Trust’s real estate portfolio currently operates at approximately 99% occupancy with a weighted average lease term of 12.1 years. Vital Trust is currently externally managed by entities owned indirectly by NWVP, with such affiliates receiving base asset management and incentive fees in connection therewith. Additionally, Paul Dalla Lana, Chairman and Chief Executive Officer of the REIT and Bernard Crotty, a Trustee of the REIT, serve on the Board of Trustees of Vital Trust.

The Vital SLA

NWI Healthcare Properties LP (“**NWI LP**”) is a party to a Global Master Securities Lending Agreement (the “**Vital SLA**”) with Macquarie Capital Markets Canada Ltd. (the “**SLA Counterparty**”) on customary terms and conditions in relation to the Vital Units.

Pursuant to the Vital SLA, NWI LP has transferred (or “loaned”) all of the Vital Units to the SLA Counterparty in return for the SLA Counterparty paying to NWI LP NZD36,918,003 of cash collateral (the “**SLA Collateral**”). The SLA Collateral received by NWI LP was indirectly used to pay amounts owing under a securities SWAP arrangement that was previously in effect with respect to the Vital Units.

Going forward, the SLA Collateral must represent not less than 50% of the market value of the Vital Units, with the SLA Collateral being marked to the market price of the Vital Units on a daily basis. Accordingly, if on any given day the value of the Vital Units increases, the SLA Counterparty will be required, upon the demand of NWI LP, to pay additional SLA Collateral to NWI LP, while NWI LP will be required to repay, upon the demand of the SLA Counterparty, part of the SLA Collateral to the SLA Counterparty if the value of the Vital Units declines; provided that neither party will be required to make adjustments to the SLA Collateral if the value of the Vital Units changes

by an amount equal to the lesser of (a) NZD500,000, and (b) 2% of the SLA Collateral. Adjustments to the SLA Collateral must generally be made within one business day of any demand. As a result of the foregoing, NWI LP's rights and obligations under the Vital SLA could have an impact on the REIT's cash available for distribution. See "Risk Factors – The Vital SLA".

NWI LP must pay interest on the SLA Collateral it holds to the SLA Counterparty at a rate that fluctuates with the New Zealand dollar LIBOR rate. The current interest rate is approximately 5.1%.

As is customary with securities loan arrangements, the Vital Units become the property of the SLA Counterparty under the Vital SLA, with the SLA Counterparty having the ability to deal with the Vital Units without restriction. However, the Vital SLA seeks to place NWI LP in the same position in which it would have been had the Vital Units not been transferred to the SLA Counterparty. In particular, the SLA Counterparty must pay to NWI LP amounts equal to the net cash distributions paid on the Vital Units and arrange for voting rights equal to the voting rights attached to the Vital Units to be exercised in accordance with the instructions of NWI LP. While NWI LP has a right to instruct the SLA Counterparty in relation to the exercise of voting rights attached to the underlying Vital Units, such right only exists if the SLA Counterparty physically holds the underlying units. The SLA Counterparty does not have an obligation to physically hold the underlying Vital Units and in such circumstances, NWI LP will not have an ability to direct the exercise of voting rights.

The securities loan of the Vital Units under the Vital SLA is due to terminate on November 15, 2013 (or any earlier date agreed by the parties). Both NWI LP and the SLA Counterparty may, at their option, terminate the securities loan at any time before that date (subject, in the case of the SLA Counterparty, to giving not less than 30 days prior notice to NWI LP). The Vital SLA may also be terminated early in certain situations, such as default by a party.

On termination of the securities loan, the SLA Counterparty is generally required to deliver to NWI LP a number of units in Vital equal to the Vital Units, and NWI LP is required to repay the SLA Collateral.

The obligations of NWI LP in respect of Vital SLA have been guaranteed by the REIT pursuant to a Deed of Guarantee and Indemnity entered into by the REIT and the SLA Counterparty. See "Risk Factors – The Vital SLA".

Vital Management Rights

Pursuant to a service agreement entered into in connection with the Acquisition, (a) affiliates of NWVP have agreed to pay, in consideration for certain management services rendered, a subsidiary of the REIT a management fee participation equal to the difference between all management fees paid by Vital Trust to NWVP or any of its wholly-owned subsidiaries and the amount that Vital Trust would have paid should it have been wholly-owned and subject to the asset management fee arrangements described under the heading "Asset Management Agreement", and (b) the REIT will be indirectly entitled to direct NWVP, subject to NWVP's fiduciary duties, with respect to any control or direction rights of NWVP pursuant to agreements entered into with Vital Trust (together, the "**Vital Management Rights**"). NWVP's management arrangements with Vital Trust currently provide for a base management fee of 0.75% (as opposed to the 0.50% payable under the Asset Management Agreement), as well as an opportunity to earn certain transaction fees and an incentive fee calculated on a basis different than the Class C Amount. The purpose of the Vital Management Rights is to provide the REIT will any incremental economic benefit that may be associated with the current management arrangements currently in place between NWVP and Vital Trust. See "Risk Factors – Vital Management Rights".

Brazil

Sabará Children's Hospital

Sabará Children's Hospital ("**Sabará**"), located in São Paulo, is a 104,915 square foot private facility widely regarded as the leading children's hospital in Brazil. The facility is leased and operated by a single tenant, Hospital Sabará (the "**Sabará Tenant**"), who uses the property to operate the region's largest private children's hospital. Significantly expanded and redesigned in August 2010, Sabará Children's Hospital is a retrofitted office building located on Angelica Avenue in São Paulo. The new expansion and redesign included structural reinforcement, 3rd basement expansion and construction of a new 6-storey annex connected to the existing 17-storey building. The

facility features 72 suites (104 beds), diagnostic centres, operating rooms, and an intensive care unit, along with administrative areas.

The Sabará Tenant leases Sabará pursuant to a non-residential property lease agreement, as amended (the “**Sabará Lease**”) which expires on September 30, 2024. The initial annual payment to be made by the Sabará Tenant under the Sabará Lease in 2009 was \$6,584,646 Reais, and such amount is subject to annual IPCA (the consumer price inflation measure used by the Central Bank of Brazil for guiding monetary policy) adjustments. The Sabará Lease is guaranteed by the Sabará Tenant’s principal shareholder who has, by way of fiduciary assignment of credit rights in an escrow account, pledged the income stream (dividends and interest) of his respective equity interests in one of Brazil’s leading commercial and investment banks as security for the Sabará Tenant’s obligations under the Sabará Lease Agreement. The Sabará Lease contains a pre-emptive right in favour of the Sabará Tenant if the controlling interest or all of the shares of the REIT subsidiary that owns Sabará are sold during the term of the lease, offering the tenant the right to purchase the shares on the same terms.

At the same time the Sabara Lease was signed, the owner of Sabará securitized a portion of the rents receivable in return for a lump sum payment of \$40,491,000 Reais (the “**Brazil Securitization**”). As a result of the Brazil Securitization, the REIT is only entitled to receive 20.25% of the total rent payment owing during the remainder of the term of the Sabara Lease. The Brazil Securitization in effect serves as an amortizing loan, with the 78.75% of total annual rent not being retained by the REIT serving as a mixed payment of “principal and interest” on the amount of the original advance. The Brazil Securitization bears an interest rate of IPCA + 9.25%.

The Brazil Securitization runs through the term of the Sabará Lease, with all obligations under the Brazil Securitization to be repaid on September 30, 2024. However, under the terms of the Brazil Securitization, the REIT has the ability to exercise an early redemption feature on April 2, 2014 (the “**Early Redemption Date**”) to buy-back the Brazil Securitization at the unamortized face value of the Brazil Securitization, adjusted for accrued IPCA + 9.25% to the date of redemption. At this time, the REIT has no plans to exercise the redemption feature on the Brazilian Securitization. Any decision regarding this matter will come nearer to the early redemption date.

In consideration for the REIT indirectly acquiring Sabará (and the obligations under the Brazil Securitization) from NWVP, an affiliate of NWVP has agreed to reduce the effective interest rate associated with the Brazil Securitization from now until the Early Redemption Date from IPCA + 9.25% to 8%. Such interest rate reduction is being effected pursuant to the terms of a promissory instalment note (the “**Sabará Instalment Note**”) in the principal amount of \$1,385,555 that is now held by NWI LP. The Sabará Instalment Note is unsecured, non-interest bearing and requires an affiliate of NWVP to pay \$526,835 of the outstanding balance to NWI LP on April 2, 2013, with the balance payable on April 2, 2014. The receipt of the principal portion of the instalment payments under the Sabará Instalment Note by NWI LP will serve to increase the REIT’s cash available for distribution, but will be recorded as a reduction of the instalment notes receivable and will therefore not be recorded as revenue.

Hospital e Maternidade Brasil

At approximately 342,000 square feet and with 305 beds, the HMB Property is the largest full-service hospital in Santo Andre, a suburb of Sao Paulo, located approximately 30 km south of the city centre. The HMB Property is operated by Rede D’Or, a privately owned Brazilian hospital operator with 26 hospitals across the country and a dominant presence in (i) Rio de Janeiro under the “D’Or” hospitals brand; (ii) São Paulo under the “São Luiz” brand; and (iii) Brasília under the “Santa Lucia” brand. Rede D’Or is the largest network of private hospitals in Brazil and is widely regarded as one of the fastest growing, and leading hospital operators in the country.

The gross purchase price of the HMB Property of \$120.0 million included \$24.0 million of deferred consideration, which is due in one year. The REIT’s purchase was funded from existing resources and new financing from BTG Pactual Bank for \$60.0 million at an effective interest rate of 6.60% over a two-year term. The principal balance of the new financing will be adjusted by IPCA (the consumer price inflation measure used by the Central Bank of Brazil for guiding monetary policy) upon repayment.

Germany – German MOB Portfolio

The MOB portfolio located in Berlin and Northern Bavaria, Germany (the “**German MOB Portfolio**”) is comprised of five modern, recently constructed medical office buildings, with an aggregate GLA of 182,181 square feet, located in established healthcare hubs in and around Berlin’s city centre. The portfolio is approximately 98% occupied, primarily by medical tenancies with strong synergies between them, typically doctors (wide range of disciplines), dentists, and pharmacies. The five medical office buildings that comprise the German MOB Portfolio include the following:

Adlershof 1

Adlershof 1 is a five storey, purpose built medical office building completed in 2004. The fully occupied building has a gross leasable area (including storage) of 44,660 square feet and offers 34 below grade parking stalls. Constructed of precast concrete, the building is serviced with two elevators and a centrally located staircase. Floor plates are similar for each floor apart from the top level which includes perimeter balcony/terrace areas. A large atrium invites visitors to the ground floor where tenant signage identifying a wide range of medical/dental service providers and a pharmacy is located. Adlershof is a district in the Berlin borough of Treptow-Köpenik, an area commonly known as the “city of science, technology and media”.

Adlershof 2

Adlershof 2 is a four storey, purpose built medical office building completed in 2010. The 97% occupied building has a gross leasable area (including storage) of 37,381 square feet and offers 66 below grade parking stalls. Constructed of precast concrete, the building is serviced with two elevators and a central staircase. Floor plates are similar for each floor apart from the top level which includes perimeter balcony/terrace areas. A ground floor physiotherapy tenant includes a swimming pool as well as a private elevator and staircase to the second floor demise. A large atrium invites visitors to the ground floor where tenant signage reflecting a wide range of medical/dental service providers can be found.

Berlin Neukölln

Berlin Neukölln is a six storey terraced building with prominent corner location completed in 2000. The 95% occupied building has a gross leasable area (including storage) of 33,679 square feet and underground parking for 10 vehicles. The building is clad with polished natural stone accents and the uniform floor plates are connected via a central elevator and staircase. The common areas have been finished in hardwearing materials such as marble and stainless steel. Tenants include a wide range of medical service providers including a ground floor pharmacy. The property is located in Neukölln, one of the 12 boroughs of Berlin in the southeastern part of the city on the busy B179, Karl Marx Strasse, which leads northwest to Kreuzberg.

Königs Wusterhausen 1

Königs Wusterhausen 1 comprises a three storey (with additional attic space), detached, purpose built medical office building completed in 2001. The fully let building has a gross leasable area (including storage) of 30,290 square feet. An underground garage park contains 66 stalls. The traditional styled building designed to conform with local planning regulations has a mainly pitched and tile covered roof. Tenants include a range of medical service providers as well as municipal agencies and legal practices. The property is located in Königs Wusterhausen, a town in the Dahme-Spreewald district of the state of Brandenburg. The property is located close to the town centre, by the junction of the main L40 and B179, Berliner Strasse and is approximately 0.45km from the Königs Wusterhausen railway station.

Marktredwitz

Marktredwitz is a three storey, detached, purpose built medical office building completed in 2008. The fully occupied building has a gross leasable area (including storage) of 36,171 square feet and 13 exterior

covered parking stalls. The precast concrete structure is linked via corridor to an adjoining main area hospital building. Common areas have been finished in hardwearing materials such as stone tile and stainless steel. The ground floor includes retail and conference centre space, the second storey is leased to a dialysis clinic and the third storey is leased to various medical tenants. Marktredwitz is a town in the district of Wunsiedel, in Bavaria, southeast Germany. The property is located approximately 1.7km to the west of the town centre and 1.4km from the Marktredwitz railway station.

The Marktredwitz property in the German MOB Portfolio is located on leased land, which lease expires in 2057. MAK KG (an indirect subsidiary of the REIT) is the current leaseholder (Erbbauberechtigter). The Zweckverband Klinikum Fichtelgebirge (the local municipality), owns the plot. The leasehold (Erbbaurecht) is subject to a pre-emptive right in favour of the Zweckverband Klinikum Fichtelgebirge. Zweckverband Klinikum Fichtelgebirge has executed its pre-emptive right and claimed re-transfer based on arrears with ground lease charges that occurred last year. The lease charges have been paid in the meantime. The parties are in negotiations on whether, how (on market value) and if the leasehold could be re-transferred to Zweckverband Klinikum Fichtelgebirge. There is a risk that the Zweckverband Klinikum Fichtelgebirge might enforce its rights. In this case the leasehold (Erbbaurecht) would be re-transferred to the Zweckverband Klinikum Fichtelgebirge on the basis of a court order following court proceedings.

Zweckverband Klinikum Fichtelgebirge has to agree on any sale of the ground leases, on the registration of any land charge on the ground leases and any change of such rights.

MAK KG has to operate and maintain the medical clinic.

Zweckverband Klinikum Fichtelgebirge is entitled to claim for retransfer of the ground lease under certain conditions, such as for example:

- MAK KG does not fulfil its obligations under the ground lease agreement or
- MAK KG does not pay two of the annual ground lease charges.

MAK KG has to pay €1,915 a year for the medical clinic and €20,172 a year for the parking structure as a ground lease charge (Erbbauzins). The ground lease charge may increase if the land value increases by more than 10%.

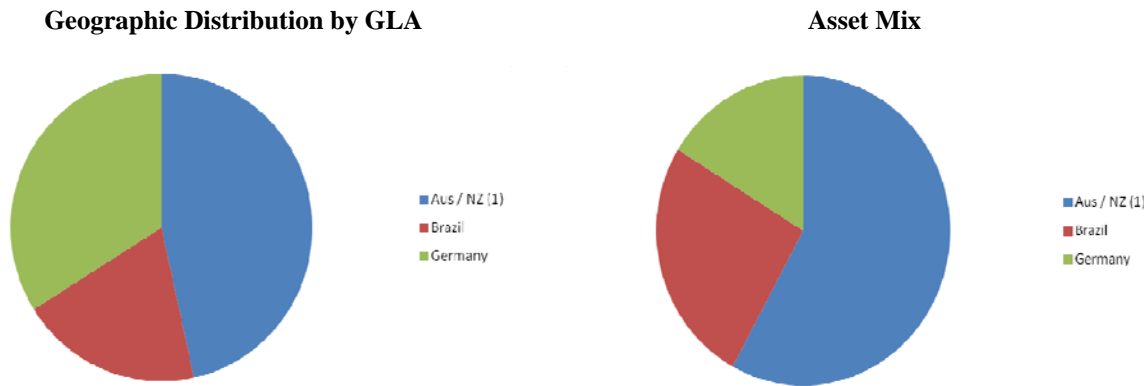
As at December 31, 2012, the outstanding balance of the mortgages related to the German MOB Portfolio was \$27.0 million (€20.6 million).

On November 27, 2012, subsidiaries of the REIT refinanced four of the five German MOB Portfolio properties pursuant to a loan agreement with Deutsche Genossenschafts-Hypotheken. The refinancing of approximately \$22.2 million (€17.3 million) has an effective interest rate of 2.5% with a five year maturity and 40 year amortization. The proceeds from this refinancing, along with approximately \$1.4 million (€1.1 million) of cash, were used to pay out the then existing mortgage financing. At the same time, the REIT paid down \$386,250 (€300,000) of its line of credit with the original lender.

The existing mortgages not refinanced for one of the five German MOB Portfolio properties, bear interest at floating rates based on EURIBOR and have interest rate collars in place which have a floor of 3.5% and caps ranging between 4.95% and 5.6%. The interest rate collars have a weighted average maturity of 4.82 years as at December 31, 2012. The German MOB Portfolio properties have an operating line of credit available of up to \$164,000 (€125,000). The line of credit bears interest at 6% on the balance outstanding. As at December 31, 2012 the balance outstanding on this line of credit was \$8,200 (€6,200).

Diversification of International Assets

The REIT's assets are diversified geographically as follows:



As of December 31, 2012.

Notes:

1. Represents the REIT's exposure to an approximate 20% interest in Vital Trust. Asset mix based on number of buildings.

The geographic composition of the REIT's cash flow is expected to be substantially the same as the geographic distribution of its NOI.

Definitive Agreement

Pursuant to the Definitive Agreement, on November 16, 2012 (but with an effective date of October 1, 2012), the REIT indirectly acquired an interest in the International Assets. The transactions contemplated by the Definitive Agreement valued the International Assets at \$170.4 million and, after the indirect assumption of estimated debt, implied a net purchase price of \$123.1 million. The net purchase price for the Acquisition was funded through the issuance of (a) 9,878,165 Units at a deemed price of \$1.87 per Unit (approximately \$18.5 million), and (b) 55,944,444 class B limited partnership units of NWI LP ("Class B LP Units") at a deemed price of \$1.87 per unit (approximately \$104.6 million). The purchase price for the International Assets assumed that (i) the International Assets had associated indebtedness of \$47.3 million, (ii) Sabará and the German MOB Portfolio had working capital of nil, and (iii) the number of Vital Units to be transferred was 58,000,000. The aggregate purchase price will be adjusted following closing to account for actual indebtedness associated with the International Assets on closing (approximately \$76 million), actual working capital of Sabará and the German MOB Portfolio on closing and the actual number of Vital Units transferred.

Pursuant to the Definitive Agreement, NWVP granted the REIT a right of first opportunity regarding the acquisition of certain international acquisition opportunities that NWVP has identified as potential acquisition targets that might meet the REIT's investment criteria. The right of first opportunity will be in effect for a period of 24 months following closing of the Acquisition.

The Definitive Agreement contained representations and warranties provided by NWVP in favour of the REIT relating to, among other things, the International Assets and certain disclosure contained in the Management Information Circular. The Definitive Agreement also contained representations and warranties provided by the REIT in favour of NWVP with respect to, among other things, the REIT's disclosure record. The representations and warranties made pursuant to the Definitive Agreement will continue in full force and effect until November 16, 2013, with the exception of the representations and warranties made with respect to organization, status and authorization, which shall survive indefinitely, and the representations and warranties made with respect to taxes, which shall survive until the expiration of the period for which liability for tax extends.

Pursuant to the Definitive Agreement, each party has agreed to, subject to certain limitations, indemnify the other from all losses suffered as a result of any breach or non-performance of any covenant under the agreement and any breach or inaccuracy of any representation or warranty provided under the agreement. These indemnities will survive the closing of the transaction, subject to the survival of the representations and warranties discussed above. The maximum liability of any party under the Definitive Agreement is \$7 million and all claims will be subject to a deductible of \$1 million.

RELATIONSHIP WITH NWVP

NorthWest Value Partners Inc.

Established in 1994, Toronto-based NWVP is one of Canada's leading privately owned healthcare real estate companies. The scope of its business includes healthcare real estate development, ownership and management, in Canada and internationally. NWVP has a strong management team with extensive experience in real estate investment and asset management and a track record of creating value. The REIT believes that NWVP's principals have earned a reputation for being capable, intelligent and creative.

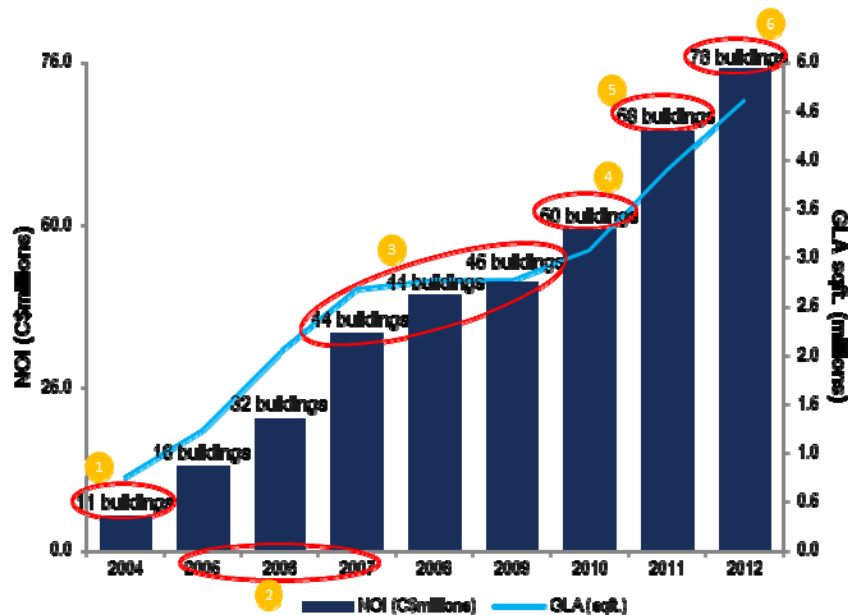
From 1994 to 1999, NWVP acquired, in conjunction with external partners, approximately \$450 million of residential and commercial real estate across Canada. From 1999 to present, NWVP acquired and developed \$500 million of commercial real estate across Canada. In 2003, NWVP was awarded the Real Estate Excellence Award by NAIOP Toronto for its 1980 Matheson Boulevard project in Mississauga, Ontario.

In 2011, NWVP founded NorthWest International Healthcare Properties to focus on establishing an international healthcare real estate platform, with an initial focus on Australia/New Zealand, Brazil and Germany.

Success of NorthWest Healthcare Properties REIT

In 2004, NWVP founded NWHP REIT as a private real estate investment trust and subsequently acquired over \$1 billion of healthcare real estate properties across Canada, becoming the largest owner and operator of healthcare real estate in Canada. In March 2010, NWHP REIT completed a successful initial public offering on the Toronto Stock Exchange (the "TSX"). With the exception of the REIT, NWHP REIT is Canada's only publicly-listed healthcare real estate investment trust, with an enterprise value of approximately \$1.2 billion. Since its initial public offering, NWHP REIT has completed over \$500 million of property acquisitions, in the process growing its asset base by approximately 100%. NWHP REIT owns and operates 76 medical office properties across Canada, comprised of approximately 4.6 million square feet of GLA. NWHP REIT operates a fully integrated and internalized national asset and property management platform with regional offices in Calgary, Toronto, Montreal, and Halifax. NWVP continues to be NWHP REIT's largest Unitholder, with an approximately 26% ownership interest. The REIT believes that NWVP's experience in growing NWHP REIT will be an important factor in the planned growth of the REIT.

NWHP REIT Growth



Notes:

1. NWHP REIT's initial phase of growth was centered around MOB's located in major Canadian cities.
2. From 2005 to 2007, NWHP REIT delivered on its acquisition program and developed a national presence. In addition to growing portfolio NOI at a CAGR of 11.2%, NWHP REIT developed critical relationships with Canadian healthcare providers and solidified its dominance in the sector.
3. From 2007 to 2009, during the financial crisis, NWHP REIT focused on same-store NOI growth.
4. NWHP REIT completed a \$175 million IPO as well as two \$75 million additional offerings in 2010 and the first quarter of 2011. Proceeds from the equity offerings have been used to continue to execute a consolidation strategy.
5. Post IPO, NWHP REIT has completed \$420 million of acquisitions.
6. After giving effect to the Disposition.

The NWVP Management Team

Pursuant to the Asset Management Agreement (as defined below), the REIT benefits from NWVP's experienced senior management team. Such team offers the REIT a wealth of strategic experience both within the healthcare real estate sector and in the international jurisdictions in which the REIT will own assets. In addition to the services of Mr. Dalla Lana and the REIT's relationship with NWVP (as outlined below), NWVP's senior management team is expected to play important roles in the future development and growth of the REIT through its significant commercial real estate investment, corporate finance and operating experience. As part of its international mandate, NWVP has established local operating platforms with full teams of healthcare real estate specialists in each of Australasia, Brazil, Germany and Canada that will be made available to the REIT pursuant to the Asset Management Agreement.

Opportunities for External Growth

In considering acquisitions, the REIT will use investment criteria that focus on the security of cash flow, potential for capital appreciation, potential for increasing value through more efficient management of the assets being acquired and growth in the REIT's AFFO per Unit. NWVP intends to assist the REIT with its external growth strategy by sourcing and executing on acquisitions of healthcare properties outside of Canada that meet the foregoing criteria. NWVP carries out its own research and analysis, financial modeling, due diligence, budgeting and financial planning. To assist in these efforts, NWVP has an extensive network of international joint venture partners, financial institutions, legal and tax advisors, brokers, operators, and other real estate professionals upon which it can draw.

NWVP has advised the REIT that it is currently evaluating a number of acquisition opportunities in its core markets. While the REIT, pursuant to contractual rights of first opportunity granted pursuant to the Definitive Agreement, hopes to execute on several of these acquisitions over the next 12 months, there can be no assurances that any of such acquisitions will be completed on the terms contemplated or at all.

Ownership

NWVP, directly or indirectly, currently owns: (a) 27,000,711 Units, representing approximately 62% of the Units outstanding, and (b) 55,944,444 Class B LP Units, representing all of the Class B LP Units outstanding. Assuming the exchange of its Class B LP Units, NWVP owns approximately 83% of the issued and outstanding Units. Paul Dalla Lana, Chairman and Chief Executive Officer of the REIT, is the sole shareholder of NWVP.

Each Class B LP Unit is exchangeable at the option of the holder for one Unit of the REIT (subject to customary anti-dilution adjustments), is accompanied by one special voting unit of the REIT (“**Special Voting Unit**”) (which provides for the same voting rights in the REIT as a Unit) and is entitled to distributions of cash from NWI LP equal to the cash distributions paid to holders of Units by the REIT.

Put/Call Agreement

On November 16, 2012 the REIT, NWVP and NorthWest Operating Trust (“**NW Trust**”), an affiliate of NWVP, entered into a put/call agreement (the “**Put/Call Agreement**”) regarding NWVP’s interest in NWHP REIT.

NWHP REIT

NW Trust together with its affiliates (other than the REIT) holds an approximate 26% interest in NWHP REIT through the ownership of (i) 7,615,546 class B limited partnership units of NHP Holdings Limited Partnership, a subsidiary of NWHP REIT, which are economically equivalent to and exchangeable for units of NWHP REIT, and (ii) 4,344,981 NWHP REIT units. Mr. Dalla Lana is the sole trustee and indirect beneficiary of NW Trust. As of March 8, 2013, the price of the NWHP REIT units on the Toronto Stock Exchange was \$12.84.

As of December 31, 2011, NWHP REIT employed 124 individuals. An unlimited number of trust units and special voting units of NWHP REIT are authorized for issuance pursuant to its declaration of trust. As at September 30, 2012, there were 36,709,337 NWHP REIT units outstanding and 7,615,546 special voting units of NWHP REIT outstanding.

Pursuant to the Put/Call Agreement, the REIT could acquire up to approximately 26% of the currently outstanding units of NWHP REIT (based on the number of NWHP REIT units and class B limited partnership units outstanding as of September 30, 2012).

Put/Call Agreement

Pursuant to the Put/Call Agreement, the REIT has granted NWVP and its affiliates the right (the “**Put Right**”) to sell to the REIT any or all of up to 12,500,000 trust units and/or securities exchangeable into trust units of NWHP REIT (the “**Option Units**”) held by NWVP and its affiliates, at a price per Option Unit equal to the 20-day volume-weighted average price of the NWHP REIT units on the date the Put Right is exercised; provided that if the Put Right is exercised by May 16, 2013, the price per Option Unit will be \$13.22.

Such purchase price will be payable, at the option of NWVP, in either (a) cash (provided such cash is available to the REIT on commercially reasonable terms), and/or (b) Units or Class B LP Units. If NWVP elects to receive Units or Class B LP Units upon exercise of the put, such securities will be valued at the 20-day volume-weighted average price of the Units on the date the Put Right is exercised; provided that if the Put Right is exercised by May 16, 2013, such securities will be valued at \$1.87 per security. Notwithstanding the foregoing, in the event NWVP elects to receive Units or Class B LP Units upon exercise of the Put Right and the Units are listed on the TSXV, subject to the approval of the TSXV, the maximum aggregate number of Units and/or Class B LP Units that may be issued pursuant to this provision of the Put/Call Agreement will be 94,971,264.

The Put Right of NWVP may be exercised in whole or in part at any time and from time to time provided that the Put Right shall immediately terminate in the event that (i) NWVP or its affiliates ceases to own at least a 5% voting interest in the REIT, (ii) the Call Right of the REIT (as discussed below) is exercised in accordance with the Put/Call Agreement, or (iii) the Put Right is not exercised by November 16, 2014.

Pursuant to the Put/Call Agreement, NWVP has granted the REIT the right (the “**Call Right**”), following the unanimous approval of all of the trustees of the REIT, to acquire any or all of the Option Units at a price per Option Unit equal to the 20-day volume-weighted average price of the NWHP REIT units on the date the Call Right is exercised; provided that if the Call Right is exercised May 16, 2013, the price per Option Unit will be \$13.22.

Such purchase price will be payable, at the option of NWVP, in either (a) cash (provided such cash is available to the REIT on commercially reasonable terms), and/or (b) Units or Class B LP Units. If NWVP elects to receive Units or Class B LP Units upon exercise of the Call Right, such securities will be valued at the 20-day volume-weighted average price of the Units on the date the Call Right is exercised; provided that if the Call Right is exercised by May 16, 2013, such securities will be valued at \$1.87 per security. Notwithstanding the foregoing, in the event NWVP elects to receive Units or Class B LP Units upon exercise of the Call Right and the Units are listed on the TSXV, subject to the approval of the TSXV, the maximum aggregate number of Units and/or Class B LP Units that may be issued pursuant to this provision of the Put/Call Agreement is 94,971,264.

The Call Right may be exercised in whole or in part at any time and from time to time; provided that the Call Right shall immediately terminate in the event (i) NWVP or its affiliates ceases to own at least a 5% voting interest in the REIT, (ii) the Put Right is exercised in accordance with the Put/Call Agreement, or (iii) the Call Right is not exercised by November 16, 2014.

The Put/Call Agreement provides for “top-up” or “price-protection” rights pursuant to which the REIT will pay NWVP the difference between the price paid for NWHP REIT units in any subsequent takeover bid or other change of control transaction involving NWHP REIT and the applicable put/call price. These top-up rights will be in effect for a period of one year following the exercise of the put/call rights. The payment of any amounts pursuant to these top-up rights will be subject to applicable securities laws and the rules of any stock exchange upon which securities of the REIT may trade. The Put/Call Agreement also contains certain adjustment provisions in the event of any unit distribution, split, reverse split, combination, recapitalization, liquidation, reclassification, merger or consolidation involving NWHP REIT.

The closing of any purchase and sale pursuant to the Put/Call Agreement shall occur within 30 days from either party having received written notice from the other that it wishes to exercise the put/call rights. In addition, the Put/Call Agreement contains certain conditions, including a condition that no injunction or cease trade order be outstanding and a condition that the exercise of the put/call rights can be made pursuant to an exemption to the takeover bid requirements under applicable securities laws. A copy of the Put/Call Agreement is available on SEDAR at www.sedar.com.

As part of the Acquisition, NWVP required the ability to “put” its NWHP REIT units to the REIT in order to preserve NWVP’s ability to combine its approximately \$325 million of healthcare real estate investments in one vehicle. The REIT agreed to this requirement provided it was granted reciprocal call rights on similar terms.

Asset Management Agreement

Pursuant to an asset management agreement dated November 16, 2012 (the “**Asset Management Agreement**”), NWI Asset Management Inc. (the “**Asset Manager**”), an affiliate of NWVP, serves as the REIT and its affiliates’ asset manager. Pursuant to the Asset Management Agreement, the Asset Manager:

- provides the services of a senior management team to provide advisory, consultation and investment management services and monitor the financial performance of the REIT;
- provides guidance to property managers on operating and capital expenditures;

- advises on and assists with acquisitions or dispositions from time to time;
- advises and assists with borrowings, issuances of securities and other capital requirements, including assistance in dealings with banks and other lenders, investment dealers, institutions and investors;
- makes recommendations with respect to the payment of distributions and arranges for distributions to be paid;
- provides advice in connection with the preparation of business plans and annual budgets, implement such plans and budgets and monitor the financial performance of the REIT;
- provides advice with respect to investor relations strategies and activities;
- provides advice with respect to risk management policies and certain litigation matters;
- provides administrative and regulatory compliance services; and
- provides additional services as may from time to time be agreed to in writing by the REIT and the Asset Manager for which the Asset Manager will be compensated on terms to be agreed upon between the Asset Manager and the REIT prior to the provision of such services.

The Asset Manager provides additional services as may from time to time be required.

Pursuant to the Asset Management Agreement, the Asset Manager has agreed to provide the REIT and its affiliates with a preferential right of first opportunity to invest in real estate investments identified by the Asset Manager that would meet the REIT's then current investment criteria so long as the Asset Manager is not subject to a prior obligation to NWHP REIT. This preferential right shall remain in place for the duration of the Asset Management Agreement unless, following the one year anniversary of the Asset Management Agreement, the REIT fails to exercise its option to acquire any three investment opportunities it is offered consecutively or any five investment opportunities it is offered within a 12 month timeframe, in which case the right shall cease. Notwithstanding the foregoing, the REIT shall have a one-time right to reinstate its right of first opportunity during the term of the Asset Management Agreement should it be able to provide the Asset Manager with reasonable evidence that its failure to acquire the investment opportunity was the sole result of an inability to access capital markets on commercially reasonable terms.

Pursuant to the Asset Management Agreement, the Asset Manager is entitled to receive a base annual management fee calculated and payable on a monthly basis, equal to 0.50% of the sum of (a) the historical purchase price of the REIT's assets, and (b) the cost of any capital expenditures incurred by the REIT or its affiliates in respect of the assets subject to the Asset Management Agreement. The foregoing amounts are payable, at the option of the Asset Manager, in either cash, Deferred Units (which would vest immediately), Units or securities of the REIT or its subsidiaries that may be convertible into Units. During the time that the securities of the REIT are listed on the TSXV (i) the number of Units or securities of the REIT or its subsidiaries that may be convertible or exchangeable into Units (other than Deferred Units) issuable to the Asset Manager pursuant to the Asset Management Agreement, together with the number of Class D GP Units issuable to NWVP GP pursuant to the NWI LP Agreement, shall not exceed 15,193,031, and (ii) such maximum number of securities shall not be increased without the prior approval of the TSXV.

Pursuant to the Asset Management Agreement, the REIT must reimburse the Asset Manager for all reasonable and necessary actual out-of-pocket costs and expenses paid by the Asset Manager in connection with the performance of the services under the Asset Management Agreement, including, but without limitation, the costs and expenses incurred by the Asset Manager for travel, lodging and reasonable and necessary costs for experts and consultants reasonably required by the Asset Manager and approved by the REIT.

Where the REIT owns a controlling interest in a subsidiary or equity investee company in which the Asset Manager or any of its wholly-owned subsidiaries act as asset manager under other management agreements, the Asset Manager will agree to pay the REIT a management fee participation equal to the difference between all management fees paid by such subsidiary or equity investee company to the Asset Manager or any of its wholly-owned subsidiaries and the amount that the REIT's subsidiary or equity investee company would have paid should it have been wholly-owned and subject to the asset management fee arrangements described above. In addition, the REIT shall be entitled to direct the Asset Manager, subject to the Asset Manager's fiduciary duties, with respect to any control or direction rights of the Asset Manager set forth in any management agreements between the Asset Manager and any subsidiary or equity investee of the REIT.

The Asset Management Agreement will continue in perpetuity, subject to earlier termination described below. Notwithstanding the foregoing, in the event (i) the Asset Manager and its affiliates cease to own at least 5% of the outstanding Units (assuming the exchange of all units exchangeable into Units), or (ii) the aggregate economic interest of the Asset Manager and its affiliates in the REIT (taking into account the value of all units exchangeable into Units) falls below \$50 million, the REIT or its affiliates will have the option to convert the Asset Management Agreement into a fixed term agreement. Upon the exercise of such option, the Asset Management Agreement shall instead be for a term of five years and will be renewable for further five year terms, subject to the termination provisions of the Asset Management Agreement. Subject to the termination provisions of the Asset Management Agreement, the Asset Manager shall automatically be rehired at the expiration of the initial fixed term and each subsequent renewal term. At least 16 months prior to the end of the first renewal term and each subsequent renewal term thereafter, the independent Trustees will assess the performance of the Asset Manager under the Asset Management Agreement. If it is determined that the Asset Manager has not been meeting its obligations as set out in the Asset Management Agreement, the independent Trustees may determine the continuation of the Asset Management Agreement is not in the best interests of Unitholders and that its termination at the end of the then current renewal term should be submitted to a vote of Unitholders at a meeting of Unitholders. If such termination is approved by at least two-thirds of the votes cast by the Unitholders at such meeting, the REIT or its affiliates will have the right to terminate the Asset Management Agreement, provided that the REIT or its affiliates provide the Asset Manager with at least 12 months' prior written notice of such termination; otherwise, the Asset Manager shall automatically be rehired at the end of the current renewal term for the next renewal term.

The Asset Management Agreement will terminate automatically: (a) as to any assets subject to the Asset Management Agreement, on the date such assets are disposed of by the REIT or its affiliates; or (b) on the date when all of the assets subject to the Asset Management Agreement are disposed of by the REIT or its affiliates, or when neither the REIT nor its affiliates have any direct or indirect ownership interest in the assets subject to the Asset Management Agreement.

The REIT has the right to terminate the Asset Management Agreement upon the following events of default, in each case unless the Asset Manager has cured such default within 30 days following receipt of notice of such default: (a) the commission by the Asset Manager of any act constituting fraud, willful misconduct, breach of fiduciary duty, gross negligence or a willful breach of applicable laws in connection with the performance of its duties as the Asset Manager, (b) if, in the performance or failure in the performance of the duties, the Asset Manager demonstrates a willful disregard for the best interests of the REIT or its affiliates, (c) the material breach by the Asset Manager in the performance of any of its obligations under the Asset Management Agreement; (d) the assignment by the Asset Manager of its interest under the Asset Management Agreement in contravention of agreement itself; or (e) the persistent, continuing failure by the Asset Manager in the performance of its material obligations under the Asset Management Agreement and the continuing failure by the Asset Manager to cure any breach of any of its obligations after notice has been given by the REIT or its affiliates. The REIT also has the right to terminate the Asset Management Agreement for certain events relating to the bankruptcy or insolvency of the Asset Manager.

The Asset Manager has the right to terminate the Asset Management Agreement upon 180 days' prior written notice to the REIT.

Property Management Agreement

Pursuant to a master property management agreement dated November 16, 2012 (the “**Property Management Agreement**”), NWI Property Management Inc. (the “**Property Manager**”), an affiliate of NWVP serves as the REIT and its affiliates’ property manager. Pursuant to the Property Management Agreement, the Property Manager provides customary property and facility management services in respect of each of the REIT’s properties, including monitoring rental payments; supervising and directing the making of renovations, repairs and maintenance; supervising technical services; maintaining heating, ventilation and air conditioning equipment and ensuring proper climate control; maintaining interior and exterior common areas of the properties; arranging and supervising security; paying charges and expenses relating to the operation of the properties; monitoring the payment of local VAT and other taxes; and other general services necessary for the management, operation and maintenance of the REIT’s properties.

The Property Manager is entitled to subcontract out certain obligations under the Property Management Agreement relating to the day-to-day operation of the REIT’s properties (e.g. leasing, tenant relations and other property management-like functions) where it is appropriate to do so provided that (a) it shall do so at its own cost, and (b) no such subcontracting will relieve the Property Manager of its obligations under the Property Management Agreement. For clarity, the Property Manager may subcontract or delegate any or all of its duties or obligations under the Property Management Agreement to an affiliate of the Property Manager without the consent of the REIT.

The Property Manager is entitled to receive a market management fee as appropriate for the specific assets and specific markets in which the assets in which are located. These fees may include compensation for building operations, property administration, leasing, construction management and any other reasonable property management service that is required in the context of managing the buildings.

The Property Management Agreement will continue in perpetuity, subject to earlier termination described below. Notwithstanding the foregoing, in the event (i) the Property Manager and its affiliates cease to own at least 5% of the outstanding Units (assuming the exchange of all units exchangeable into Units), or (ii) the aggregate economic interest of the Property Manager and its affiliates in the REIT (taking into account the value of all units exchangeable into Units) falls below \$50 million, the REIT or its affiliates will have the option to convert the Property Management Agreement into a fixed term agreement. Upon the exercise of such option, the Property Management Agreement shall instead be for a term of five years and will be renewable for further five year terms, subject to the termination provisions of the Property Management Agreement. Subject to the termination provisions of the Property Management Agreement, the Property Manager shall automatically be rehired at the expiration of the initial fixed term and each subsequent renewal term. At least 16 months prior to the end of the first renewal term and each subsequent renewal term thereafter, the independent Trustees will assess the performance of the Property Manager under the Property Management Agreement. If it is determined that the Property Manager has not been meeting its obligations as set out in the Property Management Agreement, the independent Trustees may determine the continuation of the Property Management Agreement is not in the best interests of Unitholders and that its termination at the end of the then current renewal term should be submitted to a vote of Unitholders at a meeting of Unitholders. If such termination is approved by at least two-thirds of the votes cast by the Unitholders at such meeting, the REIT or its affiliates will have the right to terminate the Property Management Agreement, provided that the REIT or its affiliates provide the Property Manager with at least 12 months’ prior written notice of such termination; otherwise, the Property Manager shall automatically be rehired at the end of the then current renewal term for the next renewal term.

The Property Management Agreement will terminate automatically: (a) as to any property subject to the Property Management Agreement, on the date such property is disposed of by the REIT or its affiliates; or (b) on the date when all of the property subject to the Property Management Agreement is disposed of by the REIT or its affiliates, or when neither the REIT nor its affiliates have any direct or indirect ownership interest in the property subject to the Property Management Agreement.

The REIT and its affiliates have the right to terminate the Property Management Agreement upon the following events of default, in each case unless the Property Manager has cured such default within 30 days following receipt of notice of such default: (a) the commission by the Property Manager of any act constituting fraud, willful misconduct, breach of fiduciary duty, gross negligence or a willful breach of applicable laws in connection with the performance of its duties as the Property Manager, (b) if, in the performance or failure in the performance of the

duties, the Property Manager demonstrates a willful disregard for the best interests of the REIT or its affiliates, (c) the material breach by the Property Manager in the performance of any of its obligations under the Property Management Agreement; (d) the assignment by the Property Manager of its interest under the Property Management Agreement in contravention of agreement itself; or (e) the persistent, continuing failure by the Property Manager in the performance of its material obligations under the Property Management Agreement and the continuing failure by the Property Manager to cure any breach of any of its obligations after notice has been given by the REIT or its affiliates. The REIT or its affiliates also has the right to terminate the Property Management Agreement for certain events relating to the bankruptcy or insolvency of the Property Manager.

The Property Manager may terminate the Property Management Agreement, in whole or in part (with respect to any property), on 180 days' written notice to the REIT.

Development Agreement

Pursuant to a development agreement dated November 16, 2012 (the "**Development Agreement**"), NWI Development Management Inc. (the "**Developer**"), an affiliate of NWVP, serves as NWI LP's exclusive developer. Pursuant to the Development Agreement, the Developer provides NWI LP with a preferential right to acquire all healthcare buildings proposed to be developed by the Developer or its affiliates save for development properties in Canada so long as the Developer is not subject to a prior obligation to NWHP REIT. This preferential right shall remain in place for the duration of the agreement unless NWI LP fails to approve any two development deals consecutively or any three development deals within a 12 month timeframe, in which case the right shall cease.

If NWI LP elects not to participate in a development opportunity, the Developer will be entitled to develop and sell the property as it sees fit. If NWI LP elects to participate in the development opportunity, NWI LP will be afforded the opportunity to work with the Developer in the planning and design of and the budgeting for the property. All determinations required to be made by NWI LP in connection with the decision to participate in a development opportunity under the Development Agreement will be made by the independent trustees.

The Developer will have the option to require NWI LP to provide mezzanine loan financing to the Developer if NWI LP elects to pursue a development opportunity. The mezzanine loan, if any, will be in a maximum amount equal to 35% of the budgeted development costs, as a condition to which the Developer must have made an equity contribution in the development project in a minimum amount equal to 10% of the budgeted development costs. The balance of the development costs will be financed by conventional construction financing arranged by the Developer or other method of senior financing as set out in a summary business plan and approved by NWI LP, or will be advanced by the Developer itself. Until such time as senior financing is arranged and approved, NWI LP and the Developer shall advance 90% and 10% of budgeted development costs, respectively (provided that in no event shall NWI LP be required to advance more than 35% of the total budgeted development costs).

Each mezzanine loan will generally be advanced each following delivery to NWI LP of a summary business plan of the development opportunity (including a construction schedule, budgeted development costs and the Developer's projected rate of return on investment on a sale of the development property). Each loan will bear interest, calculated at the time of advance, at a rate equal to the projected NOI yield on the stabilized development (but in no event less than the NWI LP's weighted average cost of capital).

Each mezzanine loan will mature upon the earlier of (a) twelve months following the scheduled date for receipt of a certificate of occupancy as set out in the construction schedule delivered to NWI LP, and (b) the date on which NWI LP acquires its interest in the development property or the date on which the Developer disposes of all or part of the development property to a third party if NWI LP fails to exercise its right of first opportunity to acquire such development property.

Each mezzanine loan will be non-recourse to the Developer and will be subordinate to construction financing and will be assignable to NWI LP's lenders. Construction (or other) financing secured by any development property in respect of which NWI LP has provided mezzanine loan financing will not be cross-collateralized to the other Developer debt.

Once a development property is substantially complete and at least 80% of the GLA of the property is leased, the fair market value of the property will be determined by an independent third-party appraiser. If the sale of the property at a price equal to its appraised fair market value would provide the Developer with the rate of return on investment disclosed to NWI LP in the initial summary business plan (or higher), the Developer will be required to offer to sell the property to NWI LP for such price, and NWI LP will be obligated to complete the purchase. The purchase may be deferred by NWI LP for up to 90 days in the event that NWI LP is unable to obtain acquisition financing on reasonably acceptable terms. In this event the term of the mezzanine loan shall be extended to the deferred closing date.

If a sale of the property at the appraised value would not provide the Developer with the rate of return on investment disclosed to NWI LP in the initial summary business plan (or higher), the Developer may retain the property and the term of the mezzanine loan shall be extended 12 months.

If the Developer subsequently decides to sell a retained property, the Developer must first provide NWI LP a right of first opportunity to purchase the property on terms specified by the Developer, and NWI LP may accept the new offer any time within 30 days thereafter at the discretion of the REIT's board of trustees (the "**Board of Trustees**"). If NWI LP elects not to exercise its right of first opportunity, the Developer may sell to a third party on terms no more favourable to the third party purchaser than the terms offered to NWI LP, for a period of 270 days thereafter.

Throughout the term of the Development Agreement, the Developer is the exclusive developer for NWI LP. NWI LP is obligated to engage the Developer to undertake all development or redevelopment projects on behalf of NWI LP.

The Development Agreement will continue in perpetuity, subject to earlier termination described below. Notwithstanding the foregoing, in the event (i) the Developer and its affiliates cease to own at least 5% of the outstanding Units (assuming the exchange of all units exchangeable into Units), or (ii) the aggregate economic interest of the Developer and its affiliates in the REIT (taking into account the value of all units exchangeable into Units) falls below \$50 million, NWI LP will have the option to convert the Development Agreement into a fixed term agreement. Upon the exercise of such option, the Development Agreement shall instead be for a term of five years and will be renewable for further five year terms, subject to the termination provisions of the Development Agreement. Subject to the termination provisions of the Development Agreement, the Developer shall automatically be rehired at the expiration of the initial fixed term and each subsequent renewal term. At least 16 months prior to the end of the first renewal term and each subsequent renewal term thereafter, the independent Trustees will assess the performance of the Developer under the Development Agreement. If it is determined that the Developer has not been meeting its obligations as set out in the Development Agreement, the independent Trustees may determine the continuation of the Development Agreement is not in the best interests of Unitholders and that its termination at the end of the then current renewal term should be submitted to a vote of Unitholders at a meeting of Unitholders. If such termination is approved by at least two-thirds of the votes cast by the Unitholders at such meeting, NWI LP will have the right to terminate the Development Agreement, provided that NWI LP provides the Developer with at least 12 months' prior written notice of such termination; otherwise, the Developer shall automatically be rehired at the end of the current renewal term for the next renewal term.

NWI LP has the right to terminate the Development Agreement upon the following events of default, in each case unless the Developer has cured such default within 30 days following receipt of notice of such default: (a) the commission by the Developer of any act constituting fraud, willful misconduct, breach of fiduciary duty, gross negligence or a willful breach of applicable laws in connection with the performance of its duties as the Developer, (b) if, in the performance or failure in the performance of the duties, the Developer demonstrates a willful disregard for the best interests of the REIT or its affiliates, (c) the material breach by the Developer in the performance of any of its obligations under the Development Agreement; (d) the assignment by the Developer of its interest under the Development Agreement in contravention of agreement itself; or (e) the persistent, continuing failure by the Developer in the performance of its material obligations under the Development Agreement and the continuing failure by the Developer to cure any breach of any of its obligations after notice has been given by NWI LP or its affiliates. NWI LP also has the right to terminate the Development Agreement for certain events relating to the bankruptcy or insolvency of the Developer.

The Developer has the right to terminate the Development Agreement upon 180 days' prior written notice to NWI LP.

With the exception of a termination of the Development Agreement pursuant to an event of default, to the extent that an option to participate in a development property has been granted by the Developer to NWI LP, the provisions of the Development Agreement will survive any termination in respect of such development property until such time that development property is sold to NWI LP or a third party in accordance with the provisions of the Development Agreement.

Class C Amount Pursuant to the NWI LP Agreement

An affiliate of NWVP serves as general partner of NWI LP, and in such capacity is entitled to an annual payment based on the growth of the REIT's net tangible assets, referred to as the "**Class C Amount**". The Class C Amount is equal to (a) 15% of Gross All In Return in excess of 8%, and (b) 20% of Gross All In Return in excess of 12%. Should there be a substantial change to the REIT's operating policies (including but not limited to: (i) leverage, (ii) payout ratio, and (iii) corporate structure) ("**Operating Policies**"), the Class C Amount shall be adjusted to provide for an amount equal to what the Class C Amount would have been had the REIT's Operating Policies remained consistent with the prior Performance Period.

For purposes of the Class C Amount, "**Gross All In Return**" means the annual increase in Net Asset Value of the REIT over the relevant Performance Period. The increase shall be measured between the first and last days of each Performance Period. Should there be a distribution of capital, such distribution shall be added back for the purposes of this calculation. Should there be any issuances of capital during the Performance Period, such amounts shall be excluded for the purposes of this calculation.

For purposes of the Class C Amount, "**Net Asset Value**" means the value of total net assets as reported in the REIT's IFRS financial statements, with adjustments to:

- (i) exclude deferred income taxes, Class B LP Units, Class D LP Units and investments in subsidiaries;
- (ii) include the net asset value of equity accounted for subsidiaries on a fair market value proportionately consolidated basis and fair market value adjustments on tangible assets and liabilities which are not otherwise reported at fair market value; and
- (iii) reflect any other adjustments that would be customary in determining the net asset value of a publicly traded real estate investment trust.

RISK FACTORS

There are certain risks inherent in an investment in securities of the REIT and in the activities of the REIT, including the following, which current and prospective Unitholders should carefully consider.

Risks Relating to Real Property Ownership

Real Property Ownership and Tenant Risks

All real property investments are subject to elements of risk. By specializing in a particular type of real estate, the REIT is exposed to adverse effects on that segment of the real estate market and does not benefit from a diversification of its portfolio by property type. The value of real property and any improvements thereto depends on the credit and financial stability of tenants, and upon the vacancy rates of the properties. Cash flows will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties in which the REIT will have an interest becomes vacant and is not able to be leased on economically favourable lease terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less

favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the properties in which the REIT has an interest may seek the protection of bankruptcy, insolvency or similar laws that could result in the disclaimer and termination of such tenant's lease, any of which events could have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. Certain of the REIT's tenants, such as laboratories, may require licences to operate their business. To the extent these businesses are unable to obtain licences or maintain existing licences, the REIT's operations may be adversely impacted. The ability to rent unleased space in the properties in which the REIT will have an interest will be affected by many factors, including general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises and various other factors, many of which are beyond the REIT's control.

Fixed Costs

The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders. Certain significant expenditures, including property taxes, ground rent, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale. Costs may also be incurred in making improvements or repairs to property required by a new tenant and income may be lost as a result of any prolonged delay in attracting suitable tenants to the vacant space. The timing and amount of capital expenditures by the REIT will indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.

Liquidity

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were to be required to liquidate its real property investments, the proceeds to the REIT might be significantly less than the aggregate carrying value of its properties which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

Competition

The real estate business is competitive. Numerous other developers, managers and owners of office properties will compete with the REIT in seeking tenants. Some of the properties located in the same markets as the REIT's properties are newer, better located, less levered or have stronger tenant profiles than the REIT's properties. Some property owners with properties located in the same markets as the REIT's properties may be better capitalized and may be stronger financially and hence better able to withstand an economic downturn. The existence of developers, managers and owners in such markets and competition for the REIT's tenants could have a negative effect on the REIT's ability to lease space in its properties in such markets and on the rents charged or concessions granted, which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders. Competition for acquisitions of real properties can be intense and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that the REIT may be prepared to accept. An increase in the availability of investment funds, an increase in interest in real property investments or a decrease in interest rates may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

Current Economic Environment

Continued concerns about the uncertainty over whether the global economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of increased unemployment, volatile energy costs, geopolitical issues, the availability and cost of credit, the mortgage market and a distressed commercial real estate market have contributed to increased market volatility and weakened business and consumer confidence. Although the healthcare real estate industry is an asset class that is not typically impacted by recessions or economic slowdowns, this difficult operating environment could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT to maintain occupancy rates in the REIT's properties, which could harm the REIT's financial condition. If these economic conditions continue, the REIT's tenants and operators may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT.

Environmental Matters

Environmental legislation and regulations have become increasingly important in recent years.

As an owner of interests in real property in Brazil, Germany and Australia/New Zealand, the REIT is subject to various federal, state and municipal laws relating to environmental matters in each jurisdiction. Such environmental laws impose actual and contingent liabilities on us to undertake remedial action on contaminated sites and in contaminated buildings.

Laws and regulations, as may be amended over time, may also impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release could form the basis for liability to third persons for personal injury or other damages. In addition, if the REIT's officers or employees infringe or have infringed environmental protection laws, the REIT could be exposed to civil or criminal damages. We may be required to provide for additional reserves to sufficiently allocate toward the REIT's potential obligations to remove and dispose of any hazardous and toxic substances. Any such event could have a material and adverse effect on the REIT's cash flows, financial condition and results of operations and the REIT's ability to make distributions on the Units.

The REIT is not aware of any material non-compliance with environmental laws at any of its properties, and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties. The REIT will implement policies and procedures to assess, manage and monitor environmental conditions at its properties to manage exposure to liability.

The REIT intends to make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters may have a material adverse effect on the REIT's properties, financial condition or results of operation and decrease the amount of cash available for distribution. However, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

Risks Relating to the Business of the REIT

Growth Strategy

The REIT's strategy will involve expansion through acquisitions and co-development projects. These activities require the REIT and NWVP to identify acquisition or development candidates or investment opportunities that meet its criteria and are compatible with its growth strategy. The REIT may not be successful in identifying commercial real estate properties that meet its acquisition or development criteria or in completing acquisitions, co-developments, or investments on satisfactory terms. Failure to identify or complete acquisitions or co-developments

will slow the REIT's growth. The REIT could also face significant competition for acquisitions and development opportunities. Some of the REIT's competitors have greater financial resources than the REIT and, accordingly, have a greater ability to borrow funds to acquire and develop properties. These competitors may also be willing and/or able to accept more risk than the REIT can prudently manage, including risks with respect to the geographic concentration of investments and the payment of higher prices. This competition for investments may reduce the number of suitable investment opportunities available to the REIT and may increase acquisition costs in certain areas where the REIT's facilities are located or in areas targeted for growth and, as a result, may adversely affect the REIT's operating results. Even if the REIT were successful in identifying suitable acquisitions or co-development projects, newly acquired properties may be subject to subsequently discovered material defects or other undisclosed issues, causing the acquired properties to fail to perform as expected and management of the REIT may underestimate the costs associated with the integration of the acquired properties. In addition, any expansions the REIT undertakes in the future are subject to a number of risks, including, but not limited to, construction delays or cost overruns that may increase project costs, financing risks, the failure to meet anticipated occupancy or rent levels, failure to receive required zoning, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws. If any of these problems occur, expansion costs for a project will increase, and there may be significant costs incurred for projects that are not completed. In deciding whether to acquire or expand a particular property, the REIT will make certain assumptions regarding the expected future performance of that property. If the REIT's acquisition or expansion of properties fail to perform as expected or if the costs thereof exceed projected costs, the REIT's rental revenues could be lower, and its operating expenses higher, than expected. The REIT may invest in co-developments which carry a certain risk that projected financial returns may not be achieved and that cost overruns or start-up losses may trigger requirements for further equity injections. The REIT expects to manage this risk through detailed evaluation of each development separately and ensuring certain criteria have been met, including a supply and demand analysis. Certain acquisition and development opportunities may not be consistent with the detailed rules underlying the REIT Exception. Accordingly, the REIT may be restricted in participating in some acquisition and development opportunities because of its desire to qualify for the REIT Exception. See "Risks Relating to the Structure of the REIT – REIT Exception".

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurances that the REIT will have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Failure by the REIT to access required capital could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

General Insured and Uninsured Risks

The activities carried on by the REIT entail an inherent risk of liability. The REIT expects that from time to time it may be subject to lawsuits as a result of the nature of its activities. The REIT will carry comprehensive general liability, fire, flood, extended coverage and rental loss insurance with customary policy specifications, limits and deductibles. The REIT will have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the REIT's insurance could have a material adverse effect on the REIT's activities, operating results and financial condition. Claims against the REIT, regardless of their merit or eventual outcome, also may have a material adverse effect on their ability to attract tenants or expand their businesses, and will require management to devote time to matters unrelated to the activities of the REIT.

Financing and Interest Rate Risks

The REIT intends to incur indebtedness in the future in connection with the future acquisition or expansion of facilities and its properties. The REIT may incur unsecured debt or mortgage debt secured by some or all of its real estate properties or assets. The REIT's debt may harm its financial position and operating results by:

- requiring the REIT to use a substantial portion of its cash flow from operations to pay principal and interest, which will reduce the amount of cash available for other purposes;
- limiting the REIT's ability to borrow more money for operating or capital needs or to finance acquisitions in the future; and
- making the REIT more vulnerable to economic and industry downturns and reducing its flexibility in responding to changing business and economic conditions.

In addition to the risks discussed above and those normally associated with debt financing, including the risk that the REIT's cash flow will be insufficient to meet required payments of principal and interest, the REIT will also be subject to the risk that it may not be able to refinance existing indebtedness on its properties and that the terms of any refinancing it could obtain may not be as favourable as the terms of its existing indebtedness. If the REIT is not successful in refinancing debt when it becomes due, it may be forced to dispose of properties on disadvantageous terms, which might adversely affect its ability to service other debt and to meet its other obligations. The REIT intends to finance future acquisitions in part with debt borrowings, which could bear interest at fixed or variable rates. The interest expense on any variable rate indebtedness will increase when interest rates increase. Interest rates are currently low relative to historical levels and may increase significantly in the future. A significant increase in interest expense could adversely affect the REIT's results of operations.

Financing Risk

The REIT will be subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO per Unit. To the extent that the REIT utilizes variable rate debt, such debt will result in fluctuations in the REIT's cost of borrowing as interest rates change. To the extent that interest rates rise, the REIT's financial condition and results of operations could be adversely affected and decrease the amount of cash available for distribution.

Potential Risks Associated with the REIT's New Strategy

Prior to the Disposition, the REIT focussed solely on Canadian medical office properties. Going forward, the REIT will be focussing its efforts on the acquisition and development of international investment opportunities in medical office properties. This new strategy involves numerous risks, and this change in strategy could have an adverse effect, financial or otherwise, on the REIT as a whole, which could cause the market price of the REIT's securities to decline or fluctuate significantly.

Investment Concentration

As a result of the REIT's investments consisting solely of commercial real estate with a particular concentration on healthcare, it will be subject to risks inherent in investments in a single industry. Demand for commercial healthcare real estate could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing properties in a particular market. To the extent that any of these conditions occur, they are likely to affect market rents for space, which could cause a decrease in the REIT's rental revenue from its properties. Any such decrease could impair the REIT's ability to satisfy any debt service obligations and generate stable positive cash flow from its operations.

Joint Venture Investments

Although the REIT does not presently have any joint venture investments, it may in the future co-invest with third parties through joint ventures. In any such joint venture, the REIT may not be in a position to exercise sole decision-making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with the REIT's business interests or goals and may be in a position to take actions contrary to the REIT's policies or objectives. Such investments also have the

potential risk of impasse on strategic decisions, such as a sale, because neither the REIT nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between the REIT and its joint venture partners could result in litigation or arbitration that could increase the REIT's expenses and distract its officers and/or Trustees from focusing their time and effort on the REIT's business. In addition, the REIT might in certain circumstances be liable for the actions of its joint venture partners.

Risks Related to the Healthcare Industry

The healthcare industry is heavily regulated by various federal, provincial and local regulatory bodies. As a result, the REIT's tenants will generally be subject to significant laws and regulations regarding licensing and reimbursement programs. Changes in these laws and regulations, including the imposition of caps on healthcare spending and claw-backs to doctor billings, could negatively affect the ability of the REIT's tenants to make lease payments.

Medical office buildings may be highly customized and may not be easily adaptable to alternative uses. The improvements necessary to conform a building to healthcare use may be costly and tenant specific. A new or replacement tenant may require different features in a property, depending on the tenant's particular operations. If the REIT or its tenants terminate the leases for these properties, the REIT may not be able to locate suitable replacement tenants to lease the properties for their specialized uses. Consequently, the REIT may be required to spend substantial amounts to adapt the properties to other uses. Any loss of revenues and/or additional capital expenditures occurring as a result may adversely affect the financial position of the REIT.

Reliance on Key Personnel

The management and governance of the REIT depends on the services of certain key personnel, including the Chief Executive Officer and the Trustees. The loss of the services of any key personnel could have an adverse effect on the REIT and adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution. The REIT does not have key man insurance on any of its key employees. In addition, the management and governance of the REIT will depend on the services of NWVP and its affiliates.

Location of Properties in Foreign Countries

All of the International Assets are located in foreign countries, specifically Brazil, Germany and Australasia and, as a result, are impacted by economic and other factors specifically affecting the real estate markets in those countries. These factors may differ from those affecting the real estate markets in other regions, including those in Canada. Although the International Assets are dispersed across several foreign countries, thereby mitigating concentration risk in any single country, a number of the International Assets could nevertheless experience any of the same conditions at the same time due to global correlations. If real estate conditions in these countries decline relative to real estate conditions in other regions, our cash flows, operating results and financial condition may be more adversely affected than those of companies in Canada or that have different, or more, geographically diversified portfolios of properties.

Competition in Foreign Real Estate Markets

The real estate markets in Brazil, Germany, and Australasia are highly competitive and fragmented and the REIT will compete for real property acquisitions with individuals, corporations, institutions and other entities which are seeking or may seek real property investments similar to those the REIT desires. An increase in the availability of investment funds or an increase in interest in real property investments may increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them. Numerous other developers, managers and owners of properties will compete with us in seeking tenants. Some of the properties owned by the REIT's competitors are better located, better quality or less leveraged than the properties owned by us. Some of the REIT's competitors are better capitalized and stronger financially and hence better able to withstand an economic downturn. The existence of competition for tenants could have an adverse effect on the REIT's ability to lease space in our properties and on the rents charged or concessions granted, and could materially and adversely affect the

REIT's cash flows, operating results and financial condition and the REIT's ability to make distributions on the Units.

Exchange Rate Risks

Substantially all of the REIT's investments and operations will be conducted in currencies other than Canadian dollars; however, the REIT pays distributions to Unitholders in Canadian dollars. As a result, fluctuations in such foreign currencies against the Canadian dollar could have a material adverse effect on the REIT's financial results, which is denominated and reported in Canadian dollars, and on the REIT's ability to pay cash distributions to Unitholders.

The REIT intends to maintain a hedging policy to mitigate the impact of foreign currency fluctuations and to provide more certainty regarding the payment of distributions to Unitholders if the Canadian dollar increases in value compared to foreign currencies. The REIT's hedging policy could include natural currency hedges as well as implementing specific foreign currency hedging transactions. However, to the extent that the REIT fails to adequately manage these risks, including if any such hedging arrangements do not effectively or completely hedge changes in foreign currency rates, the REIT's financial results, and the REIT's ability to pay distributions to Unitholders, may be negatively impacted.

Hedging transactions involve the risk that counterparties, which are generally financial institutions, may be unable to satisfy their obligations. If any counterparties default on their obligations under the hedging contracts or seek bankruptcy protection, it could have an adverse effect on the REIT's ability to fund planned activities and could result in a larger percentage of future revenue being subject to currency changes. The REIT's obligations under hedging arrangements may be secured by all or a portion of the REIT's assets, the value of which generally must cover the fair value of the transactions outstanding under the facility by some multiple.

Vendor Indemnities and Prior Commercial Operations

When acquiring assets, the REIT endeavours to obtain certain representations and warranties with respect to the assets being acquired. Such representations and warranties, to the extent obtained, are subject to limitations, and generally represent unsecured contractual rights. As a result, there can be no assurance that the REIT will be fully protected by such representations and warranties against all adverse circumstances that may arise or in the event of a breach of such representations and warranties or that the vendors of the assets will be in a position to indemnify the REIT for any such breach. The REIT may not be able to successfully enforce claims it may have against vendors of its assets. The REIT may also be subject to undisclosed liability to third parties as a result of the prior history of its assets and such liability may be material, which could negatively impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Significant Dependency on Single Leases in Brazil

The leases for Sabará and the HMB Property are each with a single tenant, the operators of the facilities. Upon the expiry of the leases, there can be no assurance that they will be renewed or that the tenants will be replaced. If the tenants do not renew their leases, our cash flows, operating results, financial condition and our ability to make distributions on the Units could be materially and adversely affected. The Sabará Lease also contains a pre-emptive right in favour of the Sabará Tenant if the controlling interest or all of the shares of the REIT subsidiary that owns Sabará are sold during the term of the lease, offering the tenant the right to purchase the shares on the same terms.

Ground Lease and Pre-Emptive Right in Germany

The Marktredwitz property is subject to a ground lease and a pre-emptive right. See "Assets of the REIT – Germany – German MOB Portfolio".

The Vital SLA

The Vital SLA is a contractual arrangement that involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Under the Vital SLA, NWI LP is required to repay the SLA Collateral to reacquire the Vital Units or securities or property equivalent thereto, regardless of the value of the Vital Units at the time. Further, subject to certain exceptions for minimal changes, the SLA Collateral is marked to the market price of the Vital Units on a daily basis, meaning that on any given day if the value of the Vital Units increases, the SLA Counterparty will be required to pay additional SLA Collateral to NWI LP, while NWI LP will be required to repay part of the SLA Collateral to the SLA Counterparty if the value of the Vital Units declines. Accordingly, a decrease in the value of the Vital Units would require NWI LP to pay a cash amount to the SLA Counterparty, which could have a material adverse effect on the ability of the REIT to pay cash distributions to Unitholders.

The Vital SLA involves the risk of counterparties, which may be unable to satisfy their obligations. If the SLA Counterparty defaults on its obligations under the Vital SLA or seeks bankruptcy protection, it could have a material adverse effect on the REIT's ability to obtain the Vital Units. In addition, while NWI LP will have a right to instruct the SLA Counterparty in relation to the exercise of voting rights attached to the underlying Vital Units, such right only exists if the SLA Counterparty physically holds the underlying units. The SLA Counterparty does not have an obligation to physically hold the underlying Vital Units and in such circumstances, NWI LP will not have an ability to direct the exercise of voting rights.

Vital Management Rights

The Vital Management Rights entitle the REIT to indirectly receive the difference between all management fees paid by Vital Trust to NWVP or any of its wholly-owned subsidiaries and the amount that Vital Trust would have paid should it have been wholly-owned and subject to the Asset Management Agreement. Further, the REIT shall be entitled to direct NWVP, subject to NWVP's fiduciary duties, with respect to any control or direction rights of NWVP set forth in any management agreements between NWVP and Vital Trust. The value paid by the REIT to NWVP for the Vital Management Rights under the Definitive Agreement is premised on the assumption that NWVP will continue to manage Vital Trust and that the fees payable by Vital Trust under its asset management agreements will continue to be higher than those it would have paid under the Asset Management Agreement. While management believes that the Vital Management Rights will be accretive to the REIT's AFFO, there can be no assurances in this regard.

Information Regarding Other Public Entities

This Annual Information Form contains information about NWHP REIT and Vital Trust that has been taken from, or is based upon, publicly available documents and records on file with the Canadian Securities Administrators and other regulatory bodies. The REIT was not involved in the preparation of any such publicly available documents and neither the REIT, nor any of its officers or directors, assumes any responsibility for the accuracy or completeness of such information or the failure by NWHP REIT or Vital Trust to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the REIT.

The Put/Call Agreement

The prices of the Option Units and securities of the REIT to be issued in consideration therefor pursuant to the Put/Call Agreement are fixed for 180 days following closing of the Acquisition. Accordingly, it is possible that (a) the value of an Option Unit will be less than the Put Price on the date the Put Right is exercised, and (b) the value of a Unit or Class B Unit will be higher than the price to be attributed to such securities in the Put/Call Agreement on the date the Put Right or Call Right, as applicable, is exercised. Following this 180 day period, the prices of the Option Units and Units/Class B LP Units to be issued in consideration therefor will fluctuate, meaning that the actual dilution under the Put/Call Agreement is unknown at this time. The nature of the Put/Call Agreement is such that the REIT may be required to purchase securities of NWHP REIT in the future, regardless of its liquidity or working capital position at such time. The Put/Call Agreement also means that the REIT may be subject to the

related risks and uncertainties of owning such securities, including risks relating to NWHP REIT's business and any unitholders rights plan of NWHP REIT.

Significant Ownership by NWVP

NWVP currently indirectly owns approximately 83% of the issued and outstanding Units (assuming the exchange of its Class B LP Units). Pursuant to the Exchange Agreement, each Class B LP Unit will be attached to a Special Voting Unit of the REIT, providing for voting rights in the REIT. For so long as NWVP maintains a 5% interest in the REIT, NWVP will have the ability to exercise certain influence with respect to the affairs of the REIT and significantly affect the outcome of Unitholder votes (including with respect to the appointment of Trustees), and may have the ability to prevent certain fundamental transactions. NWVP also has certain pre-emptive rights to participate in future financings and other issuances of Issued Securities of the REIT or NWI LP in order to allow NWVP to restore its percentage ownership interest to what it was immediately following the closing of the Acquisition. As a result, NWVP will have the ability to influence many matters affecting the REIT which could lead to potential conflicts of interest. See "Risk Factors – Potential Conflicts of Interest". Accordingly, the Units may be less liquid and worth less than they would if NWVP did not have the ability to influence or determine matters affecting the REIT. Additionally, NWVP's significant effective interest may discourage transactions involving a change of control of the REIT, including transactions in which an investor as a holder of the Units might otherwise receive a premium for its Units over the then-current market price. Pursuant to the Exchange Agreement, each Class B LP Unit will be exchangeable at the option of the holder for one Unit of the REIT (subject to customary anti-dilution adjustments). If NWVP exchanges Class B LP Units for Units and sells Units in the public market, the market price of the Units could fall. The perception among the public that these sales will occur could also produce such effect.

Development Risks

The REIT's business model is largely dependent upon its ability to identify properties for development, to develop such properties and to lease them to operators in a timely manner and for lease amounts in excess of the costs of development. On the closing of the Acquisition, the REIT and NWVP entered into the Development Agreement and, as such, the REIT depends on NWVP to carry out all of these activities. The failure of NWVP to perform its obligations under the Development Agreement to identify suitable development opportunities could have a material adverse effect on the REIT. Moreover, the termination of the Development Agreement could have an adverse effect on the REIT's financial condition and results of operation.

Potential Conflicts of Interest

The REIT will be subject to various potential conflicts of interest because of the fact that its officers and Trustees are engaged in a wide range of business activities, including real estate property management, acquisition, development and ownership. In particular, Mr. Dalla Lana will face conflicts of interest because he is a trustee, officer and/or beneficial shareholder of NWVP and NWHP REIT.

In addition, the REIT may also become involved in other transactions which conflict with the interests of its Trustees and the officers who may from time to time deal with persons, firms, institutions or corporations with which the REIT may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the REIT. In addition, from time to time, these persons may be competing with the REIT for available investment opportunities. The Declaration of Trust contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters.

Dependence on NWVP

The REIT is dependent upon NWVP and its affiliates for various aspects of the REIT's business, including asset management, property management and development. Should affiliates of NWVP terminate any of the Asset Management Agreement, Property Management Agreement or Development Agreement, the REIT may be required to engage external service providers. The REIT may be unable to engage such providers on acceptable terms, in

which case the REIT's operations and cash available for distribution may be adversely affected. In addition, the REIT is only entitled to the Vital Management Rights for so long as NWVP or any of its wholly-owned subsidiaries act as asset manager under the management agreement with Vital Trust.

Limitations on Enforcement of Certain Civil Judgments by Canadian Investors

Many of the REIT's subsidiaries are organized in foreign jurisdictions and are governed by foreign law. Substantially all of the assets of the REIT are currently located outside of Canada. As a result, it may be difficult or impossible for investors to effect service within Canada upon the REIT's subsidiaries or their respective directors and officers who are not residents of Canada or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws.

Risks Relating to the Units

Return on Investment is Not Guaranteed

The Units are equity securities of the REIT and are not traditional fixed income securities. A fundamental characteristic that distinguishes the Units from traditional fixed income securities is that the REIT does not have a fixed obligation to make payments to holders of Units and does not promise to return the initial purchase price of a Unit on a certain date in the future. The REIT has the ability to reduce or suspend distributions if circumstances warrant. The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT and its subsidiaries, and will be subject to various factors including financial performance, obligations under applicable debt agreements, fluctuations in working capital, foreign exchange rates and capital expenditure requirements. There can be no assurance regarding the amount of income to be generated by the REIT's properties. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, unlike interest payments or an interest-bearing debt security, the REIT's cash distributions are composed of different types of payments (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax returns to holders of Units. Therefore, the rate of return over a defined period for a holder of Units may not be comparable to the rate of return on a fixed income security that provides a "return on capital" over the same period. AFFO may exceed actual cash available to the REIT from time to time because of items such as principal repayments and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of AFFO and redemptions of Units, if any. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items.

Structural Subordination of Units

In the event of bankruptcy, liquidation or reorganization of the REIT's subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the REIT or holders of Units. The Units are effectively subordinated to the debt and other obligations of the REIT's subsidiaries. The REIT's subsidiaries generate all of the REIT's cash available for distribution and hold substantially all of the REIT's assets.

Potential Volatility of Unit Prices

The market price for Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT's control, including the following: (i) actual or anticipated fluctuations in the REIT's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (iv) addition or departure of the REIT's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; (viii) news reports relating to trends, concerns, competitive developments, regulatory changes and other related issues in the REIT's industry or target markets, and (ix) limited trading in the Units.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the REIT's securities may decline even if the REIT's operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the REIT's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the REIT's securities by those institutions, which could adversely affect the trading price of the REIT's securities. There can be no assurance that an active trading market will exist or that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil exist for a protracted period of time, the REIT's operations could be adversely impacted and the trading price of the REIT's securities may be adversely affected.

Nature of Investment

A holder of a Unit of the REIT does not hold a share of a body corporate. As holders of Units of the REIT, the Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the CBCA which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada) and thus the treatment of Unitholders upon an insolvency is uncertain.

Structural Subordination of Units

In the event of bankruptcy, liquidation or reorganization of the REIT's subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the REIT or holders of Units. The Units are effectively subordinated to the debt and other obligations of the REIT's subsidiaries. The REIT's subsidiaries generate all of the REIT's cash available for distribution and hold substantially all of the REIT's assets

Availability of Cash Flow

AFFO may exceed actual cash available to the REIT from time to time because of items such as principal repayments, and tenant allowances, leasing costs and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of AFFO and redemptions of Units, if any. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. The REIT anticipates temporarily funding such items, if necessary, through the Revolving Credit Facility in expectation of refinancing long-term debt on its maturity.

Dilution

The number of Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units or securities convertible or exchangeable into Units from time to time subject to the rules of any applicable stock exchange on which the Units are then listed. The REIT intends to complete acquisitions in the future that will be financed in part by issuance of additional Units which will result in issuances of significant numbers of Units at market price. Additionally, the REIT will issue securities under the Deferred Unit Plan, the Asset Management Agreement and the NWI LP Agreement. The issuance of any additional Units may have a dilutive effect on the interests of holders of Units.

Restrictions on Redemptions

The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date for more than five trading days during the 10 day trading period commencing immediately after the redemption date; and (iv) the redemption of the Units must not result in the delisting of the Units on the principal stock exchange on which the Units are listed.

Unitholder Liability

The Declaration of Trust provides that no holders of Units will be subject to any liability whatsoever to any person in connection with a holding of Units. In addition, legislation has been enacted in the Province of Ontario and certain other provinces that is intended to provide holders of Units in those provinces with limited liability. However, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a holder of Units could be held personally liable for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. The affairs of the REIT are conducted in a manner to seek to minimize such risk wherever possible.

Risks Relating to the Structure of the REIT

Ownership Restriction

Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of Non-Residents, except in limited circumstances. The Declaration of Trust permits the trustees to further amend the Declaration of Trust to limit the ownership of a particular holder (together with persons with which it does not deal at arm's length) to 20%, if desirable for foreign tax purposes. The Trustees have various powers that can be used for the purpose of monitoring and controlling the applicable ownership limitations. The ownership limitation may negatively affect the REIT's ability to raise financing for future acquisitions or operations. In addition, the ownership limitation could negatively impact the liquidity of the Units and the market price at which Units can be sold.

Taxation of Mutual Fund Trusts

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting mutual fund trusts will not be changed in a manner that adversely affects Unitholders. Should the REIT cease to qualify as a mutual fund trust under the Tax Act, there could be material and adverse tax consequences to the REIT and Unitholders.

REIT Exception

The REIT Exception is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. On October 24, 2012, Finance announced amendments and clarifications to the REIT Exception (the "**October 24 Proposals**"). An executive officer of the REIT has advised counsel that the REIT expects to qualify for the REIT Exception in 2013 as currently structured provided that the October 24 Proposals are enacted as proposed. For 2014 and future years, an executive officer of the REIT has advised counsel that it expects that the REIT will not be subject to the SIFT Rules because, either (i) the REIT will not hold any "non-portfolio property" and, therefore, will not be a SIFT trust, or (ii) the REIT will qualify for the REIT Exception, as proposed to be modified under the October 24 Proposals. However, there can be no assurance that the October 24 Proposals will be enacted as proposed. Furthermore, no assurances can be given that subsequent investments or activities undertaken by the REIT, or fluctuations in asset values, will not result in the REIT becoming a SIFT or failing to qualify for the REIT Exception in 2013 or any subsequent taxation year. In addition, the REIT owns a minority interest in certain of its

foreign subsidiaries. No assurances can be given that these subsidiaries will satisfy the tests contained in the REIT Exception. In these circumstances, the REIT may not satisfy the REIT Exception. NWI LP will not be subject to the SIFT Rules provided it is an “excluded subsidiary entity”, which among other things, requires that only specified persons own units of NWI LP. No assurances can be given that NWI LP will be exempt from the SIFT Rules, which could have a material adverse effect on the REIT and Unitholders. Pursuant to the Put/Call Agreement, NWVP was granted certain put rights and the REIT was granted certain call rights relating to NWVP’s interest in NWHP REIT. In addition, an affiliate of NWVP is now the obligor under the NHP Note. The obligations of the NHP Note can be further assigned to a permitted assignee without consent of the REIT. The nature of the investments and sources of revenue of the obligor under the NHP Note will need to be considered in determining whether the REIT satisfies the REIT Exception (as proposed to be amended). If the obligor under the NHP Note does not satisfy the technical tests that comprise the REIT Exception, the REIT may not be able to satisfy the REIT Exception (as proposed to be amended). No assurances can be given that the obligor under the NHP Note will satisfy the REIT Exception. The likely effect of the SIFT Rules on the market for Units, and on the REIT’s ability to finance future acquisitions through the issue of Units or other securities, is unclear. If the SIFT Rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

FAPI

FAPI earned by CFAs of NWI LP must be included in computing the income of NWI LP for the fiscal year of NWI LP in which the taxation year of such CFA ends, subject to a deduction for grossed-up “foreign accrual tax” as computed in accordance with the Tax Act, and less certain amounts that are otherwise included in income. The deduction for grossed-up “foreign accrual tax” may not fully offset the FAPI realized by NWI LP, thereby increasing the allocation of income by NWI LP to the REIT and, therefore, the allocation of income by the REIT to Unitholders. Proposed Amendments released on October 24, 2012 (which are currently contained in Bill C-48) address certain foreign tax credit generator transactions (the “**Foreign Tax Credit Generator Proposals**”). The Foreign Tax Credit Generator Proposals may limit the REIT’s ability to deduct grossed-up “foreign accrual tax”. In addition, as FAPI generally must be computed in accordance with Part I of the Tax Act (in Canadian currency) as though the CFA were a resident of Canada (subject to the detailed rules contained in the Tax Act), income or transactions may be taxed differently under foreign tax rules as compared to the FAPI rules and, accordingly, may result in additional income being allocated to Unitholders, including as a result of fluctuations in foreign exchange rates.

Change of Tax Law

There can be no assurance that Canadian or foreign income tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the REIT or its affiliates or the administrative and assessing practices and policies of the CRA, Finance and any foreign tax authority or tax policy agency will not be changed in a manner that adversely affects the REIT, its affiliates or Unitholders. Any such change could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

Non-Residents of Canada

The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. The tax consequences under the Tax Act to Non-Residents may be more adverse than the consequences to other Unitholders. Non-Resident Unitholders should consult their own tax advisors.

Foreign Tax Credits and Deductions

Foreign taxes paid by NWI LP will be allocated pursuant to its limited partnership agreement. Each Unitholder’s share of the “business-income tax” and “non-business-income tax” paid in a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed rules contained in

the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise.

Under the Foreign Tax Credit Generator Proposals, the foreign “business income tax” or “non-business-income tax”, each as defined in the Tax Act, for any taxation year may be limited in certain circumstances. No assurances can be given that the Foreign Tax Credit Generator Proposals will not apply to any Unitholder. If the Foreign Tax Credit Generator Proposals apply, a Unitholder’s foreign tax credits will be limited.

No assurances can be given that the REIT or its subsidiaries will be entitled to a foreign tax credit or deduction in Canada in respect of foreign taxes paid by its subsidiaries.

Taxation of Foreign Subsidiaries

Although the REIT and its subsidiaries have been structured with the objective of maximizing after-tax distributions, taxes (including corporate, withholding, land transfer, and other taxes) in the various jurisdictions in which the REIT invests will reduce the amount of cash available for distribution to the REIT by its subsidiaries and, therefore, reduce the amount of cash available for distribution by the REIT to Unitholders. No assurance can be given as to the future level of taxation suffered by the REIT or its subsidiaries. In addition, certain tax positions adopted by the REIT and its subsidiaries may be challenged by the CRA or a foreign taxing authority. This could materially increase taxes payable by the REIT and its subsidiaries, and thereby adversely affect the REIT’s financial position and cash available for distribution to Unitholders.

DISTRIBUTIONS

The REIT intends to distribute a high percentage (currently with a long term target of 90%) of its AFFO. Pursuant to the REIT’s distribution policy, Unitholders (and holders of Class B Units) of record at the close of business on the last business day of a month are paid distributions on or about the 15th day of the following month.

The payout ratio of the REIT is currently set in such a manner that allows the REIT to meet its internal funding needs, while being able to support stable growth in cash distributions. However, subject to compliance with the Declaration of Trust, the actual payout ratio is determined by the Trustees in their discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions including the adoption, amendment or revocation of any distribution policy. It is the REIT’s current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. Any increase or reductions in the amounts to be distributed to Unitholders will result in a corresponding increase or decrease in distributions on Class B LP Units.

Unitholders of record as at the close of business on the last business day of the month preceding a date on which the Trustees have determined that a distribution will be made by the REIT to Unitholders (the “**Distribution Date**”) will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date. Distributions may be adjusted for amounts paid in prior periods if the actual cash available for distribution for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT’s cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units. See “Declaration of Trust - Issuance of Units” and “Certain Canadian Federal Income Tax Considerations”.

Distributions on the Units totalled \$2,307,230, \$909,965 and \$14,858 for the years ended December 31, 2012, December 31, 2011 and December 31, 2010, respectively.

Distributions on the Class B LP units totalled \$2,466,087 and \$40,574 for the years ended December 31, 2012 and December 31, 2011. There were no distributions paid on the Class B LP units for year ended December 31, 2010.

DESCRIPTION OF CAPITAL STRUCTURE

General

An unlimited number of Units and special voting units of the REIT (“**Special Voting Units**”) are authorized for issuance pursuant to the Declaration of Trust.

The following is a summary of the material attributes and characteristics of the Units. For additional information respecting the Units, including restrictions on non-resident Unitholders, the redemption right attached to the Units, provision for the repurchase of Units by the REIT from time to time, and meetings of Unitholders, see the Declaration of Trust (available at www.sedar.com) and the section entitled “Declaration of Trust”.

Units

No Unit has any preference or priority over another. Each Unit represents a Unitholder’s proportionate undivided beneficial ownership interest in the REIT and confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units are fully paid and non-assessable when issued and are transferable. The Units are redeemable at the holder’s option, as described below under “Redemption Right” and have no other conversion, retraction, redemption or pre-emptive rights. Fractional Units may be issued as a result of an act of the Trustees, but fractional Units will not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

Special Voting Units

Special Voting Units have no economic entitlement in the REIT but entitle the holder to one vote per Special Voting Unit at any meeting of the Unitholders of the REIT. Special Voting Units may only be issued in connection with or in relation to Class B LP Units for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Special Voting Units are issued in conjunction with the Class B LP Units to which they relate, and are evidenced only by the certificates representing such Class B LP Units. Special Voting Units are not transferable separately from the Class B LP Units to which they are attached and will be automatically transferred upon the transfer of such Class B LP Units. Each Special Voting Unit entitles the holder thereof to that number of votes at any meeting of Unitholders that is equal to the number of Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached. Upon the exchange or surrender of a Class B LP Unit for a Unit, the Special Voting Unit attached to such Class B LP Unit will automatically be redeemed and cancelled for no consideration without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto.

In order for the REIT to maintain its status as a “mutual fund trust” under the Tax Act, the REIT must not be established or maintained primarily for the benefit of “non-residents” of Canada within the meaning of the Tax Act. Accordingly, the Declaration of Trust prohibits non-residents from beneficially owning more than 49.9% of the Units (on both a non-diluted and fully diluted basis).

DECLARATION OF TRUST

General

The REIT is an unincorporated open-ended real estate investment trust established pursuant to the Declaration of Trust under, and governed by, the laws of the Province of Ontario. Although the REIT currently qualifies as a “mutual fund trust” as defined in the Tax Act, the REIT is not be a “mutual fund” as defined by applicable securities legislation.

The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such Act or any other legislation. The Units are not shares in the REIT and

Unitholders do not have statutory rights of shareholders of a corporation incorporated under either the *Business Corporations Act* (Ontario) or the *Canada Business Corporations Act* (“**CBCA**”) including, for example, the right to bring “oppression” or “derivative” actions. Furthermore, the REIT is not a trust company and accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Board Appointment Rights

The Declaration of Trust provides that, so long as NWVP has a direct or indirect interest of at least 5%, 25% or 50% of the REIT’s units on a fully diluted basis, and the size of the Board of Trustees is set at five trustees, NWVP will have the right to appoint one, two and three trustees, respectively, to the Board of Trustees. The number of trustees that NWVP is entitled to appoint will be proportionately adjusted (rounding the number of appointees upwards) to account for any increase or decrease in the number of Trustees.

For so long as NWVP has appointees on the Board of Trustees, at least one NWVP appointee shall be appointed to any committee of Trustees established hereunder unless a NWVP appointee is not permitted to sit on such committee under applicable securities laws.

Investment Guidelines

The Declaration of Trust provides certain guidelines on investments that may be made directly or indirectly by the REIT. The assets of the REIT may be invested only in accordance with the following restrictions:

- (a) the REIT may only invest, directly or indirectly, in interests (including fee ownership and leasehold interests) in income-producing real estate and assets ancillary thereto necessary for the operation of such real estate and such other activities as are consistent with the other investment guidelines of the REIT;
- (b) notwithstanding anything else contained in the Declaration of Trust, the REIT shall not make or hold any investment, take any action or omit to take any action or permit a subsidiary to make or hold any investment or take any action or omit to take any action that would result in:
 - (i) the REIT not qualifying as a “mutual fund trust” or “unit trust” both within the meaning of the Tax Act; or
 - (ii) Units not qualifying as qualified investments for Exempt Plans;
- (c) the REIT may make its investments and conduct its activities, directly or indirectly, through an investment in one or more persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited) and limited liability companies;
- (d) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (e) the REIT shall not invest in raw land for development, except for the development of new properties which may become capital property of the REIT, provided that the aggregate value of the investments of the REIT in raw land, excluding raw land under development which may be capital property, after giving effect to the proposed investment, will not exceed 10% of GBV; and
- (f) the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 25% of the GBV of the REIT in investments which do not comply with the investment guidelines set forth in Declaration of trust, so long as the investment does not contravene subparagraph (b) above.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a corporation or other entity wholly or partially-owned by the REIT will be deemed to be those of the REIT on a proportionate consolidation

basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement that invests in real property.

Operating Policies

The Declaration of Trust provides that operations and affairs of the REIT are to be conducted in accordance with the following policies:

- (a) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage; and
- (ii) to the extent the Trustees determine to be practicable and consistent with their fiduciary duties to act in the best interest of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation,

shall contain a provision, or be subject to an acknowledgement to the effect, that the obligation being created is not personally binding upon, and that resort must not be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise, the private property of any of the Trustees, Unitholders, annuitants or beneficiaries under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof is bound; the REIT, however, is not required, but must use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;

- (b) subsidiaries of the REIT may engage in construction or development of real property provided such real property meets the REIT's investment guidelines and operating policies;
- (c) title to each real property shall be held by and registered in the name of the REIT, NWI LP, the Trustees or a corporation or other entity majority-owned, directly or indirectly, by the REIT or NWI LP or jointly-owned, directly or indirectly, by the REIT or NWI LP, with joint venturers;
- (d) the REIT shall not incur or assume any Indebtedness if, after giving effect to the incurrence or assumption of such Indebtedness, the total Indebtedness of the REIT would be more than 65% of GBV;
- (e) the REIT shall not directly or indirectly guarantee any Indebtedness or liabilities of any kind of a third party, except Indebtedness or liabilities assumed or incurred by an entity in which the REIT holds an interest, directly or indirectly, or by an entity jointly owned by the REIT with joint venturers and operated solely for the purpose of holding a particular property or properties, where such Indebtedness, if granted by the REIT directly, would cause the REIT to contravene its investment guidelines or operating policies. The REIT is not required but shall use its reasonable best efforts to comply with this requirement (i) in respect of obligations assumed by the REIT pursuant to the acquisition of real property or (ii) if doing so is necessary or desirable in order to further the initiatives of the REIT permitted under the Declaration of Trust; and
- (f) the REIT shall directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practice of owners of comparable properties.

For the purpose of the foregoing investment guidelines and operating policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially-owned by the REIT will be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture arrangement that invests in real property.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading “Investment Guidelines” and the operating policies contained in paragraphs (a), (d), (e) and (f), set out under the heading “Operating Policies” may be amended only with the approval of two-thirds of the votes cast by Unitholders of the REIT at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

Units and Special Voting Units

An unlimited number of Units and Special Voting Units are authorized for issuance pursuant to the Declaration of Trust. As at March 11, 2013 there were 43,448,279 Units outstanding and 55,944,444 Special Voting Units outstanding.

Units

No Unit has any preference or priority over another. Each Unit represents a Unitholder’s proportionate undivided beneficial ownership interest in the REIT and confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units are fully paid and non-assessable when issued and are transferable. The Units are redeemable at the holder’s option, as described below under “Redemption Right” and have no other conversion, retraction, redemption or pre-emptive rights. Fractional Units may be issued as a result of an act of the Trustees, but fractional Units will not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

Special Voting Units

Special Voting Units have no economic entitlement in the REIT but entitle the holder to one vote per Special Voting Unit at any meeting of the Unitholders of the REIT. Special Voting Units may only be issued in connection with or in relation to Class B LP Units for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Special Voting Units are issued in conjunction with the Class B LP Units to which they relate, and are evidenced only by the certificates representing such Class B LP Units. Special Voting Units are not transferable separately from the Class B LP Units to which they are attached and will be automatically transferred upon the transfer of such Class B LP Units. Each Special Voting Unit entitles the holder thereof to that number of votes at any meeting of Unitholders that is equal to the number of Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached. Upon the exchange or surrender of a Class B LP Unit for a Unit, the Special Voting Unit attached to such Class B LP Unit will automatically be redeemed and cancelled for no consideration without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto.

Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders will be required to be called and held in various circumstances, including: (i) for the election or removal of Trustees; (ii) the appointment or removal of the auditors of the REIT; (iii) the approval of amendments to the Declaration of Trust (except as described below under “Amendments to Declaration of Trust”); (iv) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees); (v) the termination of the REIT; and (vi) for the transaction of any other business as the Trustees may determine or as may be properly brought before the meeting. Meetings of Unitholders will be called and held annually, for the election of the Trustees and the appointment of the auditors of the REIT. All meetings of Unitholders must be held in Canada.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the holders of not less than 10% of the Units and Special Voting Units permitted to vote then outstanding. A requisition must state in reasonable detail the business

proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy. Two persons present in person or represented by proxy, and such persons holding or representing by proxy not less in aggregate than 5% of the total number of outstanding Units and Special Voting Units, will constitute a quorum for the transaction of business at all such meetings. Any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, if convened upon the request of the Unitholders, will be terminated, but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy will be deemed to constitute a quorum.

Holders of Special Voting Units will have an equal right to be notified of, attend and participate in meetings of Unitholders. Pursuant to the Declaration of Trust, a resolution in writing executed by Unitholders holding a proportion of the outstanding Units equal to the proportion required to vote in favour thereof at a meeting of Unitholders to approve that resolution is valid as if it had been passed at a meeting of Unitholders.

Redemption Right

Units are redeemable at any time on demand by the holders thereof upon delivery to the REIT of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustees, together with written instructions as to the number of Units to be redeemed. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to the REIT and to CDS. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per Unit (the "**Redemption Price**") equal to the lesser of:

- (i) 90% of the "Market Price" of a Unit calculated as of the date on which the Units were surrendered for redemption (the "**Redemption Date**"); and
- (ii) 100% of the "Closing Market Price", as described in this section, on the Redemption Date.

For purposes of this calculation, the "**Market Price**" of a Unit as at a specified date will be:

- (i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date;
- (ii) an amount equal to the weighted average of the Closing Market Prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or
- (iii) if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, an amount equal to the simple average of the following prices established for each of the 10 consecutive trading days ending on such date: the simple average of the last bid and last asking price of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The “**Closing Market Price**” of a Unit for the purpose of the foregoing calculations, as at any date will be:

- (i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date and the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on the specified date;
- (ii) an amount equal to the closing price of a Unit on the principal market or exchange if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on the specified date;
- (iii) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or
- (iv) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion.

The aggregate Redemption Price payable by the REIT in respect of any Units surrendered for redemption during any calendar month will be paid by cheque, drawn on a Canadian chartered bank or trust company in Canadian dollars within 30 days after the end of the calendar month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) on the date such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, in any market where the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately before the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units on the principal stock exchange on which the Units are listed.

Cash payable on redemptions will be paid *pro rata* to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the foregoing limitations, then the balance of the Redemption Price for such Units will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* to such Unitholder of Redemption Notes. In the event of distributions of Redemption Notes, each Redemption Note so distributed to the redeeming holder of Units shall be in the principal amount of \$100 or such other amount as may be determined by the Trustees. No fractional Redemption Notes shall be distributed and where the number of Redemption Notes to be received upon redemption by a holder of Units would otherwise include a fraction, that number shall be rounded down to the next lowest whole number. The Trustees may deduct or withhold from all payments or other distributions payable to any Unitholder pursuant to the Declaration of Trust all amounts required by law to be so withheld. Where the REIT makes a distribution *in specie* on the redemption of Units of a Unitholder, the REIT currently intends to allocate to that Unitholder any capital gain or income realized by the REIT on or in connection with such distribution. See “Certain Canadian Federal Income Tax Considerations”.

Purchases of Units by the REIT

The REIT may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange and regulatory policies. Any such purchase will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for Units within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who do not accept the offer either, at the election of each Unitholder, on the terms offered by the offeror or at the fair value of such Unitholder's Units determined in accordance with the procedures set out in the Declaration of Trust.

The Declaration of Trust and the Exchange Agreement will provide that if a non-exempt take-over bid from a person acting at arm's length to holders of the LP Units (or any associate or affiliate thereof) is made for the Units and such take-over bid is not structured such that holders of LP Units can exchange into Units conditional on take-up, then, provided that not less than 25% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken-up and paid for pursuant to the non-exempt bid, from and after the date of first take-up of Units under the said take-over bid in excess of the foregoing threshold the LP Units held by persons other than the REIT will be exchangeable at an exchange ratio equal to 110% of the exchange ratio previously in effect, such that, based on the current one-to-one exchange ratio, on exchange the holder of LP Units will receive 1.1 Units for each Unit that the holder would otherwise have received. Notwithstanding any adjustment on completion of an exclusionary offer as described above, the distribution rights attaching to the LP Units will also not be adjusted until the exchange right is actually exercised.

Issuance of Units

The REIT may issue new Units from time to time, in such manner, for such consideration and to such person or persons as the Trustees shall determine. Unitholders will not have any pre-emptive rights whereby additional Units proposed to be issued would be first offered to existing Unitholders. If the Trustees determine that the REIT does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution.

The REIT may also issue new Units (i) as consideration for the acquisition of new properties or assets by it, at a price or for the consideration determined by the Trustees or (ii) pursuant to any incentive or option plan established by the REIT from time to time.

The Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts distributed represent income, Non-Resident holders will be subject to withholding tax and the consolidation will not result in such Non-Resident Unitholders holding the same number of Units. Such Non-Resident Unitholders will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing post-consolidation Units.

Book-Based System

At the option of the Trustees, one or more Global Unit Certificates (each a "**Global Unit Certificate**") may be issued in the name of and deposited by the Transfer Agent with, or on behalf of, CDS as custodian of such Global Unit Certificate and registered by the Transfer Agent in the name of CDS or its nominee. No beneficial holder of Units represented in part by a Global Unit Certificate will be entitled to a certificate or other instrument from the Trust or CDS evidencing that beneficial holder's ownership thereof except in the circumstances where CDS resigns or is removed from its responsibilities as depository and the REIT is unable or does not wish to locate a qualified successor. Beneficial interests in a Global Unit Certificate will be represented only through the book-entry system of CDS. Transfers of Units between participants of CDS shall occur in accordance with CDS's rules and procedures.

Units issued in the form of a Global Unit Certificate will be issued in fully registered form to holders or their nominees, other than CDS or its nominee, only if: (i) the REIT is required to do so by applicable law; (ii) the depository system of CDS ceases to exist; (iii) the REIT determines that CDS is no longer willing or able or qualified to discharge properly its responsibility as depository and the REIT is unable to locate a qualified successor; or (iv) the REIT at its option elects to terminate the book-entry system in respect of such Units through CDS.

Transfer and Exchange of Units

Transfers of beneficial ownership of Units represented by Global Unit Certificates will be effected through records maintained by CDS or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the REIT elects, in its sole discretion, to prepare and deliver definitive certificates representing the Units, beneficial owners who are not participants in the book-entry system administered by CDS, but who desire to purchase, sell or otherwise transfer ownership of or other interest in global unit certificates, may do so only through participants in the book-entry system administered by CDS.

The ability of a beneficial owner of an interest in a Unit represented by a Global Unit Certificate to pledge the Unit or otherwise take action with respect to such owner's interest in the Unit represented by a Global Unit Certificate (other than through a participant) may be limited due to the lack of a physical certificate.

Registered holders of definitive certificates representing Units may transfer such Units upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Unit certificates to the registrar for the Units at its principal office in the City of Toronto, Ontario or such other city or cities as may from time to time be designated by the REIT, whereupon new Unit certificates will be issued in authorized denominations in the same aggregate principal amount as the Unit certificates so transferred, registered in the name of the transferees.

Limitation on Non-Resident Ownership

In order for the REIT to maintain its status as a "mutual fund trust" under the Tax Act, the REIT must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, at no time may Non-Residents be the beneficial owners of more than 49% of the Units and the Trustees will inform the Transfer Agent and registrar of this restriction. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and will not accept a subscription for Units from or issue Units to a person unless the person provides a declaration that the person is not a Non-Resident. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units are held by Non-Residents, the Trustees may send a notice to Non-Resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may, on behalf of such Unitholders sell such Units and, in the interim, must suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders will cease to be holders of Units and their rights will be limited to receiving the net proceeds of sale, subject to the right to receive payment of any distribution declared by the Trustees which is unpaid and owing to such Unitholders. The Trustees will have no liability for the amount received provided that they act in good faith. Pursuant to the NWI LP Agreement, a holder of the Class B LP Units will agree not to take any action that would result in the Class B LP Units being held by a Non-Resident. See "NWI LP".

Information and Reports

The REIT will furnish to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by the Declaration of Trust and by applicable law. Prior to each meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) information as required by applicable tax and securities laws.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of Unitholders called for such purpose.

Except as described below, the following amendments, among others, require the approval of two-thirds of the votes cast by all Unitholders at a meeting:

- (a) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units;
- (c) any constraint of the issue, transfer or ownership of the Units or the change or removal of such constraint, except as described herein;
- (d) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees);
- (e) the termination of the REIT;
- (f) the combination, amalgamation or arrangement of any of the REIT or its subsidiaries with any other entity; and
- (g) except as described herein, the amendment of the Investment Guidelines and Operating Policies of the REIT. See “Declaration of Trust - Amendments to Investment Guidelines and Operating Policies”.

Notwithstanding the foregoing, the Trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the Trustees or the REIT; (ii) the status of the REIT as a “mutual fund trust” under the Tax Act; or (iii) the distribution of Units;
- (b) which, in the opinion of the Trustees, provide additional protection for the Unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in this Annual Information Form and the Declaration of Trust;
- (e) of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders;
- (f) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation or other laws, or accounting standards (including the implementation of IFRS) from time to time which may affect the Trust or its beneficiaries or to ensure that the Units qualify as equity for the purposes of IFRS;

- (g) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to implement a Unit option or purchase plan or issue Units for which the purchase price is payable in instalments;
- (h) which, in the opinion of the Trustees, are necessary or desirable (i) to create and issue one or more new classes of preferred equity securities of the REIT (each of which may be comprised of unlimited series) that rank in priority to the Units (in payment of distributions and in connection with any termination or winding up of the REIT), and/or (ii) to remove the redemption right attaching to the Units and convert the REIT into a closed-end limited purpose trust;
- (i) which, in the opinion of the Trustees, are necessary or desirable for the REIT to qualify for a particular status under, or as a result of changes in, taxation or other laws, or the interpretation of such laws, including to qualify for the definition of “real estate investment trust” in the Tax Act or to otherwise prevent the REIT or any of its subsidiaries from becoming subject to tax under the SIFT Rules;
- (j) to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the REIT’s property or income other than a return of capital;
- (k) to restrict ownership of the Units to less than 20 percent of the outstanding Units if, in the opinion of the Trustees, such limitation is desirable for foreign tax purposes;
- (l) to structure the fee arrangements in the Asset Management Agreement as an equity interest in a general partner of NWI LP; and
- (m) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Unitholders and is necessary or desirable.

Provided NWVP holds at least a 5% voting interest in the REIT, (a) no amendment shall be made that limits or alters the approval or appointment rights of NWVP without the express written consent of NWVP, and (b) NWVP’s approval shall be required for any change to the number of Trustees.

NWI LP

General

NWI LP is a limited partnership formed under the laws of the Province of Ontario and governed by the NWI LP Agreement. The general partners of NWI LP are: (a) NWI Healthcare Properties GP Inc. (the “**REIT GP**”), a company incorporated under the laws of the Province of Ontario, a wholly-owned subsidiary of the REIT, and (b) NWVP (NWI LP) GP Inc. (“**NWVP GP**”), a wholly-owned subsidiary of NWVP.

Partnership Units

NWI LP has outstanding the following partnership units: (a) class A limited partnership units (“**Class A LP Units**”), all of which are held by the REIT; (b) Class B LP Units, all of which are held by NWVP and its affiliates; (c) class C general partnership units (“**Class C GP Units**”), all of which are held by NWVP GP; (d) class D general partnership units (“**Class D GP Units**”), none of which are currently outstanding; and (e) class E general partnership units (“**Class E GP Units**”), all of which are held by the REIT GP.

The Class B LP Units and Class D GP Units are, in all material respects, economically equivalent to the Units on a per unit basis. Under the Exchange Agreement, the Class B LP Units and Class D GP Units are exchangeable on a one-for-one basis for Units at any time at the option of their holder, unless the exchange would jeopardize the

REIT's status as a "mutual fund trust" under the Tax Act. In addition, NWI LP is entitled to require the redemption of the Class B LP Units and Class D GP Units in certain specified circumstances.

Pursuant to the NWI LP Agreement, taxable income of NWI LP is allocated as follows: (a) first, to the holders of Class E GP Units in an amount equal to 0.01% of income for tax purposes; (b) second, to the holders of Class C LP Units in amount equal to 0.01% of income for tax purposes; (c) the balance of NWI LP's income for tax purposes remaining for a given fiscal year that is not allocated to the holders of Class E GP Units and Class C GP Units is allocated to the holders of the LP Units and the holders of Class D GP Units in an amount calculated by multiplying the remaining income for tax purposes to be allocated to such partners by a fraction, the numerator of which is the sum of the distributions received or receivable by that partner in such fiscal year, and the denominator of which is the aggregate amount of distributions received or receivable by all limited partners and holders of Class D GP Units during such fiscal year. See "NWI LP – NWVP GP – Partnership Distribution Policy and Priority".

Pursuant to the NWI LP Agreement, the Class C GP Units held by NWVP GP have nominal economic entitlements but are convertible, on an annual basis, into, at NWVP GP's discretion, any combination of: (a) cash, in the amount of the Class C Amount; (b) a promissory note in the amount of the Class C Amount; or (c) a number of Class D GP Units determined by the formula "A/B", where "A" is equal to the Class C Amount in respect of a particular adjustment date and "B" is equal to the volume weighted average price of all Units traded on the stock exchange upon which the Units trade for the five trading days immediately preceding the applicable adjustment date. See "Relationship with NWVP – Class C Amount Pursuant to the NWI LP Agreement". During the time that the securities of the REIT are listed on the TSXV: (i) the number of Class D GP Units issuable to NWVP GP pursuant to the NWI LP Agreement, together with the number of Units or other securities of the REIT or its subsidiaries (other than Deferred Units) that may be convertible into Units issuable to the Asset Manager pursuant to the Asset Management Agreement, shall not exceed 15,193,031, and (ii) such maximum number of securities shall not be increased without the prior approval of the TSXV.

Except as required by law and in certain specified circumstances in which the rights of a holder of Class B LP Units or Class D GP Units, as the case may be, are affected, holders of Class B LP Units and Class D GP Units are not entitled to vote at any meeting of the partners of NWI LP.

Holders of Class A LP Units will be entitled to notice of, and to attend and vote at, all meetings of holders of Class A LP Units. No Class A LP Units will be issued to or held by Non-Residents.

Holders of Class C GP Units and Class E GP Units have the right to one vote for each respective general partner unit held in respect of all matters to be decided by the general partners of NWI LP.

Operation

The business and affairs of NWI LP will be managed and controlled by the REIT GP and, (subject to the oversight of the REIT GP), NWVP GP, both of which will be bound by the investment guidelines and operating policies applicable to the REIT. The limited partners of NWI LP will not be entitled to take part in the management or control of the business or affairs of NWI LP.

NWVP GP

Duties and Responsibilities of NWVP GP as a General Partner

The business and activities of NWVP GP are restricted to acting as a general partner of NWI LP. The duties and responsibilities of NWVP GP as a general partner of each of NWI LP is subject to the oversight of the REIT GP and consist of the following duties:

- (a) providing the function of a senior management team to NWI LP;
- (b) providing consultation and investment management advice;

- (c) monitoring the financial performance of NWI LP;
- (d) providing advice on strategic matters, including potential acquisitions, dispositions, financings, and development;
- (e) identifying, evaluating, recommending and assisting in the structuring of acquisition, disposition and other transactions;
- (f) making recommendations with respect to the payment of distributions and arrange for distributions to be paid pursuant to the NWI LP Agreement;
- (g) managing day-to-day operations of NWI LP;
- (h) providing and operating NWI LP's head office, including providing the office space, equipment supplies, support services and administrative, clerical and secretarial personnel incidental thereto;
- (i) supervising property expansion, capital projects and development projects and providing periodic reports, as requested by the REIT GP, in respect thereof;
- (j) providing the REIT and its representatives such information, documentation and materials relating to the performance of NWVP GP of its obligations hereunder as may be reasonably requested in writing and otherwise give such co-operation as may be reasonably requested in writing by the REIT;
- (k) issuing Class A LP Units or Class B LP Units to limited partners of NWI LP as contemplated in the NWI LP Agreement;
- (l) issuing Class C GP Units, Class D GP Units or Class E GP Units to general partners of NWI LP as contemplated in the NWI LP Agreement;
- (m) managing, controlling and developing all the activities of NWI LP and taking all measures necessary or appropriate for the business of NWI LP or ancillary to its business, including, in its sole discretion proposing combinations with other partnerships or other entities, which proposal(s) will be subject to requisite approval by the partners of NWI LP;
- (n) incurring and paying all costs and expenses in connection with NWI LP or relating to the business of NWI LP;
- (o) engaging agents, including any affiliate or associate of the REIT GP (other than a limited partner of NWI LP), to assist it to carry out its management obligations to NWI LP or subcontract administrative functions to the REIT GP;
- (p) maintaining, improving or changing any assets from time to time of NWI LP;
- (q) seeing to the sound management of NWI LP, and managing, controlling and developing all the activities of NWI LP and take all measures necessary or appropriate for the business of NWI LP or ancillary thereto;
- (r) acting as attorney-in-fact or agent of NWI LP in disbursing and collecting moneys for NWI LP, paying debts and fulfilling the obligations of NWI LP and handling and settling any claims of NWI LP;
- (s) filing returns or other documents (including tax returns) required by any governmental authority or like authority;
- (t) retaining legal counsel, experts, advisors or consultants as the REIT GP considers appropriate and rely upon the advice of those persons;

- (u) entering into and perform the obligations of NWI LP under the Exchange Agreement;
- (v) doing anything that is in furtherance of or incidental to the business of NWI LP or that is provided for in the NWI LP Agreement;
- (w) executing, acknowledging and delivering the documents necessary to effectuate any or all of the foregoing or otherwise in connection with the business of NWI LP;
- (x) filing any tax elections, forms, objections or notices of objection or similar documents on behalf of NWI LP and (to the extent necessary) on behalf of the partners of NWI LP under the Tax Act or any other tax legislation; and
- (y) carrying out the objects, purposes and business of NWI LP.

In performing its duties, NWVP GP is required to exercise the degree of care, diligence and skill that would be exercised by a professional, prudent and competent person who is experienced in performing substantially similar duties and responsibilities.

Partnership Distribution Policy and Priority

Pursuant to the NWI LP Agreement, taxable income of NWI LP is allocated as follows: (a) first, to the holders of Class E GP Units in an amount equal to 0.01% of income for tax purposes; (b) second, to the holders of Class C LP Units in amount equal to 0.01% of income for tax purposes; (c) the balance of NWI LP's income for tax purposes remaining for a given fiscal year that is not allocated to the holders of Class E GP Units and Class C GP Units is allocated to the holders of the LP Units and the holders of Class D GP Units in an amount calculated by multiplying the remaining income for tax purposes to be allocated to such partners by a fraction, the numerator of which is the sum of the distributions received or receivable by that partner in such fiscal year, and the denominator of which is the aggregate amount of distributions received or receivable by all limited partners and holders of Class D GP Units during such fiscal year.

Pursuant to the NWI LP Agreement, the Class C GP Units held by NWVP GP have nominal economic entitlements but are convertible, on an annual basis, into, at NWVP GP's discretion, any combination of: (a) cash, in the amount of the Class C Amount; (b) a promissory note in the amount of the Class C Amount; or (c) a number of Class D GP Units determined by the formula "A/B", where "A" is equal to the Class C Amount in respect of a particular adjustment date and "B" is equal to the volume weighted average price of all Units traded on the stock exchange upon which the Units trade for the five trading days immediately preceding the applicable adjustment date.

Removal of NWVP GP

In the event (i) NWVP GP and its affiliates cease to own at least 5% of the outstanding Units (assuming the exchange of all units exchangeable into Units), or (ii) the aggregate economic interest of NWVP GP and its affiliates in the REIT (taking into account the value of all units exchangeable into Units) falls below \$50 million, the REIT GP will have the option to impose a fixed term on NWVP GP's role as a general partner of NWI LP. Upon the exercise of such option, NWVP GP's role as a general partner of NWI LP shall be subject a term of five years and will be renewable for further five year terms, subject to the termination provisions of the NWI LP Agreement. Subject to the termination provisions of the NWI LP Agreement, NWVP GP shall automatically continue as a general partner of NWI LP at the expiration of the initial fixed term and each subsequent renewal term. At least 16 months prior to the end of the first renewal term and each subsequent renewal term thereafter, the REIT shall cause the independent Trustees to assess the performance of NWVP GP as a general partner under the NWI LP Agreement. If it is determined that NWVP GP has not been meeting its obligations as set out in the NWI LP Agreement, the independent Trustees may determine the continuation of NWVP GP as a general partner of NWI LP is not in the best interests of Unitholders and that its termination at the end of the then current renewal term should be submitted to a vote of Unitholders at a meeting of Unitholders. If such termination is approved by at least two-thirds of the votes cast by the Unitholders at such meeting, the REIT GP shall have the right remove NWVP GP as a general partner of NWI LP, provided that the REIT GP provides NWVP GP with at least 12 months' prior written

notice of such termination; otherwise, NWVP GP shall automatically continue as general partner of NWI LP at the end of the current renewal term for the next renewal term.

The REIT GP has the right to remove NWVP GP as a general partner of NWI LP upon the following events of default, in each case unless NWVP GP has cured such default within 30 days following receipt of notice of such default: (a) the commission by NWVP GP of any act constituting fraud, willful misconduct, breach of fiduciary duty, gross negligence or a willful breach of applicable laws in connection with the performance of its duties as general partner of NWI LP, (b) if, in the performance or failure in the performance of the duties, NWVP GP demonstrates a willful disregard for the best interests of the REIT or its affiliates, (c) the material breach by NWVP GP in the performance of any of its obligations under the NWI LP Agreement; (d) the assignment by NWVP GP of its interest under the NWI LP Agreement in contravention of agreement itself; or (e) the persistent, continuing failure by NWVP GP in the performance of its material obligations under the NWI LP Agreement and the continuing failure by NWVP GP to cure any breach of any of its obligations after notice has been given by the REIT GP. The REIT GP also has the right to remove NWVP GP as a general partner of NWI LP for certain events relating to the bankruptcy or insolvency of NWVP GP.

Upon removal of NWVP GP as a general partner of NWI LP, NWVP GP will be paid all expenses for which it is entitled to be reimbursed under the NWI LP Agreement together with any accrued and unpaid distributions and Class C Amount.

Right of NWVP GP to Resign

NWVP GP may resign as a general partner of NWI LP at any time upon 180 days' prior written notice to the REIT GP.

EXCHANGE AGREEMENT

Exchange Rights

The Exchange Agreement provides NWVP with the right to require the REIT to exchange each Class B LP Unit for one Unit (the "**Exchange Right**"), subject to customary anti-dilution adjustments and the adjustments described under "Declaration of Trust". Collectively, the exchange rights granted by the REIT are referred to as the "exchange rights".

The exchange procedure may be initiated at any time by the holder of a Class B LP Unit so long as all of the following conditions have been met:

- the exchange would not cause the REIT to breach the restrictions respecting Non-Resident ownership contained in the REIT's Declaration of Trust as described under "Declaration of Trust" or otherwise cause it to cease to be a "mutual fund trust" for purposes of the Tax Act or create a substantial risk of such cessation;
- the REIT is legally entitled to issue the Units in connection with the exercise of the exchange rights; and
- the person receiving the Units upon the exercise of the exchange rights complies with all applicable securities laws.

Pre-Emptive Rights

In the event that the REIT, NWI LP or one of their subsidiaries decides to issue equity securities of the REIT or NWI LP or securities convertible into or exchangeable for equity securities of the REIT or NWI LP or an option or other right to acquire any such securities other than to an affiliate thereof ("**Issued Securities**"), the Exchange Agreement will provide NWVP (or any of its affiliates), for so long as it continues to hold at least 5% of the Units, with pre-emptive rights to purchase Units, Class B LP Units or Issued Securities to restore NWVP's percentage ownership interest to what it was immediately following the closing of the Acquisition. The pre-emptive right will

not apply to the issuance of Issued Securities in the following circumstances: (i) to participants in a distribution reinvestment plan of the REIT or similar plan of NWI LP, including any “bonus” distribution, (ii) in respect of the exercise of options, warrants, rights or other securities issued under the REIT’s or NWI LP’s security-based compensation arrangements, (iii) the issuance of Units in lieu of cash distributions, (iv) the issuance is full or partial consideration for the purchase of real property by the REIT from NWVP (or any of its affiliates), (v) the exercise by a holder of a conversion, exchange or other similar privilege pursuant to the terms of a security in respect of which NWVP (or any of its affiliates) did not exercise, failed to exercise, or waived, its pre-emptive right or in respect of which the pre-emptive right did not apply. NWVP (or any of its affiliates) will be entitled to participate in the issuance of Issued Securities at the most favourable price and on the most favourable terms as such Issued Securities are to be offered, excluding fees and other transaction expenses paid by the REIT or NWI LP. NWVP has provided an acknowledgement and waiver to the REIT that confirms it is waiving its pre-emptive rights to purchase securities in connection with the Offering.

Registration Rights

The Exchange Agreement provides NWVP (or any of its affiliates) with the right (the “**Piggy-Back Registration Right**”), among others, to require the REIT to include Units held by NWVP (or any of its affiliates), including Units issuable upon exchange of Class B LP Units, in any future offering undertaken by the REIT by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a “**Piggy-Back Distribution**”). The REIT will be required to use reasonable commercial efforts to cause to be included in the Piggy-Back Distribution all of the Units NWVP requests to be sold, provided that if the Piggy-Back Distribution involves an underwriting and the lead underwriter determines that the total number of Units to be included in such Piggy-Back Distribution should be limited for certain prescribed reasons, the Units to be included in the Piggy-Back Distribution will be first allocated to the REIT.

In addition, the Exchange Agreement provides NWVP (or any of its affiliates) with the right (the “**Demand Registration Right**”) to require the REIT to use reasonable commercial efforts to file one or more prospectuses with the applicable Canadian securities regulatory authorities, qualifying Units held by NWVP, including Units issuable upon the exchange of Class B LP Units, for distribution (a “**Demand Distribution**”). The REIT must take such steps as may be reasonably necessary to assist it in making a Demand Distribution, provided that, among other things, each request for a Demand Distribution must relate to the lesser of (a) 5 million securities, and (b) such number of Units that would reasonably be expected to result in gross proceeds of at least \$10 million and if the Demand Distribution involves an underwriting and the lead underwriter determines that the total number of Units to be included in such Demand Distribution should be limited for certain prescribed reasons, the Units to be included in the Demand Distribution will be first allocated to NWVP (or any of its affiliates).

Each of the Piggy-Back Registration Right and Demand Registration Right are exercisable at any time prior to the tenth anniversary of the closing of the Acquisition, provided that NWVP (or any of its affiliates) owns at least a 5% voting interest in the REIT at the time of exercise. The Piggy-Back Registration Right and Demand Registration Right will be subject to various conditions and limitations, and the REIT will be entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 120 days. The REIT’s expenses in respect of a Piggy-Back Distribution will be borne by the REIT, provided that any underwriting fee on the sale of Units by NWVP and the costs of NWVP’s counsel will be borne by NWVP (or any of its affiliates). The REIT’s expenses in respect of a Demand Distribution will be borne by the REIT and NWVP (or any of its affiliates) on a proportionate basis according to the number of Units distributed by each. Pursuant to the Exchange Agreement, the REIT will indemnify NWVP (or any of its affiliates, as applicable) for any misrepresentation in a prospectus under which NWVP’s Units are distributed (other than in respect of any information provided by NWVP or any of its affiliates, in respect of NWVP, for inclusion in the prospectus) and NWVP (or any of its affiliates) will indemnify the REIT for any information provided by NWVP, in respect of NWVP, for inclusion in the prospectus.

Tag/Drag Rights

The Exchange Agreement provides that, so long as NWVP or any of its affiliates, holds at least a 5% voting interest in the REIT and so requests, the REIT will cause a purchaser (other than the REIT or an affiliate of the REIT) of securities of NWI LP owned by the REIT (or any permitted assignee) to purchase a pro rata portion of the securities

of NWI LP held by NWVP (or any of its affiliates), on the same terms and subject to the same conditions as are applicable to the purchase of securities of NWI LP by the purchaser.

The Exchange Agreement also provides that, if NWVP or any of its affiliates holds less than a 5% voting interest in the REIT, the REIT is entitled, in connection with the direct or indirect sale of all of its securities of the Partnership, to require NWVP or any of its affiliates to sell its securities in NWI LP on the same conditions as are applicable to the REIT's direct or indirect sale of all other interests in NWI LP, and upon the REIT making such request and completing such sale, neither NWVP nor any of its affiliates will have any further interest in NWI LP.

MARKET FOR SECURITIES

Trading Price and Volume

The Units are listed for trading on the TSXV under the symbol "MOB.UN". The following tables show the monthly range of high and low prices per Unit and total monthly volumes traded on the TSXV for the most recently completed financial year.

<u>Month</u>	<u>Price per Unit (\$) Monthly High</u>	<u>Price per Unit (\$) Monthly Low</u>	<u>Total Monthly Volume</u>
January 2012	1.64	1.29	682,928
February 2012	1.45	1.30	181,613
March 2012	1.73	1.20	419,457
April 2012	1.89	1.20	4,626,289
May 2012	1.87	1.84	1,837,323
June 2012	2.00	1.60	2,217,359
July 2012	1.84	1.45	199,442
August 2012	1.75	1.33	41,725
September 2012	2.05	1.50	235,650
October 2012	2.00	1.50	559,649
November 2012	2.35	1.64	125,147
December 2012	2.25	1.94	222,446

Prior Sales

The following table sets forth the details regarding all issuances of Units, including issuances of all securities convertible into Units for the most recently completed financial year.

<u>Date of Issuance</u>	<u>Security Issued</u>	<u>Reason for Issuance</u>	<u>Number of Securities Issued</u>	<u>Price per Unit (\$)</u>
November 16, 2012	Units	In connection with the Acquisition	9,878,165	1.87
November 16, 2012	Class B LP Units	In connection with the Acquisition	55,944,444	1.87
December 20, 2012	Units	Offering of Units	13,350,900	2.00
December 20, 2012	Deferred Trust Units	Trustee compensation	92,499	2.00

TRUSTEES AND MANAGEMENT OF THE REIT

Board of Trustees

The Declaration of Trust provides that, subject to certain conditions, the Trustees will have absolute and exclusive power, control and authority over the REIT's assets and operations, as if the Trustees were the sole and absolute legal and beneficial owners of the REIT's assets. The governance practices, investment guidelines and operating policies of the REIT will be overseen by a Board of Trustees consisting of a minimum of three and a maximum of 20 Trustees, a majority of whom will be Canadian residents. The REIT must, at all times, have a majority of Trustees who are independent within the meaning of National Instrument 58-201 – *Corporate Governance Guidelines* (“**NI 58-201**”) provided, however, that if at any time a majority of the Trustees are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any Trustee who was an independent Trustee, this requirement shall not be applicable for a period of 60 days thereafter, during which time the remaining Trustees shall appoint a sufficient number of Trustees who qualify as “independent” to comply with this requirement.

On May 31, 2012, the former Trustees of the REIT, Bruce Burton, Douglas Friars, Richard Michaeloff, Richard Shapack, Denim Smith, Stanley Swartzman, Seymour Temkin, Edward Thornley and Victor Wells resigned and were replaced by the current trustees of the REIT, Robert Baron, Bernard Crotty and Paul Dalla Lana.

The board of Trustees of the REIT (the “**Board**” or the “**Board of Trustees**”) is comprised of three Trustees. Pursuant to National Policy 58-201, an independent Trustee (an “**Independent Trustee**”) is one who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a Trustee's independent judgment. The REIT has determined that two of its three Trustees (Robert Baron and Bernard Crotty) are independent under these standards. All of the trusteeships and directorships of the Trustees with other public entities are disclosed in the biographical information for each Trustee set out below.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on directors of a corporation governed by the CBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the REIT and the Unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee is entitled to indemnification from the REIT in respect of the exercise of the Trustee's powers and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of the REIT and the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

Trustees are elected at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting. The nominees for election of the Trustees are determined by the Compensation and Corporate Governance Committee in accordance with the provisions of the Declaration of Trust and are included in the proxy-related materials to be sent to Unitholders prior to each annual meeting of Unitholders.

The Unitholders or the Trustees will be entitled to change the number of Trustees comprising the Board. A quorum of the Trustees, being the majority of the Trustees then holding office (provided a majority of the Trustees comprising such quorum are residents of Canada), will be permitted to fill a vacancy in the Trustees, except a vacancy resulting from an increase in the number of Trustees or from a failure of the Unitholders to elect the required number of Trustees. In the absence of a quorum of Trustees, or if the vacancy has arisen from an increase in the number of Trustees other than in accordance with the provision regarding the appointment of trustees in the Declaration of Trust or from a failure of the Unitholders to elect the required number of Trustees, the Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there is no Trustee then in office, any Unitholder will be entitled to call such meeting. Except as otherwise provided in the Declaration of Trust, the Trustees may, between annual meetings of Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Unitholders, provided that the number of additional Trustees so appointed will not at any time exceed one-third of the number of Trustees who held such office at the

conclusion of the immediately preceding annual meeting of Unitholders. Any Trustee may resign upon 30 days' written notice to the REIT, unless such resignation would cause the number of remaining Trustees to be less than a quorum, and may be removed by an ordinary resolution passed by a majority of the votes cast at a meeting of Unitholders.

The following table sets forth the name, municipality of residence, positions held with the REIT and principal occupation of the Trustees of the REIT. Each of the Trustees have been a Trustee since May 31, 2012.

<u>Name and Municipality of Residence</u>	<u>Position with the REIT</u>	<u>Principal Occupation</u>
ROBERT BARON ⁽¹⁾⁽³⁾ Toronto, Ontario	Trustee	Principal of BCGI Baron Consulting Group Inc.
BERNARD CROTTY ⁽³⁾⁽⁴⁾ Oakville, Ontario	Trustee	Principal of Silver and White Management, Inc.
PAUL DALLA LANA ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Toronto, Ontario	Trustee and CEO	President and Founder of NorthWest Value Partners Inc.

Notes:

1. Member of the Compensation and Corporate Governance Committee. The Compensation and Corporate Governance Committee is chaired by Paul Dalla Lana.
2. Chair of the Board.
3. Member of the Audit Committee. The Audit Committee is chaired by Bernard Crotty.
4. Member of the Investment Committee. The Investment Committee is chaired by Paul Dalla Lana.

Additional biographical information regarding the Trustees of the REIT for the past five years is set out below:

Robert Baron, Toronto, Ontario, Canada. Mr. Baron is the founder and President of Toronto-based BCGI Baron Consulting Group and New York-based American Real Estate Executive Search. Both firms act on behalf of private and institutional real estate investors and lenders throughout North America. Prior to forming BCGI in 1995 Mr. Baron was employed in Investment Banking at CIBC Wood Gundy Inc. from 1991 to 1995 and in Investment Sales at CB Commercial Real Estate from 1987 to 1991. Mr. Baron also serves as a trustee of NorthWest Healthcare Properties REIT. Mr. Baron has a B.A. in Economics from the University of Western Ontario and an MBA from the University of Toronto.

Bernard Crotty, Oakville, Ontario, Canada. Mr. Crotty is an experienced corporate executive, board member, private investor and lawyer. Mr. Crotty is currently a principal of Silver and White Management Inc., a private investment firm. From September 2001 to February 2008, Mr. Crotty acted as Chairman and/or Chief Executive Officer of Certicom Corp, a provider of cryptographic software and services that was acquired by Research in Motion Ltd. From January 2004 to February 2007, Mr. Crotty acted as Chairman and/or Chief Executive Officer of Comnetix Inc., a provider of biometric identification and authorization solutions that was acquired by L-1 Identity Solutions Inc. In addition Mr. Crotty has served on a variety of public company boards and was counsel to the law firm Gibson, Dunn & Crutcher LLP in Los Angeles from April 1998 to March 2000. Prior to April 1998, Mr. Crotty was a partner at the law firm McCarthy Tétrault, LLP in Toronto and London, England. Mr. Crotty also serves as a trustee of NorthWest Healthcare Properties REIT and Vital Trust. Mr. Crotty received his B.A. from the University of Alberta, LL.B. from the University of Toronto, LL.M from the London School of Economics and his M.B.A. from Duke University. He is also a graduate of the Toronto ICD-Rotman Directors Education Program.

Paul Dalla Lana, Toronto, Ontario, Canada. Mr. Dalla Lana is the Chief Executive Officer of the REIT. Mr. Dalla Lana has 20 years of experience in real estate acquisition, development, and finance. Mr. Dalla Lana is the Founder and President of NWVP and the Founder and Chairman of NorthWest Healthcare Properties REIT. During this time, Mr. Dalla Lana has led NWVP's direct acquisition and development of more than \$1.5 billion in real estate assets, while building NorthWest Healthcare Properties REIT's presence across Canada. Mr. Dalla Lana received his B.A. (Economics) and his M.B.A. (Finance and Real Estate) from the University of British Columbia.

Conflicts of Interest

The Declaration of Trust contains “conflict of interest” provisions to protect Unitholders without creating undue limitations on the REIT. As the Trustees are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the CBCA, that require each Trustee to disclose to the REIT, at the first meeting of Trustees at which a proposed contract or transaction is considered, any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. If a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee will be required to disclose in writing to the REIT, or request to have entered into the minutes of meetings of Trustees, the nature and extent of his or her interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect will not be entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction relates to his or her remuneration or an indemnity under the provisions of the Declaration of Trust or liability insurance. All decisions of the Board of Trustees will require the approval of a majority of the Trustees present in person or by phone at a meeting of the Board.

Senior Management

The responsibilities of the senior management of the REIT include: (i) providing the Board of Trustees with information and advice relating to the operation of the REIT’s properties, acquisitions and financings; (ii) establishing, at least on an annual basis, investment and operating plans for the ensuing period; (iii) conducting and supervising the due diligence required in connection with proposed acquisitions, and completing any acquisitions or dispositions; (iv) maintaining the books and financial records of the REIT; (v) determining and preparing designations, elections and determinations to be made in connection with the income and capital gains of the REIT for tax and accounting purposes; (vi) preparing reports and other information required to be sent to Unitholders and other disclosure documents; and (vii) administering or supervising the administration, on behalf of the Board of Trustees, of the payment of distributions by the REIT.

The primary functions of the CEO are to lead the management of the REIT’s business and affairs and to lead the implementation of the resolutions and the policies of the Board. The Board will develop a written position description and mandate for the CEO which will set out the CEO’s key responsibilities, including duties relating to strategic planning, operational direction, Board interaction, succession reporting and communication with Unitholders.

The following table sets forth the name, municipality of residence and positions held with the REIT of each executive officer of the REIT:

<u>Name and Municipality of Residence</u>	<u>Office with the REIT</u>
PAUL DALLA LANA Toronto, Ontario	Chief Executive Officer
BRIAN WILSON Oakville, Ontario	Senior Vice President, Finance and Administration and Interim Chief Financial Officer

Additional information regarding the senior management of the REIT, including a description of each individual’s principal occupation within the past five years is provided as follows:

Paul Dalla Lana – Mr. Dalla Lana is the Chief Executive Officer of the REIT. Mr. Dalla Lana has 20 years of experience in real estate acquisition, development, and finance. Mr. Dalla Lana is the Founder and President of NWVP and the Founder and Chairman of NorthWest Healthcare Properties REIT. During this time, Mr. Dalla Lana has led NWVP’s direct acquisition and development of more than \$1.5 billion in real estate assets, while building NorthWest Healthcare Properties REIT’s presence across Canada. Mr. Dalla Lana received his B.A. (Economics) and his M.B.A. (Finance and Real Estate) from the University of British Columbia.

Brian Wilson – Mr. Wilson is the Senior Vice President, Finance and Administration and Interim Chief Financial Officer of the REIT. Mr. Wilson was Chief Financial Officer of GT Canada Medical Properties REIT from June 2011 until its acquisition by NWVP in May 2012. Mr. Wilson has over 20 years of experience in real estate and financial services, primarily as a chief financial officer. From 2005 through 2011, Mr. Wilson provided financial management and advisory services to various financial institutions, primarily in real estate lending, including acting as Chief Financial Officer of Macquarie Financial Ltd. from 2007 through 2009. Mr. Wilson served as Senior Vice-President, Finance and Administration of O&Y Properties Corp. and O&Y REIT from 2003 through 2004. Mr. Wilson acted as CFO of UBS Bank (Canada), the Canadian private banking subsidiary of UBS AG from 1999 through 2002. Mr. Wilson served as Chief Financial Officer of National Trust, a full service financial institution, from 1991 through 1997. Prior to 1991, Mr. Wilson was a Tax Manager at Ernst & Young. Mr. Wilson is a Chartered Accountant and received his B.Com. from the University of Toronto.

Ownership of Securities by Trustees and Officers

The Trustees and officers of the REIT, as a group, beneficially own or exercise control or direction over 27,000,711 Units and 55,944,444 Class B Units, representing approximately 83% of the voting interest in the REIT.

Audit Committee Information

Pursuant to applicable laws, the REIT is required to have an audit committee comprised of not less than three Trustees, a majority of whom are not officers, control persons or employees of the REIT or an affiliate of the REIT. National Instrument 52-110 Audit Committees (“**NI 52-110**”) requires the REIT to disclose annually in its annual information form certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

The audit committee of the REIT (the “**Audit Committee**”) is responsible for the REIT’s financial reporting process and the quality of its financial reporting. In addition to its other duties, the Audit Committee reviews all financial statements, annual and interim, intended for circulation among Unitholders and reports upon these to the Board. In addition, the Board may refer to the Audit Committee other matters and questions relating to the financial position of the REIT. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management and the external auditors and monitors independence of those auditors.

Audit Committee Charter

The text of the Audit Committee’s charter is attached as Schedule “A”.

Composition of the Audit Committee

The Audit Committee consists of Robert Baron, Paul Dalla Lana and Bernard Crotty. Messrs Baron and Crotty are considered “independent” and “financially literate” (each as defined in NI 52-110).

Relevant Education and Experience

For a discussion of the relevant education and experience of Messrs. Baron, Crotty and Dalla Lana, see the biographies set out above under “Trustees and Management of the REIT”.

Audit Committee Oversight

At no time since the commencement of the REIT’s most recently completed financial year has the Audit Committee made a recommendation to nominate or compensate an external auditor not adopted by the Board of Trustees.

Reliance on Certain Exemptions

At no time since the commencement of the REIT’s most recently completed financial year has the REIT relied on the exemption in Sections 2.4 (*De Minimis Non-audit Services*), 3.2 (*Initial Public Offerings*), 3.3(2) (*Controlled Companies*), 3.4 (*Events Outside Control of Members*), 3.5 (*Death, Disability or Resignation of Audit Committee*

Member), 3.6 (Temporary Exemption for Limited and Exceptional Circumstances), 3.8 (Acquisition of Financial Literacy) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 thereof.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the REIT's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the REIT. The Audit Committee is authorized to approve any non-audit services or additional work which the Chairman of the Audit Committee deems as necessary and the Chairman of the Audit Committee will notify the other members of the Audit Committee of such non-audit or additional work.

External Audit Service Fees

The fees billed by the REIT's external auditors for the years-ended December 31, 2011 and 2012 for audit and non-audit related services provided to the REIT or its subsidiaries are summarized as follows:

Year	Audit Fees⁽¹⁾	Audit Related Fees⁽²⁾	Tax Fees⁽³⁾	All other Fees⁽⁴⁾
2012	\$109,509	\$ 231,368	\$13,410	\$466,157
2011	\$184,184	\$ -	\$24,170	\$ -

Notes:

- (1) 2012 audit fees do not include fees for the 2012 year end audit of the consolidated financial statements of the REIT. As of March 11, 2013, no amounts have been billed with respect to the 2012 year end audit.
- (2) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
- (3) Fees charged for tax compliance, tax advice and tax planning services.
- (4) Fees for services other than disclosed in any other column. All other fees include (but are not limited to) those incurred with respect to the Acquisition and the November 2012 reconfiguration of the REIT.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the Trustees, executive officers or promoters of the REIT is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any person or company (including the REIT) that was subject to one of the following orders, that was in effect for a period of more than 30 consecutive days:

- (a) a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued while the director or executive officer was acting in the capacity as director or executive officer; or
- (b) a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as disclosed below, none of the Trustees, executive officers or promoters of the REIT, or shareholders holding a sufficient number of Units of the REIT to affect materially its control:

- (a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the REIT) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Trustee, executive officer or shareholder; or
- (c) has had imposed any penalties or sanctions by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a security regulatory authority or has had imposed any penalties or sanctions by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On Feb. 8, 2010, Mr. Wilson filed for personal bankruptcy under the *Bankruptcy and Insolvency Act* (Canada). Mr. Wilson fully performed his obligations in connection with the filing and was fully discharged on Nov. 9, 2010.

PROMOTER

In 2012, NWVP may have been considered a promoter of the REIT as a result of the Acquisition. NWVP, directly or indirectly, currently owns: (a) 26,544,211 Units, representing approximately 61% of the Units outstanding, and (b) 55,944,444 Class B LP Units, representing all of the Class B LP Units outstanding. Assuming the exchange of its Class B LP Units, NWVP owns approximately 83% of the issued and outstanding Units. Paul Dalla Lana, Chairman and Chief Executive Officer of the REIT, is the sole shareholder of NWVP.

NWVP received 9,878,165 Units and 55,944,444 Class B LP Units from the REIT as consideration under the Acquisition. See “Assets of the REIT – The Definitive Agreement”. Affiliates of NWVP serve as the REIT’s asset manager, property manager and developer and receives fees from the REIT pursuant to such arrangements. An affiliate of the REIT also serves as a general partner of NWI LP and is entitled to amounts under the NWI LP Agreement. See “Relationship with NWVP”.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Neither the REIT or any of its Subsidiaries are involved in any outstanding, threatened or pending litigation that would have a material effect on the REIT and its Subsidiaries.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Annual Information Form, there are no material interests, direct or indirect, of the Trustees or officers of the REIT, any Unitholder that beneficially owns more than 10% of the Units of the REIT or any associate or affiliate of any of the foregoing persons in any transaction within the last three years or during the current financial year that has materially affected or would materially affect the REIT or any of its Subsidiaries.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The REIT’s auditors are KPMG LLP. The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material agreements, other than contracts entered into in the ordinary course of business, entered into during the past two years or proposed to be entered into by the REIT:

- (a) the acquisition agreements entered into in connection with the Disposition, as described under “General Development of the Business”;
- (b) the Support Agreement described under “General Development of the Business”;
- (c) the Definitive Agreement described under “Assets of the REIT – Definitive Agreement”;

- (a) the Put/Call Agreement described under “Relationship with NWVP – Put/Call Agreement”;
- (b) the NWI LP Agreement described under “NWI LP”;
- (c) the Exchange Agreement described under “Exchange Agreement”;
- (d) the Declaration of Trust described under “Declaration of Trust”;
- (e) the Asset Management Agreement described under “Relationship With NWVP – Asset Management Agreement”;
- (f) the Property Management Agreement described under “Relationship With NWVP – Property Management Agreement”;
- (g) the Development Agreement described under “Relationship With NWVP – Development Agreement”;
- (h) the Vital SLA described under “Assets of the REIT – New Zealand – Vital Trust – The Vital SLA”;
- (i) the Brazil Securitization described under “Assets of the REIT – Brazil – Sabará Children’s Hospital”;
- (j) the Sabará Instalment Note described under “Assets of the REIT – Brazil – Sabará Children’s Hospital”; and
- (k) the acquisition agreement entered into in connection with the REIT’s acquisition of the HMB Property.

INTERESTS OF EXPERTS

The REIT’s for auditors, BDO Canada LLP, have prepared an independent auditors’ report in respect of the REIT’s financial statements with accompanying notes as at and for the period ended December 31, 2011. BDO Canada LLP has advised that they are independent with respect to the REIT within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the REIT may be found on SEDAR at www.sedar.com.

Additional information, including Trustees’ and officers’ remuneration and indebtedness, principal holders of Units of the REIT and securities authorized for issuance under equity compensation plans, as applicable, is contained in the REIT’s information circular that was prepared in connection with the REIT’s most recent annual general meeting of Unitholders which took place on October 30, 2012.

Additional financial information is provided in the REIT’s audited consolidated financial statements and MD&A for the period from January 1, 2012 to September 30, 2012. Copies of such documents can be found on SEDAR at www.sedar.com.

SCHEDULE “A”

NORTHWEST INTERNATIONAL HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

AUDIT COMMITTEE CHARTER

The Audit Committee (the “**Audit Committee**”) assists the Board of Trustees (the “**Trustees**”) in overseeing the financial controls and reporting of Northwest International Healthcare Properties Real Estate Investment Trust and any and all subsidiary corporations (collectively, the “**Trust**”). The Audit Committee also monitors whether the Trust complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

COMPOSITION AND QUORUM

The Audit Committee is composed of a minimum of three and a maximum of five members. A majority of the members of the Audit Committee must qualify as independent trustees in accordance with Multilateral Instrument 52-110 of the Canadian Securities Administrators (“**MI 52-110**”) and, if applicable, an unrelated trustee in accordance with the policies of the TSX Venture Exchange, in each case as determined by the Trustees. Each member of the Audit Committee must be financially literate. Financially literate means the audit member is capable of reading and understanding a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust’s financial statements. At least one member of the Audit Committee must have accounting or related financial experience, being the ability to analyze and interpret a full set of financial statements, including notes thereto, in accordance with generally accepted accounting principles.

Independent members of the Audit Committee may not receive, directly or indirectly, any compensation from the Trust other than compensation received in their roles as trustees and committee members and must be free of any material relationship with the Trust which could, in the view of the Trustees, be reasonably expected to interfere with the exercise of a member’s independent judgment. The Trustees shall, in making any such determination, exercise its discretion in accordance with the guidance contained in MI 52-110.

The quorum at any meeting of the Audit Committee is a majority of its members.

The Corporate Governance Committee shall review the candidacy of any trustee being considered for the Audit Committee prior to the invitation being extended to such trustee to join the Audit Committee and shall periodically review the composition of the Audit Committee. In addition to assessing compliance with the foregoing criteria, the Corporate Governance Committee shall consider whether any outside trusteeships or offices impairs the ability of individual trustees to serve on the Trust’s Audit Committee.

AUTHORITY

The Audit Committee has the authority to:

1. engage independent counsel and other advisors as it determines necessary to carry out its duties;
2. set and pay the compensation for any advisors employed by the Audit Committee; and
3. communicate directly with any auditors performing audit, review of attest services for or on behalf of the Trust.

RESPONSIBILITIES

The Audit Committee has the following responsibilities in respect of all public disclosure:

With respect to financial reporting

1. Assuming overall responsibility for the disclosure of all financial and related information by the Trust in accordance with all legal and regulatory requirements, both with respect to content and timing governing the dissemination of such information.
2. Reviewing the annual financial statements and accompanying notes, the external auditors' report thereon, the annual Management's Discussion and Analysis ("MD&A") and the related press release announcing the Trust's earnings, and obtaining explanations from management on all significant variances with comparative periods, before recommending their approval by the Trustees and their release.
3. Reviewing the quarterly financial statements, the interim MD&A and the related press release announcing the Trust's earnings before recommending their approval by the Trustees and their release.
4. Reviewing the financial information contained in the Annual Information Form, Annual Report, prospectuses and other documents containing similar financial information extracted or derived from the Trust's financial statements before their public disclosure or filing with regulatory authorities in Canada and periodically assessing the adequacy of the procedures established to review the Trust's public disclosure of such financial information.
5. Reviewing with management and the external auditors the quality and not just the acceptability of the Trust's accounting policies and any changes that are proposed to be made thereto, including (i) all critical accounting policies and practices used, (ii) any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditors' preferred treatment, and (iii) any other material communications with management with respect thereto, and reviewing the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.
6. Reviewing with the external auditors any audit problems or difficulties and management's response thereto and resolving any disagreement between management and the external auditors regarding financial reporting.
7. Reviewing periodically any policies of the Trust with respect to the communication of financial and related information to ensure that they conform with applicable legal and regulatory requirements.

With respect to risk management and internal controls

1. Monitoring the quality and integrity of the Trust's system of internal controls and management information systems, through discussions with management and the external auditors.
2. Reviewing all audit plans of external auditors and arranging for any additional independent audit procedures deemed necessary by the Audit Committee to gain reasonable assurance that the combined evaluation and testing of internal financial controls is comprehensive, coordinated and cost-effective.
3. Overseeing management's reporting on internal control.
4. At least annually, reviewing a report of the external auditors describing the Trust's internal quality-control procedures, any material issues raised by the most recent reviews of internal controls and management information systems or by any inquiry or investigation by governmental or professional authorities and any recommendations made and steps taken to deal with any such issues.

5. Monitoring the execution of all audit plans.
6. Ensuring that persons auditing internal controls are always ultimately accountable to the Audit Committee and the Trustees.
7. Establishing procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Trust regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Trust of concerns regarding questionable accounting or auditing matters.

With respect to the external auditors

1. Overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Trust, including the resolution of disagreements between management and the external auditor regarding financial reporting.
2. Reviewing the annual written statement of the external auditors regarding all their relationships with the Trust and discussing any relationships or services that may impact on their objectivity or independence.
3. Making recommendations to the Trustees concerning the appointment and, if appropriate, the termination (both subject to shareholder approval) of the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Trust and monitoring their qualifications, performance and independence.
4. Approving the performance of all non-audit services to be provided to the Trust by the Trust's external auditors.
5. Approving and overseeing the disclosure of all audit services provided by the external auditors to the Trust or any of its subsidiaries, determining which non-audit services the external auditors are prohibited from providing and, exceptionally, approving and overseeing the disclosure of permitted non-audit services to be performed by the external auditors.
6. Making recommendations to the Trustees concerning the basis and amount of the external auditors' fees for both audit and authorized non-audit services.
7. Reviewing the audit plan with the external auditors and management and approving the scope, extent and schedule of such audit plan.
8. Reviewing and approving the Trust's hiring policies for partners, employees or former partners or employees of the present and former external auditors.
9. Ensuring the respect of legal requirements regarding the rotation of applicable partners of the external auditors, on a regular basis, as required.
10. Ensuring that the external auditors are always accountable to the Audit Committee and the Trustees.
11. Making arrangements for sufficient funds to be available to effect payment of the fees of the external auditors and of any advisors or expels retained by the Audit Committee.

With respect to insiders

1. Reviewing and monitoring all material non arm's length transactions between the Trust and insiders of the Trust.

METHOD OF OPERATION

1. Meetings of the Audit Committee are held at least quarterly, and as required.
2. The Chair of the Audit Committee develops the agenda for each meeting of the committee in consultation with the Chief Financial Officer. The agenda and the appropriate material are provided to members of the Audit Committee on a timely basis prior to any meeting of the Audit Committee.
3. The Chair of the Audit Committee reports regularly to the Trustees on the business of the Committee.
4. The Audit Committee has at all times a direct line of communication with the Trust's auditors.
5. The Audit Committee meets on a regular basis without management or the external auditors.
6. The Audit Committee meets separately with management and the auditors at least annually, and more frequently as required.
7. The Audit Committee may, in appropriate circumstances, engage external advisors, subject to advising the Chairman of the Trustees thereof.
8. The Audit Committee annually reviews its mandate and reports to the Trustees on its adequacy and publication requirements.
9. The Nominating and Corporate Governance Committee annually supervises the performance assessment of the Audit Committee and its members.

Nothing contained in this mandate is intended to expand applicable standards of conduct under statutory or regulatory requirements for the trustees of the Trust or the members of the Audit Committee. Even though the Audit Committee has a specific mandate and its members may have financial experience, they do not have the obligation to act as auditors or to perform auditing, or to determine that the Trust's financial statements are complete and accurate. Members of the Audit Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to the Trust by the external auditor. The Audit Committee's oversight responsibilities are not established to provide an independent basis to determine that (i) management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures, or (ii) the Trust's financial statements have been prepared and, if applicable, audited in accordance with generally accepted accounting principles.

Approved by the Board of Trustees on March 11, 2013.