

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or the securities laws of any state of the United States. Accordingly, these securities may not be offered or sold within the United States or to, or for the account or benefit of any, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act), except pursuant to transactions exempt from registration under the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. **Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of NorthWest International Healthcare Properties Real Estate Investment Trust at its head offices located at 284 King Street East, Toronto, Ontario, M5A 1K4, Attention: Corporate Secretary (telephone: 416-366-2000), and are also available electronically at [www.sedar.com](http://www.sedar.com) (“SEDAR”).

## SHORT FORM PROSPECTUS

New Issue

November 18, 2014



### NORTHWEST INTERNATIONAL HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

**\$2.15**  
**13,954,000 Units**

This short form prospectus (the “**Prospectus**”) qualifies the distribution (the “**Offering**”) of 13,954,000 trust units (the “**Units**”) of NorthWest International Healthcare Properties Real Estate Investment Trust (the “**REIT**”) at a price of \$2.15 per Unit (the “**Offering Price**”). The Offering is being made pursuant to an underwriting agreement dated November 11, 2014 (the “**Underwriting Agreement**”) among the REIT and a syndicate of underwriters co-led by National Bank Financial Inc., GMP Securities L.P. and BMO Nesbitt Burns Inc. (the “**Lead Underwriters**”), acting as joint bookrunners, and including Canaccord Genuity Corp., Scotia Capital Inc., Dundee Securities Ltd., Raymond James Ltd., Manulife Securities Incorporated, Laurentian Bank Securities Inc, Mackie Research Capital Corporation and All Group Financial Services Inc. (collectively, the “**Underwriters**”). The Offering Price was determined by negotiation among the REIT and the Underwriters.

The REIT is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated November 16, 2012, as amended (the “**Declaration of Trust**”). The currently outstanding Units of the REIT are listed and posted for trading on the TSX Venture Exchange (the “**TSXV**”) under the symbol “MOB.UN”. The closing price of the Units on the TSXV on November 4, 2014, the last trading day prior to the announcement of the Offering, was \$2.24. The closing price of the Units on the TSXV on November 17, 2014, the last trading day prior to the date of this Prospectus, was \$2.12. The TSXV has conditionally approved the listing of the Units distributed under this Prospectus (including the Units issuable pursuant to the Over-Allotment Option (as defined herein)) on the TSXV. Listing is subject to the REIT fulfilling all the listing requirements of the TSXV.

|                      | <b>Price: \$2.15 per Unit</b>            |  |   |
|----------------------|--|--|---|
|                      | <b>Price to the Public<sup>(1)</sup></b> | <b>Underwriters' Fee<sup>(2)</sup></b> | <b>Net Proceeds to the REIT<sup>(3)</sup></b> |
| Per Unit             | \$2.15                                   | \$0.1075                               | \$2.0425                                      |
| Total <sup>(4)</sup> | \$30,001,100                             | \$1,500,055                            | \$28,501,045                                  |

Notes:

- (1) The Offering Price of the Units was determined by negotiation among the REIT and the Underwriters.
- (2) Pursuant to the terms of the Underwriting Agreement, and in consideration of the services rendered by the Underwriters in connection with the Offering, the Underwriters will receive an aggregate fee (the “**Underwriters' Fee**”) of \$1,500,055 representing 5% of the gross proceeds from the Offering. See “*Plan of Distribution*”.
- (3) Before deducting expenses of the Offering estimated at \$585,000, which, together with the Underwriters' Fee, will be paid from the proceeds of the Offering.
- (4) The REIT has granted to the Underwriters an option (the “**Over-Allotment Option**”), exercisable in whole or in part and at any time up to 30 days after the closing of the Offering (the “**Closing**”) to purchase up to an additional 2,093,100 Units at a price of \$2.15 per Unit on the same

terms as set forth above solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' Fee and net proceeds to the REIT (before deducting expenses of the Offering) will be \$34,501,265, \$1,725,063 and \$32,776,202, respectively. This Prospectus qualifies the distribution of the Over-Allotment Option and the Units issuable on the exercise thereof. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires those Units under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

| <b>Underwriters' Position</b> | <b>Maximum Size or Number of Securities Available</b> | <b>Exercise Period</b>                  | <b>Exercise Price</b> |
|-------------------------------|---|---|-----------------------|
| Over-Allotment Option         | Option to purchase up to 2,093,100 Units              | At any time up to 30 days after Closing | \$2.15 per Unit       |

Unless otherwise indicated, the disclosure in this Prospectus is based upon certain stated assumptions regarding the Offering Price and the number of Units included in the Offering, pending the final determination by the REIT and the Underwriters.

The Underwriters, as principals, conditionally offer the Units, subject to the prior sale, if, as and when issued, sold and delivered by the REIT and accepted by the Underwriters in accordance with the conditions of the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of the REIT by Goodmans LLP and on behalf of the Underwriters by Bennett Jones LLP.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions that stabilize or maintain the market price of the Units at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters propose to offer the Units initially at the Offering Price. **After the Underwriters have made reasonable effort to sell all of the Units at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the REIT. See "*Plan of Distribution*".**

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Registrations and transfers of Units will be effected only through the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"). Beneficial owners of Units will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Units.

The Closing is expected to take place on or about November 25, 2014 (or such other date as the REIT and the Underwriters may agree upon), but in any event no later than the date that is 42 days after the date of the final receipt issued by the Ontario Securities Commission ("**OSC**") for this Prospectus (such actual closing date hereinafter referred to as the "**Closing Date**").

**The REIT is not a trust company or registered under applicable legislation governing trust companies and does not carry on or intend to carry on the business of a trust company. The REIT currently qualifies as a mutual fund trust for the purposes of the Tax Act (as defined herein) and offers and sells its Units to the public. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that statute or any other legislation.**

**Subject to certain conditions set out under "*Eligibility for Investment*", a Unit offered hereby will constitute a qualified investment for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, tax-free savings accounts, registered education savings plans and registered disability savings plans. As set out under "*Eligibility for Investment*", prospective holders of Units who intend to hold their Units in their tax-free savings accounts, registered retirement savings plans or registered retirement income funds should consult their own advisors regarding their particular circumstances.**

Investors should be aware that the acquisition, holding and disposition of the securities described in this Prospectus may have tax consequences in Canada or elsewhere depending on each particular investor's specific circumstances. The after-tax return from an investment in Units to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the REIT on Units, which may be fully or partially taxable or tax deferred. That composition may change over time, thus affecting a Unitholder's after-tax return. Investors should consult their own tax advisors with respect to such tax considerations. See "*Certain Canadian Federal Income Tax*".

*Considerations*". Investors who are not residents of Canada for tax purposes should consult their own tax advisors concerning the consequences to them of acquiring Units under the Offering.

An investment in the Units involves certain risks that are described in the "*Risk Factors*" section of, and elsewhere in, this Prospectus, including in the documents incorporated herein by reference and should be considered by any prospective purchaser of the Units. It is important for investors to consider the particular risk factors that may affect the industry in which they are investing, and therefore the stability of the distributions paid by the REIT. The section entitled "*Risk Factors*" herein describes the REIT's assessment of those risk factors, as well as the potential consequences to an investor if a risk should materialize.

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of an initial investment in Units is at risk and the anticipated return on such investment is based on many performance assumptions. **Although the REIT intends to make distributions of its available cash to Unitholders of the REIT, these cash distributions may be reduced or suspended.** The ability of the REIT to make distributions and the actual amount distributed, if any, will depend on numerous factors, including the financial performance of the subsidiaries of the REIT, debt obligations, contractual obligations, working capital requirements, future capital requirements and risks associated with the REIT's business which include the ability of the REIT to complete acquisitions consistent with its business plan, having sufficient access to capital and on terms favourable to the REIT and other such risks. In addition, the market value of the Units may decline if the REIT's cash distributions are reduced and/or suspended in the future, and that decline may be material. See "*Risk Factors*".

The REIT's head and registered office is located at 284 King Street East, Toronto, Ontario, M5A 1K4.

## TABLE OF CONTENTS

|   | <u>Page</u> |   | <u>Page</u> |
|---|-------------|---|-------------|
| GENERAL MATTERS .....   | 1           | CONSOLIDATED CAPITALIZATION OF THE REIT .....           | 11          |
| NOTICE CONCERNING FORWARD-LOOKING STATEMENTS .....                  | 1           | USE OF PROCEEDS .....                                   | 12          |
| NOTICE REGARDING INFORMATION CONCERNING OTHER PUBLIC ENTITIES ..... | 1           | PLAN OF DISTRIBUTION.....                               | 12          |
| EXCHANGE RATE INFORMATION .....                                     | 2           | PRICE RANGE AND TRADING VOLUME OF UNITS .....           | 16          |
| MARKET AND INDUSTRY DATA.....                                       | 2           | CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS..... | 16          |
| ELIGIBILITY FOR INVESTMENT.....                                     | 2           | RISK FACTORS .....                                      | 21          |
| NON-IFRS MEASURES .....   | 3           | EXPERTS.....  | 22          |
| ADDITIONAL IFRS MEASURE .....                                       | 4           | AUDITORS, TRANSFER AGENT AND REGISTRAR .....            | 23          |
| GLOSSARY OF TERMS .....   | 4           | PURCHASERS' STATUTORY RIGHTS .....                      | 23          |
| DOCUMENTS INCORPORATED BY REFERENCE .....                           | 8           | CERTIFICATE OF THE REIT .....                           | C-1         |
| MARKETING MATERIALS .....   | 9           | CERTIFICATE OF THE UNDERWRITERS.....                    | C-2         |
| BUSINESS OF THE REIT.....   | 9           |   |             |
| RECENT DEVELOPMENTS .....   | 10          |   |             |

## GENERAL MATTERS

**You should rely only on the information contained in or incorporated by reference in this Prospectus or to which we have referred you. We have not authorized anyone to provide you with information that is inconsistent with the information provided herein. This document may only be used where it is legal to sell these securities. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus.**

In this Prospectus, references to the “**REIT**” refer to NorthWest International Healthcare Properties Real Estate Investment Trust; references to “**we**”, “**us**” and “**our**” refer to the REIT unless the context otherwise requires; “**Units**” means the trust units of the REIT; “**Special Voting Units**” means the special voting units of the REIT; and “**Unitholders**” means holders of Units.

All references in this Prospectus to “\$” are to Canadian dollars unless otherwise noted.

### NOTICE CONCERNING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. These statements generally can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the REIT to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements in this Prospectus include: (a) the intention and the ability of the REIT to complete the Offering and the use of proceeds thereof, (b) the intention to grow the business and operations of the REIT, (c) the intention to distribute available cash to securityholders, (d) the intention to provide predictable and growing cash distributions, (e) statements regarding financings, refinancings and acquisition opportunities, and (f) the intention and ability of the REIT to complete the proposed Internalization Transaction (as defined herein) and the proposed TSX Graduation (as defined herein). Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transactions contemplated herein are completed. Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: completion of the Offering on the terms described in this Prospectus, economic and market factors specific to the healthcare real estate industry, general economic and market factors, local real estate conditions, competition, changes in government regulation, interest rates, the availability of equity and debt financing, participation levels in the DRIP (as defined herein), environmental and tax related matters, reliance on key personnel and the REIT’s relationship with NWVP (as defined herein) and its affiliates. While the REIT anticipates that subsequent events and developments may cause its views to change, the REIT specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the REIT’s views as of any date subsequent to the date of this Prospectus. Although the REIT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the REIT. Additional factors are noted under “*Risk Factors*” in this Prospectus and the Annual Information Form, and under the heading “*Risks and Uncertainties*” in the 2013 MD&A and the Q2 Interim MD&A (as defined herein).

### 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 Prospectus has been taken from, or is based upon, publicly available documents and records on file with the Canadian Securities Administrators and other regulatory bodies.

## EXCHANGE RATE INFORMATION

We disclose certain financial information contained in this Prospectus in Euros. The following table sets forth, for the periods indicated, the high, low, average and period-ended noon spot rates of exchange for EUR 1.00, expressed in Canadian dollars, published by the Bank of Canada.

|  | Year ended December 31 |        |        | Six months<br>ended June 30,<br>2014 |
|--|------------------------|--------|--------|--------------------------------------|
|  | 2013                   | 2012   | 2011   |                                      |
|  | C\$                    | C\$    | C\$    | C\$                                  |
| Highest rate during the period             | 1.4724                 | 1.3446 | 1.4305 | 1.5549                               |
| Lowest rate during the period              | 1.2859                 | 1.2153 | 1.2847 | 1.4440                               |
| Average rate for the period <sup>(1)</sup> | 1.3681                 | 1.2850 | 1.3767 | 1.5036                               |
| Rate at the end of the period              | 1.4655                 | 1.3118 | 1.3193 | 1.4615                               |

(1) Determined by averaging the noon rate on each business day during the respective period.

Unless otherwise noted, all references to Euros in this Prospectus are expressed using the noon spot rate of exchange on August 29, 2014, which was EUR 1.00 equals C\$1.4278 (EUR 0.7004 = C\$1.00).

We also disclose certain financial information contained in this Prospectus in New Zealand dollars. The following table sets forth, for the periods indicated, the high, low, average and period-ended noon spot rates of exchange for NZD\$ 1.00, expressed in Canadian dollars, published by the Bank of Canada.

|  | Year ended December 31 |        |        | Six months<br>ended June 30,<br>2014 |
|--|------------------------|--------|--------|--------------------------------------|
|  | 2013                   | 2012   | 2011   |                                      |
|  | C\$                    | C\$    | C\$    | C\$                                  |
| Highest rate during the period             | 0.8834                 | 0.8389 | 0.8370 | 0.9637                               |
| Lowest rate during the period              | 0.8017                 | 0.7673 | 0.7124 | 0.8721                               |
| Average rate for the period <sup>(2)</sup> | 0.8448                 | 0.8097 | 0.7824 | 0.9312                               |
| Rate at the end of the period              | 0.8751                 | 0.8223 | 0.7936 | 0.9346                               |

(2) Determined by averaging the noon rate on each business day during the respective period.

Unless otherwise noted, all references to NZD\$ in this Prospectus are expressed using the noon spot rate of exchange on September 30, 2014, which was NZD\$1.00 equals C\$0.8727 (NZD\$1.1459 = C\$1.00).

## MARKET AND INDUSTRY DATA

This Prospectus 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, the REIT has not independently verified any of the data from third-party sources referred to in this Prospectus, 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.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the REIT, and Bennett Jones LLP, counsel to the Underwriters, based on the current provisions of the Tax Act (as defined herein), and subject to the provisions of any particular Exempt Plan (as defined below), the Units will, on the date they are issued, be qualified investments for a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a

registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account (“**TFSA**”) (collectively, “**Exempt Plans**”), provided that on such date, the REIT qualifies as a “mutual fund trust” for the purposes of the Tax Act or the Units are listed on a “designated stock exchange” (as defined in the Tax Act).

Notwithstanding the foregoing, if the Units are a “prohibited investment” (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF, the holder or annuitant thereof will be subject to a penalty tax as set out in the Tax Act. The Units will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant of such Exempt Plan, as the case may be, (i) deals at arm’s length with the REIT, for purposes of the Tax Act and (ii) does not have a “significant interest” (as defined in the Tax Act) in the REIT. In addition, Units will not be a “prohibited investment” if the Units are “excluded property” as defined in the Tax Act for trusts governed by a TFSA, RRSP and RRIF. Prospective purchasers who intend to hold Units in a TFSA, RRSP or RRIF are advised to consult their personal tax advisors.

## **NON-IFRS MEASURES**

Funds from operations (“**FFO**”) and adjusted funds from operations (“**AFFO**”) are not measures recognized under IFRS (as defined herein) and do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. FFO and AFFO are supplemental measures of a Canadian real estate investment trust’s performance and the REIT believes that FFO and AFFO are relevant measures of its ability to earn and distribute cash returns to Unitholders. The IFRS measurement most directly comparable to FFO and AFFO is net income (loss).

“**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) revaluation adjustments of financial liabilities; (vi) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; (vii) deferred income tax expense; (viii) convertible debentures issuance costs; and (ix) strategic transaction costs, all 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; (ii) amortization of deferred financing charges; (iii) compensation expense related to deferred unit incentive plans; (iv) differences, if any, resulting from recognizing property revenues on a straight line basis as opposed to contractual rental amounts, (v) asset management fees paid through the issuance of units rather than cash; (vi) amortization and adjustments relating to assets expected to provide an economic benefit to the REIT; (vii) incentive amount expense, and (viii) deducting amounts for tenant inducements, leasing 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.

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

Weighted average lease expiry (“**WALE**”) is a measurement of the average term (expressed in years) remaining in each of the REIT’s leases, weighted by the size of the gross leasable area (“**GLA**”) each lease represents of the total GLA of the REIT’s portfolio. WALE is a common performance measure used in the real estate industry which is useful in measuring the vacancy risk and the stability of future cash flows of the REIT’s properties.

The REIT’s “**weighted average interest rate**” in Table 5: Financial Highlights of the Q2 Interim MD&A includes secured debt with fixed interest rates and excludes secured debt with floating interest rates. This calculation is a useful measure because it allows management to compare movements in interest rates, period over period, and to compare the average rate to the current market rates at that point in time.

“**Occupancy**” levels are presented in different manners depending on its context. It could be presented as a weighted average portfolio occupancy, based on the area weightings, when analyzing the overall operating

performance of the REIT's portfolio, or as a point-in-time reference when analyzing future lease expiries, or as an assessment of the performance of each property, period over period. Management considers this a useful measure in assessing the overall performance of its portfolio and an essential tool to determine which properties require further investigation if performance lags.

**"Debt – Declaration of Trust"** is a non-IFRS financial measure that represents the indebtedness definition outlined in the REIT's Declaration of Trust and includes the sum of the principal balance of mortgages, securities lending agreements, margin facilities, term loans, line of credit, and deferred consideration. The Debt – Declaration of Trust is measured as a percentage of total assets or Gross Book Value. The REIT's Declaration of Trust provides an operating guideline that sets a maximum level of indebtedness relative to Gross Book Value of 65%. The REIT measures Debt - Declaration of Trust each reporting period to ensure that the REIT remains compliant with the operating guidelines of the Declaration of Trust in respect of indebtedness. The definition of indebtedness and maximum indebtedness ratio relative to Gross Book Value of the REIT's Declaration of Trust may differ from the declarations of trust of other issuers and accordingly may not be comparable to similar measures used by other issuers.

**"Debt – Including Convertible Debentures"** is a non-IFRS financial measure and represents the sum of the REIT's indebtedness as defined by the REIT's Declaration of Trust (Debt – Declaration of Trust, defined above) plus the amount of convertible debentures outstanding, stated at fair value. The Debt – Including Convertible Debentures amount is intended to measure total leverage which is commonly reported by other issuers in the industry and is used an important measure in the management of debt levels. The Debt – Including Convertible Debentures is also stated as a ratio to total assets or Gross Book Value. The ratio is an important measure in determining the REIT's capacity for incremental indebtedness to finance operations, maturing obligations or capital expenditures, as required. The definition of Debt – Including Convertible Debentures and its ratio relative to Gross Book Value of the REIT's Declaration of Trust may differ and may not be comparable to similar measures used by other issuers.

#### **ADDITIONAL IFRS MEASURE**

Net operating income, or **"NOI"** is an industry term in widespread use. The REIT includes NOI as an additional IFRS measure in its consolidated statement of income and comprehensive income. NOI as calculated by the REIT may not be comparable to similar titled measures reported by other issuers. The REIT considers NOI a meaningful additional measure of operating performance of its property assets, prior to financing considerations. NOI is defined as income from properties after operating expenses have been deducted, computed in accordance with IFRS, but before deducting interest expense, finance costs, depreciation and amortization expense, general and administrative expenses, income taxes, leasehold improvement and leasing costs, and unrecoverable capital costs.

#### **GLOSSARY OF TERMS**

In this Prospectus, 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:

**"2013 MD&A"** has the meaning ascribed thereto under *"Documents Incorporated By Reference"*;

**"6.50% Debentures"** means the 6.50% convertible unsecured subordinated debentures of the REIT issued pursuant to a (final) short form prospectus dated March 18, 2013;

**"7.25% Debentures"** means the 7.25% convertible unsecured subordinated debentures of the REIT issued pursuant to a (final) short form prospectus dated September 16, 2014;

**"7.50% Debentures"** means the 7.50% convertible unsecured subordinated debentures of the REIT issued pursuant to a (final) short form prospectus dated August 23, 2013;

**"Acquisition Facility"** means the credit agreement between the REIT and Firm Capital Mortgage Fund Inc. dated December 19, 2013;

**"affiliate"** has the meaning ascribed thereto in the *Securities Act* (Ontario);

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



“**Annual Information Form**” has the meaning ascribed thereto under “*Documents Incorporated By Reference*”;

“**Asset Management Agreement**” means the amended and restated asset management agreement of the REIT dated December 18, 2013 among the Asset Manager, the REIT and NWI LP, as amended or amended and restated from time to time;

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

“**Berlin Asset**” has the meaning ascribed thereto under “*Recent Developments – Acquisition of German MOB Portfolio*”.

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

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

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

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

“**Closing**” means the closing of the Offering;

“**Closing Date**” means on or about November 25, 2014 or such later date as the REIT and the Underwriters may agree;

“**CRA**” means the Canada Revenue Agency;

“**December 2013 Offering**” has the meaning ascribed thereto under “*Documents Incorporated By Reference*”;

“**Declaration of Trust**” means the amended and restated declaration of trust of the REIT dated as of November 16, 2012 as amended, supplemented and/or restated from time to time;

“**Debt – Declaration of Trust**” has the meaning ascribed thereto under “*Non-IFRS Measures*”;

“**Debt – Including Convertible Debentures**” has the meaning ascribed thereto under “*Non-IFRS Measures*”;

“**DRIP**” means the distribution reinvestment plan of the REIT implemented on January 23, 2013;

“**Exempt Plans**” has the meaning ascribed thereto under “*Eligibility for Investment*”;

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

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

“**Finance**” means the Minister of Finance (Canada);

“**Firm Capital**” has the meaning ascribed thereto under “*Recent Developments – Acquisition of German MOB Portfolio*”;

“**Foreign Tax Credit Generator Rules**” has the meaning ascribed under “*Certain Canadian Federal Income Tax Considerations – Taxation of NWI LP*”;

“**German MOB Core Portfolio**” means the portfolio of 14 properties acquired by the REIT located in Berlin, Ingolstadt and Leipzig, Germany, as further described in the press releases of the REIT dated June 25, 2014 and September 2, 2014;

“**GLA**” means gross leasable area;

“**Gross Book Value**” 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;

“**Holder**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*”;

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

“**Internalization Transaction**” has the meaning ascribed thereto under “*Risk Factors – Risks Related to the Proposed Internalization Transaction and TSX Graduation*”;

“**Marketing Materials**” has the meaning ascribed thereto under “*Documents Incorporated By Reference*”;

“**May 2014 Offering**” has the meaning ascribed thereto under “*Documents Incorporated By Reference*”;

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions*;

“**NOI**” has the meaning ascribed thereto under “*Additional IFRS Measure*”;

“**NWHP Interest Acquisition**” means the acquisition by the REIT of an approximate 26% strategic interest in NWHP REIT from NWVP in June 2013 as described in the Annual Information Form;

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

“**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 second amended and restated limited partnership agreement of NWI LP dated December 18, 2013, among the REIT, the REIT GP, NWVP and affiliates of NWVP, as amended or amended and restated from time to time;

“**NWVP**” means NorthWest Value Partners Inc. and its affiliates;

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

“**Offering**” means the public offering of Units pursuant to this Prospectus;

“**Offering Price**” means \$2.15 per Unit.

“**Option Portfolio**” has the meaning ascribed thereto under “*Recent Developments – Acquisition of German MOB Portfolio*”;

“**OSC**” means Ontario Securities Commission;

“**Over-Allotment Option**” has the meaning ascribed thereto on the cover page of this Prospectus and described under “*Plan of Distribution*”;

“**Proposed Amendments**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*”;

“**Prospectus**” means this short form prospectus of the REIT qualifying the distribution of the Units;

“**Q2 Interim Financial Statements**” has the meaning ascribed thereto under “*Documents Incorporated By Reference*”;

“**Q2 Interim MD&A**” has the meaning ascribed thereto under “*Documents Incorporated By Reference*”;

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

“**REIT Exception**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations — SIFT Rules and the REIT Exception*”;

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

“**RRIF**” means registered retirement income funds;

“**RRSP**” means registered retirement saving plans;

“**Securities Commissions**” means each securities commission or securities regulatory authority in the provinces and territories in which the REIT is a reporting issuer;

“**SEDAR**” has the meaning ascribed thereto on the cover page of this Prospectus;

“**September 2014 Offering**” has the meaning ascribed thereto under “*Documents Incorporated By Reference*”;

“**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 Finance on October 31, 2006 which modify the tax treatment of SIFTs and the tax treatment of their unitholders in the manner described herein under “*Certain Canadian Federal Income Tax Considerations — SIFT Rules and the REIT Exception*”;

“**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*;

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

“**TFSA**” means tax-free savings account;

“**Transfer Agent**” means Computershare Investor Services Inc., at its principal office in Toronto, Ontario;

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

“**TSX**” means the Toronto Stock Exchange;

“**TSX Graduation**” has the meaning ascribed thereto under “*Risk Factors – Risks Related to the Proposed Internalization Transaction and TSX Graduation*”;

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

“**Underwriters**” has the meaning ascribed thereto on the cover page of this Prospectus;

“**Underwriters’ Fee**” has the meaning ascribed thereto on the cover page of this Prospectus;

“**Underwriting Agreement**” has the meaning ascribed thereto on the cover page of this Prospectus, as described under “*Plan of Distribution*”;

“**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 Trust” means Vital Healthcare Property Trust;

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

“Warrant Exercise” has the meaning ascribed thereto under “*Recent Developments – Acquisition of German MOB Portfolio*”.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with Securities Commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the REIT at 284 King Street East, Toronto, Ontario, M5A 1K4, Attention: Corporate Secretary (telephone: 416-366-8300). In addition, copies of the documents incorporated by reference herein may be obtained from the Securities Commissions or similar authorities in the provinces and territories of Canada electronically on SEDAR, at [www.sedar.com](http://www.sedar.com).

The following documents or portions of documents, filed with the securities commissions or similar authorities in the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the annual information form of the REIT dated April 23, 2014 for the year ended December 31, 2013 (the “**Annual Information Form**”);
- (b) the audited annual financial statements of the REIT for the years ended December 31, 2013 and 2012, together with the notes thereto and the auditor’s report on the consolidated statement of financial position of the REIT as at December 31, 2013, the consolidated statements of income and comprehensive income, changes in Unitholders’ equity and cash flows for the year then ended;
- (c) management’s discussion and analysis of financial condition and results of operations of the REIT for the years ended December 31, 2013 and 2012 (the “**2013 MD&A**”);
- (d) the management information circular of the REIT dated August 14, 2014 sent to Unitholders in connection with the annual meeting of the Unitholders held on September 30, 2014;
- (e) the business acquisition report of the REIT dated August 16, 2013 filed in connection with the NWHF Interest Acquisition;
- (f) the unaudited condensed consolidated interim financial statements of the REIT for the three and six months ended June 30, 2014 and June 30, 2013 (the “**Q2 Interim Financial Statements**”);
- (g) management’s discussion and analysis of results of operations and financial condition of the REIT for the three and six months ended June 30, 2014 (the “**Q2 Interim MD&A**”);
- (h) the audited annual financial statements of Vital Trust for the year ended June 30, 2014 together with the notes thereto and the auditor’s report on the consolidated statement of financial position of Vital Trust as at June 30, 2014 (which include comparative figures as at June 30, 2013) and the consolidated statements of comprehensive income, changes in unitholders’ equity, and cash flows for the year ended June 30, 2014 (which include comparative figures for the year ended June 30, 2013);
- (i) the material change report of the REIT dated January 16, 2014 in respect of the closing of the partial exercise by the underwriters of the over-allotment option granted by the REIT in connection with the offering of Units by the REIT pursuant to a final short form prospectus dated December 18, 2013 (the “**December 2013 Offering**”);
- (j) the material change report of the REIT dated May 7, 2014 in respect of the May 2014 Offering, the proposed Internalization Transaction and the proposed TSX Graduation (as defined below);

- (k) the material change report of the REIT dated May 28, 2014 in respect of the closing of the REIT's offering of 11,219,513 Units pursuant to a final short form prospectus dated May 13, 2014 (the "**May 2014 Offering**");
- (l) the material change report of the REIT dated September 11, 2014 in respect of the issuance of \$35.0 million principal amount of 7.25% Debentures (the "**September 2014 Offering**");
- (m) the material change report of the REIT dated October 3, 2014 in respect of the closing of the September 2014 Offering and the exercise of the over-allotment option in connection therewith;
- (n) the material change report of the REIT dated November 13, 2014 in respect of the Offering; and
- (o) the term sheet dated November 5, 2014, filed on SEDAR in connection with the Offering (the "**Marketing Materials**").

Any documents of the type described in Item 11 of Form 44-101F1 – *Short Form Prospectus Distributions* which are filed by the REIT with the Securities Commissions or similar authorities in the provinces of Canada subsequent to the date of this Prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this Prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

## MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus. Any template version of "marketing materials" (as defined in National Instrument 41-101 - *General Prospectus Requirements*) filed after the date of this short form prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated into this Prospectus.

## BUSINESS OF THE REIT

The REIT is an unincorporated, open-ended real estate investment trust 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 globally;
- build a diversified, growth-oriented global portfolio of healthcare properties based on an initial portfolio of investments in Canada, 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 Canada, 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 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](http://www.sedar.com). See "*Relationship with NWVP*" in the Annual Information Form.

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.

## RECENT DEVELOPMENTS

### Appointment of Co-President and Chief Investment Officer

On October 17, 2014, the REIT announced the appointment of Mr. Vince Cozzi as Co-President and Chief Investment Officer of the REIT. Prior to joining the REIT, Mr. Cozzi was a Senior Vice President of Ventas, Inc., a U.S. healthcare REIT, and Executive Vice President and Chief Investment Officer of its Lillibridge Healthcare Services subsidiary.

### Renewal of Margin Facilities

On October 28, 2014, the REIT renewed one of the margin facilities related to the REIT's investment in Vital Trust, which was to mature on December 31, 2014. The renewal extends the maturity of this margin facility to December 31, 2015. As of September 30, 2014, this facility had an aggregate outstanding balance of \$36.7 million (NZD\$ 42.1 million).

On September 26, 2014, two of the margin facilities related to the REIT's investment in NWHP REIT were renewed, which extended the maturity of both facilities to September 1, 2015. As of September 30, 2014, these facilities had an aggregate outstanding balance of \$64.1 million.

On September 23, 2014, a third margin facility related to the REIT's investment in NWHP REIT was renewed, which extended the maturity to November 1, 2015. As of September 30, 2014, this facility had an outstanding balance of \$9.2 million.

### September 2014 Offering

On September 23, 2014, the REIT issued \$35,000,000 principal amount of the 7.25% Debentures. The 7.25% Debentures bear interest at 7.25% per annum, payable semi-annually on April 30 and October 31 each year, and mature on October 31, 2019. Subsequently, on October 3, 2014, the REIT issued an additional \$3,750,000 principal amount of the 7.25% Debentures in connection with the partial exercise of an over-allotment option granted to the underwriters of the September 2014 Offering.

### Exercise of Warrants by Firm Capital Corporation

On September 2, 2014, the REIT announced that it had received notice from Firm Capital Corporation ("**Firm Capital**") in respect of the early exercise of 3,000,000 non-transferrable warrants of the REIT issued in connection with an acquisition credit facility previously made available by Firm Capital to the REIT (the "**Warrant Exercise**"). The warrants were exercised at a price of \$2.15 per Unit for total gross cash proceeds to the REIT of \$6,450,000. As a result of the Warrant Exercise, there are no longer any warrants of the REIT outstanding.

### Acquisition of German MOB Core Portfolio

On August 29, 2014, the REIT completed the previously announced acquisition of the German MOB Core Portfolio, by acquiring a fourteenth asset, Hohenschonhausen, located in the city of Berlin (the "**Berlin Asset**"). At approximately 58,000 square feet, the Berlin Asset is 96% occupied with a weighted average lease expiry of 5.6 years. The Berlin Asset supports over 30 tenancies consisting of a range of medical practitioners and related

services, which benefit from their proximity to six hospitals and over 3,000 hospital beds.

The Berlin Asset was acquired at a purchase price of \$16.0 million (EUR11.2 million) and funded by new mortgage financing from the REIT's existing German lender, DG Hyp, of \$11.1 million (EUR7.8 million) and existing resources. The mortgage financing bears a fixed interest rate of 1.65% per annum for 3.5 years with a 40 year amortization period.

On September 2, 2014, the REIT announced that it has not exercised its option to acquire two managed clinics located in the city of Berlin (the “**Option Portfolio**”). As part of its ongoing German MOB Core Portfolio consolidation strategy, the REIT continues to evaluate various acquisition opportunities, including the Option Portfolio.

### Discussions Regarding Proposed Acquisitions and Financings

In the normal course, the REIT is engaged in discussions with respect to the possible acquisition and financing of new assets, the refinancing of existing assets and its capital structure. Some of these acquisitions and financings may be material to the REIT and may involve the granting of security on existing assets and/or equity of the REIT. The REIT expects to continue negotiations in respect of these matters and will actively pursue these and other opportunities as they become available. However, there can be no assurance that any of these discussions will result in definitive agreements and, if they do, what the terms or timing of any acquisition, financing or refinancing would be.

### CONSOLIDATED CAPITALIZATION OF THE REIT

The following table sets forth (a) the consolidated capitalization of the REIT as at June 30, 2014, (b) the *pro forma* consolidated capitalization of the REIT as at June 30, 2014 after giving effect to the acquisition by the REIT of the Berlin Asset, the Warrant Exercise, the repayment of deferred consideration relating to the REIT's HMB (defined below) property and the September 2014 Offering, and (c) the *pro forma* consolidated capitalization of the REIT as at June 30, 2014 after giving effect to the acquisition by the REIT of the Berlin Asset, the Warrant Exercise, the repayment of deferred consideration relating to the REIT's HMB property, the September 2014 Offering and the Offering, but without giving effect to the exercise of the Over-Allotment Option. The table should be read in conjunction with the financial statements and notes thereto incorporated by reference in this Prospectus.

| (in Canadian dollars (000's))                        | <u>As at June 30, 2014</u><br>(unaudited) | <u>As at June 30, 2014</u><br>(unaudited— <i>pro forma</i> after giving effect to the acquisition by the REIT of the Berlin Asset, the Warrant Exercise, repayment of deferred consideration and the September 2014 Offering) | <u>As at June 30, 2014</u><br>(unaudited— <i>pro forma</i> after giving effect to the acquisition by the REIT of the Berlin Asset, the Warrant Exercise, repayment of deferred consideration, the September 2014 Offering and the Offering) |
|--|---|---|---|
| <b>Indebtedness</b>                                  |   |   |   |
| Mortgages and loans payable                          | \$409,803                                 | \$420,940   | \$420,940   |
| 6.50% Debentures                                     | 20,455                                    | 20,455  | 20,455  |
| 7.50% Debentures                                     | 16,798                                    | 16,798  | 16,798  |
| 7.25% Debentures                                     | -   | 38,750  | 38,750  |
| Deferred revenue                                     | 15,248                                    | 15,248  | 15,248  |
| Deferred consideration                               | 75,644                                    | 47,858  | 47,858  |
| Warrants   | 542                                       | -   | -   |
| <b>Class B LP Units and Class D GP Units</b>         |   |   |   |
| Class B LP Units and Class D GP Units <sup>(1)</sup> | 188,045                                   | 188,045   | 188,045   |

### Unitholders' Equity

|  | <u>As at June 30, 2014</u> | <u>As at June 30, 2014</u> | <u>As at June 30, 2014</u> |
|--|----------------------------|----------------------------|----------------------------|
| Units<br>(Authorized – unlimited) <sup>(2)</sup> | 117,006                    | 123,456                    | 151,372                    |
| <b>Total Capitalization</b>                      | <b><u>\$843,541</u></b>    | <b><u>\$871,550</u></b>    | <b><u>\$899,466</u></b>    |

Notes:

1. Issued (actual as at June 30, 2014) – 92,178,900; Issued (*pro forma* as at June 30, 2014 after giving effect to the acquisition by the REIT of the Berlin Asset, the Warrant Exercise and the September 2014 Offering) – 92,178,900; Issued (*pro forma* as at June 30, 2014 after giving effect to the acquisition by the REIT of the Berlin Asset, the Warrant Exercise, the September 2014 Offering and the Offering) – 92,178,900. Each Class B LP Unit and Class D GP Unit is also attached to a Special Voting Unit.
2. Issued (actual as at June 30, 2014) – 68,750,096; Issued (*pro forma* as at June 30, 2014 after giving effect to the acquisition by the REIT of the Berlin Asset, the Warrant Exercise and the September 2014 Offering) – 71,750,096; Issued (*pro forma* as at June 30, 2014 after giving effect to the acquisition by the REIT of the Berlin Asset, the Warrant Exercise, the September 2014 Offering and the Offering) – 82,704,096.

### USE OF PROCEEDS

The estimated net proceeds of the Offering, after deducting the Underwriters' Fee payable to the Underwriters and the estimated expenses of the Offering, will be \$27,916,045. If the Over-Allotment Option is exercised in full, the net proceeds to be received from the Offering by the REIT, after deducting the Underwriters' Fee payable to the Underwriters and the estimated expenses of the Offering, will be \$32,191,202. The REIT intends to use the net proceeds of the Offering, after payment of the expenses of the Offering, for (a) repayment of debt (approximately \$25 – 30 million) and (b) for general working capital and trust purposes, including the payment of normal course expenses and costs relating to the pursuit of acquisitions (approximately \$2.2 – 7.2 million). Indebtedness to be repaid will have been incurred or assumed by the REIT within the past two years for the purposes of acquiring a direct or indirect interest in healthcare real estate assets. While the REIT has not yet determined what indebtedness will be repaid with the net proceeds of the Offering, any debt repayment made is expected to lower the REIT's overall leverage.

The net proceeds of the May 2014 Offering (including net proceeds pursuant to the exercise in full by the underwriters of an over-allotment option granted by the REIT in connection with the May 2014 Offering), after deducting the underwriters' fee payable and the expenses of the May 2014 Offering, were \$21,243,335. The net proceeds of the May 2014 Offering were used to partially fund the acquisition by the REIT of the German MOB Core Portfolio.

The net proceeds of the September 2014 Offering (including net proceeds pursuant to the partial exercise by the underwriters of an over-allotment option granted by the REIT in connection with the September 2014 Offering), after deducting the underwriters' fee payable and the expenses of the September 2014 Offering, were \$35,738,379. The net proceeds of the September 2014 Offering were used to repay approximately \$27,176,984 of deferred consideration relating to the acquisition of the REIT's Hospital e Maternidade Brasil ("HMB") property, pay approximately \$1,244,760 (€880,000) of transaction costs relating to the German MOB Core Portfolio acquisition, with the remainder for trust purposes, including the payment of normal course expenses and costs relating to the pursuit of acquisitions.

### PLAN OF DISTRIBUTION

Pursuant to the terms and conditions of the Underwriting Agreement, the REIT has agreed to issue and sell, and the Underwriters have agreed to purchase on the Closing Date, subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Underwriting Agreement, an aggregate of 13,954,000 Units at a purchase price of \$2.15 per Unit, payable in cash to the REIT against delivery of such Units, for gross proceeds to the REIT of \$30,001,100.

The Underwriting Agreement provides that the REIT will pay to the Underwriters a fee of \$1,500,055, representing 5% of the gross proceeds of the Offering in consideration for their services in connection with the Offering. The REIT has also agreed in the Underwriting Agreement to reimburse the Underwriters for their legal fees and certain other expenses in connection with the Offering. The obligations of the Underwriters under the



Underwriting Agreement are conditional and may be terminated at their discretion pursuant to the “material change out”, “regulatory out”, “disaster out” and “adverse tax development out” provisions in the Underwriting Agreement. The Underwriters, however, are obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement.

The terms of the Offering, including the Offering Price, were determined by negotiation between the REIT and the Lead Underwriters on their own behalf and on behalf of the Underwriters.

The REIT has granted the Underwriters the Over-Allotment Option, exercisable in whole or in part at any time, and from time to time, up to 30 days after the closing of the Offering, to purchase up to 2,093,100 additional Units on the same terms and conditions as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public will be \$34,501,265, the total Underwriters’ fee will be \$1,725,063 and net proceeds to the REIT (before deducting the expenses of the Offering) will be \$32,776,202. This Prospectus qualifies the grant of the Over-Allotment Option and the issuance of Units on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Over-Allotment Option acquires those Units under this Prospectus, regardless of whether the Underwriters’ over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The TSXV has conditionally approved the listing of the Units distributed under this Prospectus (including the Units issuable pursuant to the Over-Allotment Option) on the TSXV. Listing is subject to the REIT fulfilling all the listing requirements of the TSXV.

The obligations of the Underwriters under the Underwriting Agreement are several, not joint, and may be terminated at their discretion upon the occurrence of certain stated events, including certain stated events materially adversely affecting the financial markets in Canada.

Under the Underwriting Agreement, the REIT has agreed to indemnify and hold harmless the Underwriters and their respective officers, directors, shareholders, partners, advisors and agents against certain liabilities, including civil liabilities under Canadian securities legislation, and to contribute to payments the Underwriters may be required to make in respect thereof.

Subject to certain exceptions, the REIT has agreed that it will not issue, offer, announce an intention to issue, sell, contract to sell or otherwise issue any Units or securities convertible into or exercisable or exchangeable for any Units for a period of 90 days from the date of closing of the Offering without the prior written consent of the Lead Underwriters, which consent may not be unreasonably withheld or delayed.

The Units have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States, or to, or for the account or benefit of, a U.S. person (as defined in Regulation S of the U.S. Securities Act). Accordingly, the Units may not be offered, sold or delivered within the United States, and each Underwriter has agreed that it will not offer, sell or deliver the Units within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In addition, until 40 days after the commencement of the Offering, any offer or sale of the Units offered hereby within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Units in the United States or to, or for the account or benefit of, U.S. persons.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include bids or purchases permitted under the bylaws and rules of the TSXV relating to market stabilization and passive market making activities and bids or purchases made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first mentioned exception, in connection with this Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be interrupted or discontinued at any time.

The Underwriters propose to offer the Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units offered under this Prospectus at such price, the initially stated Offering Price may be decreased, and further changed from time to time, by the Underwriters to an amount not greater than the initially stated Offering Price and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Units is less than the gross proceeds paid by the Underwriters to the REIT.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Offering will be conducted under the book-based system administered by CDS. Units must be purchased or transferred through a CDS participant and all rights of holders of Units must be exercised through, and all payments or other property to which such holder is entitled will be made or delivered by, CDS or the CDS participant through which the holder of Units holds such Units. Beneficial owners of Units will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Units. See “*Declaration of Trust – Book-Based System*” in the Annual Information Form.

The Closing of the Offering will take place on November 25, 2014 (or such later date as the REIT and the Underwriters may agree upon), but in any event no later than the date that is 42 days after the date of the final receipt issued by the OSC for this Prospectus.

### DESCRIPTION OF UNITS

See the section entitled “*Description of Capital Structure – Units and Special Voting Units*” in the Annual Information Form for a description of the terms and provisions of the Units. As at November 17, 2014, there were 72,652,905 Units issued and outstanding (as well as 92,178,900 Special Voting Units).

### PRIOR SALES

The following table sets forth the details regarding all issuances of Units, including issuances of all securities convertible into Units for the 12-month period prior to the date of this Prospectus.

#### Units, Warrants, Class B LP Units and Class D GP Units

| Date of Issuance  | Security Issued | Reason for Issuance                             | Number of Securities Issued | Price per Unit (\$) |
|-------------------|-----------------|---|-----------------------------|---------------------|
| October 15, 2013  | Units           | Pursuant to the DRIP                            | 12,263                      | 2.01                |
| November 15, 2013 | Units           | Pursuant to the DRIP                            | 16,997                      | 2.02                |
| December 3, 2013  | Units           | Pursuant to the Asset Management Agreement      | 408,246                     | 1.97                |
| December 15, 2013 | Units           | Pursuant to the DRIP                            | 17,707                      | 1.98                |
| December 18, 2013 | Units           | December 2013 Offering                          | 9,000,000                   | 2.00                |
| December 19, 2013 | Warrants        | Pursuant to the Acquisition Facility            | 3,000,000                   | 2.15 <sup>(1)</sup> |
| January 14, 2014  | Units           | Over-Allotment Option of December 2013 Offering | 852,070                     | 2.00                |
| January 15, 2014  | Units           | Pursuant to the DRIP                            | 21,431                      | 2.07                |
| January 27, 2014  | Units           | Pursuant to the Asset Management Agreement      | 118,016                     | 2.21                |
| February 15, 2014 | Units           | Pursuant to the DRIP                            | 17,838                      | 2.17                |
| February 19, 2014 | Units           | Pursuant to the Asset Management Agreement      | 116,512                     | 2.24                |
| March 3, 2014     | Units           | Pursuant to the Asset Management                | 120,732                     | 2.16                |

| <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> |
|-------------------------|------------------------|--|------------------------------------|----------------------------|
|                         |                        | Agreement                                  |                                    |                            |
| March 15, 2014          | Units                  | Pursuant to the DRIP                       | 33,805                             | 2.17                       |
| April 3, 2014           | Units                  | Pursuant to the Asset Management Agreement | 120,685                            | 2.16                       |
| April 15, 2014          | Units                  | Pursuant to the DRIP                       | 34,364                             | 2.17                       |
| April 23, 2014          | Class D GP Units       | Pursuant to NWI LP Agreement               | 1,891,068                          | 2.17                       |
| April 28, 2014          | Units                  | Pursuant to exchange of Class D GP Units   | 744,187                            | 2.17                       |
| May 1, 2014             | Units                  | Pursuant to the Asset Management Agreement | 117,627                            | 2.14                       |
| May 5, 2014             | Units                  | Pursuant to exchange of Class D GP Units   | 36,301                             | 2.05                       |
| May 15, 2014            | Units                  | Pursuant to the DRIP                       | 40,431                             | 2.04                       |
| May 21, 2014            | Units                  | Pursuant to the May 2014 Offering          | 11,219,513                         | 2.05                       |
| June 3, 2014            | Units                  | Pursuant to the Asset Management Agreement | 129,386                            | 1.99                       |
| June 16, 2014           | Units                  | Pursuant to the DRIP                       | 48,814                             | 1.97                       |
| July 2, 2014            | Units                  | Pursuant to the Asset Management Agreement | 138,705                            | 2.03                       |
| July 15, 2014           | Units                  | Pursuant to the DRIP                       | 50,353                             | 2.06                       |
| August 5, 2014          | Units                  | Pursuant to the Asset Management Agreement | 131,523                            | 2.17                       |
| August 15, 2014         | Units                  | Pursuant to the DRIP                       | 54,602                             | 2.30                       |
| September 2, 2014       | Units                  | Pursuant to Warrant Exercise               | 3,000,000                          | 2.15                       |
| September 5, 2014       | Units                  | Pursuant to the Asset Management Agreement | 130,068                            | 2.24                       |
| September 15, 2014      | Units                  | Pursuant to the DRIP                       | 44,362                             | 2.25                       |
| October 1, 2014         | Units                  | Pursuant to the Asset Management Agreement | 131,232                            | 2.22                       |
| October 15, 2014        | Units                  | Pursuant to the DRIP                       | 44,130                             | 2.19                       |
| November 3, 2014        | Units                  | Pursuant to the Asset Management Agreement | 131,843                            | 2.22                       |
| November 17, 2014       | Units                  | Pursuant to the DRIP                       | 45,991                             | 2.12                       |

Note:

1. Represents strike price of warrants.

### 7.25% Debentures

| <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> |
|-------------------------|------------------------|---|------------------------------------|----------------------------|
| September 16, 2014      | 7.25% Debentures       | September 2014 Offering                         | 35,000                             | 1,000                      |
| October 3, 2014         | 7.25% Debentures       | September 2014 Offering (Over-Allotment Option) | 3,750                              | 1,000                      |

## Deferred Units

| <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> |
|-------------------------------------|------------------------|---|------------------------------------|----------------------------|
| December 31, 2013                   | Deferred Units         | Trustee Compensation                                  | 82,973                             | 2.00                       |
| January 1, 2013 – December 31, 2013 | Deferred Units         | Deferred Units Issuable in Lieu of Cash Distributions | 7,723                              | 1.99                       |
| March 31, 2014                      | Deferred Units         | Trustee Compensation                                  | 17,014                             | 2.16                       |
| January 1, 2014 – March 31, 2014    | Deferred Units         | Deferred Units Issuable in Lieu of Cash Distributions | 4,759                              | 2.14                       |
| June 30, 2014                       | Deferred Units         | Trustee Compensation                                  | 22,168                             | 2.03                       |
| April 1, 2014 – June 30, 2014       | Deferred Units         | Deferred Units Issuable in Lieu of Cash Distributions | 5,511                              | 2.06                       |
| September 30, 2014                  | Deferred Units         | Trustee Compensation                                  | 20,270                             | 2.22                       |
| July 1, 2014 – September 30, 2014   | Deferred Units         | Deferred Units Issuable in Lieu of Cash Distributions | 5,877                              | 2.20                       |

## PRICE RANGE AND TRADING VOLUME OF UNITS

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 12-month period prior to the date of this Prospectus.

| <u>Month</u>                         | <u>Price per Unit (\$)</u><br><u>Monthly High</u> | <u>Price per Unit (\$)</u><br><u>Monthly Low</u> | <u>Total Monthly</u><br><u>Volume</u> |
|--------------------------------------|---|--|---------------------------------------|
| November 2013                        | 2.10  | 1.95   | 280,426                               |
| December 2013                        | 2.03  | 1.90   | 908,548                               |
| January 2014                         | 2.47  | 2.00   | 1,494,742                             |
| February 2014                        | 2.28  | 2.12   | 954,618                               |
| March 2014                           | 2.19  | 2.13   | 1,016,980                             |
| April 2014                           | 2.19  | 2.11   | 793,812                               |
| May 2014                             | 2.11  | 1.90   | 3,209,800                             |
| June 2014                            | 2.04  | 1.92   | 2,317,449                             |
| July 2014                            | 2.24  | 2.02   | 3,525,258                             |
| August 2014                          | 2.40  | 2.08   | 3,509,160                             |
| September 2014                       | 2.27  | 2.10   | 1,594,439                             |
| October 2014                         | 2.27  | 2.07   | 1,702,419                             |
| November 1, 2014 – November 17, 2014 | 2.26  | 2.11   | 1,060,106                             |

On November 4, 2014, being the last day on which the Units traded prior to the public announcement of the Offering, the closing price of the Units on the TSXV was \$2.24. The closing price of the Units on the TSXV on November 17, 2014, the last trading day prior to the date of this Prospectus, was \$2.12.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, counsel to the REIT, and Bennett Jones LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable as of the date hereof to the acquisition, holding and disposition of Units acquired under this

Offering. This summary is applicable to a holder who, for the purposes of the Tax Act and at all relevant times, is or is deemed to be resident in Canada, deals at arm's length with and is not affiliated with the REIT and holds the Units as capital property (in this section, referred to as a "**Holder**"). The Units generally will be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units, and any other "Canadian security" (as defined in the Tax Act) owned in the taxation year in which the election is made and in subsequent taxation years, deemed to be capital property. Unitholders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a Holder: (i) that is a "financial institution" subject to the mark-to-market rules; (ii) that is a "specified financial institution"; (iii) that is a partnership; (iv) an interest in which would be a "tax shelter investment"; (v) that has elected to determine its "Canadian tax results" in a foreign currency pursuant to the "functional currency" reporting rules; or (vi) who enters into a "derivative forward agreement" with respect to any Units, all within the meaning of the Tax Act. Such holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Units under this Offering.

This summary is based on the facts set out in this Prospectus, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) before the date hereof ("**Proposed Amendments**"), counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"), and a certificate as to certain factual matters from an executive officer of the REIT. Except for Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations which may differ significantly from the Canadian federal income tax considerations discussed herein. No assurance can be given that the Proposed Amendments will be enacted in the form proposed or at all or that the CRA will not change its administrative policies. Amendments to the Tax Act or to the Proposed Amendments could significantly alter the tax status of the REIT or the tax consequences of investing in Units.

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on a Holder's particular status and circumstances, including the province or territory in which the Holder resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any prospective Holder. Prospective Holders should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units in their own circumstances.**

#### **Mutual Fund Trust Status**

This summary assumes the REIT will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. An executive officer of the REIT has advised counsel that it intends to ensure that the REIT will meet the requirements necessary for it to qualify as a mutual fund trust at all times. **If the REIT were not to qualify as a mutual fund trust at all times, the income tax considerations, in certain respects, would be materially and adversely different from those described below.**

#### **SIFT Rules and the REIT Exception**

The SIFT Rules effectively tax certain income of a publicly-traded trust or partnership that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable corporation and distributed by way of dividend to its shareholders. These rules apply only to "SIFT trusts", "SIFT partnerships" (each as defined in the Tax Act) and their investors.

Where the SIFT Rules apply, distributions of a SIFT trust's "non-portfolio earnings" are not deductible in computing the SIFT trust's net income. Non-portfolio earnings generally are defined as income attributable to a business carried on by the SIFT trust in Canada or to income (other than certain dividends) from, and capital gains from the disposition of, "non-portfolio properties" (as defined in the Tax Act). The SIFT trust is itself liable to pay

an income tax on an amount equal to the amount of such non-deductible distributions (grossed up for taxes) at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to taxable Canadian corporations. Such non-deductible distributions paid to a holder of units of the SIFT trust generally are deemed to be taxable dividends received by the holder of such units from a taxable Canadian corporation. Such deemed dividends will qualify as “eligible dividends” for purposes of the enhanced gross-up and dividend tax credit available under the Tax Act to individuals resident in Canada and for purposes of computing a Canadian resident corporation’s “general rate income pool” or “low rate income pool”, as the case may be (each as defined in the Tax Act). In general, distributions paid as returns of capital will not be subject to the SIFT Rules.

The REIT will not be considered to be a SIFT trust in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, if it qualifies as a “real estate investment trust”, as defined in the Tax Act, throughout the year (the “**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. An executive officer of the REIT has advised counsel that the REIT expects to qualify for the REIT Exception in 2014 and future years. However, 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 failing to qualify for the REIT Exception in 2014 or any subsequent taxation year. In addition, the REIT has acquired investments in entities in which it does not have a controlling interest. Even though the REIT does not control such entities, their activities and sources of revenue will be relevant in determining whether the REIT satisfies the REIT Exception. Accordingly, whether the REIT satisfies the REIT Exception may be beyond its control. Counsel expresses no view as to whether the REIT will satisfy the REIT Exception. See “*Risk Factors-REIT Exception*” in the Annual Information Form. **If the REIT is subject to the SIFT Rules, certain of the income tax considerations described below would, in some respects, be materially and adversely different, and the SIFT Rules may have a material adverse effect on the after-tax returns of certain Unitholders.**

The remainder of this summary is subject to the SIFT Rules discussed above and assumes that the REIT is at all times eligible for the REIT Exception.

### **Taxation of the REIT**

The taxation year of the REIT is the calendar year. The REIT must compute its income or loss for each taxation year as though it were an individual resident in Canada. The REIT’s income for a fiscal year for purposes of the Tax Act will include, among other things, any net taxable capital gains realized by the REIT in the year and the REIT’s share of income (or loss, subject to its “at risk” amount) of NWI LP, as determined in accordance with NWI LP’s limited partnership agreement, for a fiscal year ending in or on the fiscal year of the REIT, whether or not such income is distributed to the REIT in the taxation year.

The REIT may deduct from its taxable income for a taxation year amounts, not exceeding the amount that would otherwise be its income for the year, which become payable by it to Unitholders in such year. An amount will be considered to be payable in a taxation year if it is paid to a Unitholder in the year by the REIT or if a Unitholder is entitled in the year to enforce payment of the amount. Counsel has been advised by an executive officer of the REIT that the Trustees’ current intention is to make payable to Unitholders each year sufficient amounts such that the REIT generally will not be liable to pay tax under Part I of the Tax Act. Where the REIT does not have sufficient cash to distribute such amounts in a particular taxation year, the REIT will make one or more in-kind distributions in the form of additional Units. Income of the REIT payable to the Unitholders in the form of additional Units generally will be deductible to the REIT in computing its taxable income.

In computing its income or loss, the REIT may deduct administrative costs and other expenses of a current nature incurred by it for the purpose of earning income from its business or property, provided such expenses are reasonable and otherwise deductible, subject to the applicable provisions of the Tax Act. The REIT may also deduct any expenses incurred by it in the course of the issuance of its units on a five-year straight line basis (subject to proration for short taxation years).

Cash distributions from NWI LP in excess of income allocated to the REIT, generally will not be taxable to the REIT. However, the adjusted cost base of the Class A limited partnership units of NWI LP (which are held by the REIT) will be reduced by any such distributions received. If at any time the adjusted cost base of the Class A limited partnership units of NWI LP would become a negative amount, the REIT will be deemed to have realized a capital gain equal to such amount.

A distribution by the REIT of its property upon a redemption of Units will be treated as a disposition by the REIT of such property for proceeds of disposition equal to the fair market value thereof. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of the property exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

Losses incurred by the REIT cannot be allocated to Holders but may be deducted by the REIT in the future years in accordance with the Declaration of Trust and the Tax Act. In the event the REIT would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units of the REIT during the year (the “capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the REIT’s tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming Holders on the redemption of Units. The Declaration of Trust provides that all or a portion of any capital gain or income realized by the REIT in connection with such redemptions may, at the discretion of the Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming Holder. Such income or the taxable portion of the capital gain so designated must be included in the income of the redeeming Holder (as income or taxable capital gains) and will be deductible by the REIT in computing its income.

### **Taxation of NWI LP**

An executive officer of the REIT has advised counsel that it expects that NWI LP will qualify as an “excluded subsidiary entity” (as defined in the Tax Act) at all times, such that it will not be subject to tax under the Tax Act (including under the SIFT Rules). The remainder of this summary assumes that NWI LP will not be subject to the SIFT Rules. **If NWI LP were subject to the SIFT Rules, the income tax considerations would be materially and adversely different from those described below.**

NWI LP is not subject to tax under the Tax Act. However, the income or loss of NWI LP must be computed for each fiscal year as if it was a separate person resident in Canada, and allocated to its partners on the basis of their respective shares of that income or loss as provided for in its limited partnership agreement. For purposes of the Tax Act, NWI LP must compute its income (or losses) in Canadian currency. Where NWI LP holds investments denominated in foreign currencies (or incurs indebtedness denominated in foreign currencies), gains and losses may be realized by NWI LP as a consequence of fluctuations in the relative values of the Canadian and foreign currencies (including on the repayment of such foreign currency indebtedness).

NWI LP’s income for purposes of the Tax Act will include, among other things, “foreign accrual property income” (“**FAPI**”) realized by an entity that is, or is deemed to be, a “controlled foreign affiliate” (a “**CFA**”), any dividends received as further described below, the taxable portion of distributions from Vital Trust and income or gains from its investment in NWHP REIT. It is expected that income earned by certain foreign subsidiaries will be FAPI. Any FAPI earned by a CFA of NWI LP must be included in computing NWI LP’s income for the taxation year of NWI LP in which the taxation year of such foreign subsidiary ends, subject to a deduction for grossed-up “foreign accrual tax” as computed in accordance with the Tax Act, whether or not NWI LP actually receives a distribution of FAPI in the taxation year, and less certain amounts that are otherwise included in income. The adjusted cost base to NWI LP of the common shares of the applicable foreign subsidiary will be increased by the net amount so included in the income of NWI LP. At such time as NWI LP receives a dividend of amounts that were previously included in its income as FAPI, that dividend effectively will not be taxable to NWI LP and there will be a corresponding reduction in the adjusted cost base to NWI LP of the common shares of the applicable foreign subsidiary. The Tax Act contains rules applicable to certain foreign tax credit generator transactions (the “**Foreign Tax Credit Generator Rules**”). Under the Foreign Tax Credit Generator Rules, the deduction for “foreign accrual tax” may be limited in certain circumstances. No assurances can be given that the Foreign Tax Credit Generator Rules will not apply to NWI LP in computing its taxable income. If the Foreign Tax Credit Generator Rules apply to NWI LP, NWI LP’s taxable income will increase thereby increasing the allocation of income by NWI LP to the REIT and, therefore, the allocation of income by the REIT to Unitholders.

In computing its income or loss, NWI LP may deduct administrative costs and other expenses of a current nature incurred by it for the purpose of earning income from its business or property, provided such expenses are reasonable and otherwise deductible, subject to the applicable provisions of the Tax Act. NWI LP may also deduct any expenses incurred by it in the course of the issuance of its units on a five-year straight line basis (subject to proration for short taxation years).

If NWI LP incurs a loss for tax purposes, the REIT generally will be entitled to deduct in computing its income its share of such loss to the extent that the REIT's investment in NWI LP is considered to be "at risk" within the meaning of the Tax Act.

## **Taxation of Holders of Units**

### *REIT Distributions*

A Holder generally will be required to include in computing income for a particular taxation year the portion of the net income of the REIT, including net realized taxable capital gains, that is paid or payable to the Holder in that taxation year, whether or not those amounts are received in cash, additional Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Holder. The Declaration of Trust provides that income and net taxable capital gains for purposes of the Tax Act will be allocated to Unitholders in the same proportion as distributions received by the Unitholders.

Provided that the appropriate designations are made by the REIT, net taxable capital gains realized by the REIT that are paid or become payable to a Holder will retain their character as taxable capital gains to Holders for purposes of the Tax Act. The non-taxable portion of any net realized capital gains of the REIT that is paid or payable to a Holder in a year will not be included in computing the Holder's income for the year. Any other amount in excess of the net income of the REIT that is paid or payable to a Holder in a year (including the 3% bonus on Units acquired pursuant to the DRIP) generally should not be included in the Holder's income for the year. However, such an amount which becomes payable to a Holder (other than as proceeds of disposition of Units or any part thereof) will reduce the adjusted cost base of the Units held by such Holder. To the extent that the adjusted cost base of a Unit otherwise would be less than zero, the Holder will be deemed to have realized a capital gain equal to the negative amount and the Holder's adjusted cost base of the Units will be increased by the amount of such deemed capital gain.

Provided that the appropriate designations are made by the REIT, such portion of its foreign source income shall retain its character in the hands of a Holder for purposes of the Tax Act. Foreign taxes paid by NWI LP will be allocated pursuant to its limited partnership agreement. Each Holder'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 Rules, 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 Rules will not apply to any Holder. If the Foreign Tax Credit Generator Rules apply, a Holder's foreign tax credits will be limited.

### *Disposition of Units*

Upon the disposition or deemed disposition of Units by a Holder, whether on a redemption or otherwise, the Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the REIT which represents an amount that must otherwise be included in the Holder's income as described herein) are greater (or less) than the aggregate of the Holder's adjusted cost base of the Units immediately before such disposition and any reasonable costs of disposition.

The adjusted cost base to a Holder of a Unit generally will include all amounts paid by the Holder for the Unit subject to certain adjustments and may be reduced by distributions made by the REIT to the Holder as described above. The cost of additional Units received in lieu of a cash distribution will be the amount of income of the REIT distributed by the issuance of such Units. For the purpose of determining the adjusted cost base to a Holder, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Holder as capital property immediately before that acquisition. There will be no net increase or decrease in the aggregate adjusted cost base of all of a Holder's Units as a result of the receipt of the 3% bonus Units under the DRIP; however, the adjusted cost base per Unit will be reduced.



A redemption of Units in consideration for cash or other assets of the REIT, as the case may be, will be a disposition of such Units for proceeds of disposition equal to such cash or the fair market value of such other assets, as the case may be, less any income or capital gain realized by the REIT in connection with the redemption of those Units to the extent such income or capital gain is designated by the REIT to the redeeming Holder. Holders exercising the right of redemption consequently will realize a capital gain, or sustain a capital loss, depending upon whether such proceeds of disposition exceed, or are exceeded by, the adjusted cost base of the Units redeemed. Where income or capital gain realized by the REIT in connection with the distribution of property *in specie* on the redemption of Units has been designated by the REIT to a redeeming Holder, the Holder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the REIT to a Holder upon a redemption of Units will be equal to the fair market value of that property at the time of the distribution. The Holder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

#### *Capital Gains and Capital Losses*

One-half of any capital gain realized by a Holder from a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by the REIT in respect of the Holder will be included in the Holder's income under the Tax Act as a taxable capital gain. One-half of any capital loss (an "allowable capital loss") realized on a disposition or deemed disposition of Units will be deducted against any taxable capital gains realized by the Holder in the year of disposition, and any excess of allowable capital losses over taxable capital gains may be carried back to the three preceding taxation years or forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

#### *Refundable Tax*

A Holder which is a Canadian-controlled private corporation (as defined in the Tax Act) will be subject to a refundable tax of 6 2/3% in respect of its aggregate investment income for the year, which will include all or substantially all income and capital gains distributed to the Holder by the REIT and capital gains realized on a disposition of Units.

#### *Alternative Minimum Tax*

A Holder who is an individual or trust (other than certain specified trusts) may have an increased liability for alternative minimum tax as a result of (i) capital gains realized on a disposition of Units and (ii) net income of the REIT, paid or payable, or deemed to be paid or payable, to the Holder and that is designated as taxable dividends or net taxable capital gains.

### **RISK FACTORS**

An investment in the Units is subject to a number of risks. Before deciding whether to invest in the Units, investors should consider carefully the risk factors set forth below and in the documents incorporated by reference in this Prospectus (including those discussed under the heading "*Risk Factors*" in the Annual Information Form and "*Risks and Uncertainties*" in the 2013 MD&A and Q2 Interim MD&A) and all of the other information in this Prospectus (including, without limitation, the documents incorporated by reference). The risks described herein and therein are not the only risks that affect the REIT. Other risks and uncertainties that the REIT does not presently consider to be material, or of which the REIT is not presently aware, may become important factors that affect the REIT's future financial condition and results of operations.

#### **Risks Related to the Proposed Internalization Transaction and TSX Graduation**

In April 2014, the REIT announced a proposal with NWVP providing for (a) the internalization of the REIT's external management function, and (b) the acquisition by the REIT of all rights and obligations relating to the management of Vital Trust (collectively, the "**Internalization Transaction**"). The REIT also announced in April 2014 that it is seeking a listing on the Toronto Stock Exchange (the "**TSX**") (the "**TSX Graduation**"). The REIT continues to work towards the completion of these items by December 31, 2014.

Currently, the financial performance of the REIT is dependent in part on the efficient and effective performance of NWVP as a provider of various management services to the REIT. As a result of the proposed

Internalization Transaction, the REIT will assume responsibility for all of the costs associated with the asset management, property management and development functions of the REIT, along with all of the rights and obligations relating to the management of Vital Trust.

The success of the Internalization Transaction will depend in large part on the ability of management of the REIT to integrate NWVP personnel into the REIT. Going forward, the REIT will depend on the diligence, experience and skill of NWVP personnel that join the REIT and future success of the REIT will depend on the continued service of these individuals. The REIT may be unable to hire members of management and retain former employees of NWVP to the same extent that NWVP has been able to do so in the past. Such individuals may depart because of issues relating to the uncertainty or difficulty associated with the integration, including potential differences in corporate cultures and management philosophies. Further, the REIT cannot predict the impact that any employee departures will have on its ability to achieve its objectives. The departure of a significant number of such individuals for any reason following the Internalization Transaction, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on the REIT's ability to achieve its objectives and the market price or value of the REIT's securities.

In addition, the overall integration of the operations, procedures, systems and technologies of NWVP will present risks and challenges to the REIT, including possible unanticipated operational problems, expenses and liabilities, as well as potential disruption of the REIT's ongoing business, higher than expected integration costs and an overall post-closing integration process that takes longer than originally expected. The Internalization Transaction will require the dedication of substantial management effort, time and resources, and any delays in the process could divert management's focus, as well as financial and other resources, from other strategic opportunities of the REIT.

The Internalization Transaction involves risks, including the failure of the internalization process to realize the benefits the REIT expects. If the Internalization Transaction fails to realize the benefits that the REIT expects, it could materially and adversely affect the REIT's business plan and could have a material adverse effect on the REIT and its financial results and the market price or value of the REIT's securities.

The proposed Internalization Transaction is subject to the satisfaction of certain conditions including, but not limited to, the entering into of a definitive binding agreement and the receipt of all necessary approvals. There is no certainty, nor can the REIT provide any assurance, that the conditions precedent will be satisfied or, if satisfied, when they will be satisfied. The terms of the Internalization Transaction may also change based on any material changes in circumstances prior to December 31, 2014. Accordingly, there is no assurance that the Internalization Transaction, if and when completed, will be on terms previously disclosed. If the completion of the Internalization Transaction does not occur as contemplated, the REIT will not realize the expected benefits of the Internalization Transaction, and could suffer adverse consequences, including loss of investor confidence.

If a binding agreement in respect of the Internalization Transaction is reached on the terms proposed above, the Internalization Transaction is expected to constitute a "related party transaction" for the REIT as defined in Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions* ("MI 61-101"). MI 61-101 requires, among other things, that issuers obtain formal valuations and minority approvals in connection with related party transactions, unless an exemption from such requirements is available. The REIT will consider the available exemptions if and when it enters into a binding agreement in respect of the Internalization Transaction. For example, the Internalization Transaction may be exempt from the formal valuation and minority approval requirements if neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Internalization Transaction, exceeds 25 per cent of the REIT's market capitalization. If an exemption is not available, the REIT will be required to obtain a formal valuation and minority approval for the Internalization Transaction in accordance with MI 61-101.

Further, the REIT's intention to seek a listing on the TSX is subject to conditions, including satisfaction of the TSX's listing criteria and other TSX approvals. There is no certainty, nor can the REIT provide any assurance, that such conditions precedent will be satisfied or, if satisfied, when they will be satisfied.

## **EXPERTS**

Certain legal matters in connection with the Offering are being reviewed on behalf of the REIT by Goodmans LLP and on behalf of the Underwriters by Bennett Jones LLP. As of the date hereof, the respective

partners and associates of each firm beneficially owned, directly or indirectly, less than one percent of the securities or other property of the REIT and its associates and affiliates.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the REIT are KPMG LLP, Chartered Professional Accountants, Toronto, Ontario. KPMG LLP is independent of the REIT within the meaning of the relevant rules of professional conduct and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal office located in Toronto, Ontario.

#### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF THE REIT**

November 18, 2014

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

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

(Signed) PAUL DALLA LANA  
Chief Executive Officer

(Signed) TERESA NETO  
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) ROBERT BARON  
Trustee

(Signed) DAVID NAYLOR  
Trustee

**CERTIFICATE OF THE UNDERWRITERS**

November 18, 2014

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**NATIONAL BANK FINANCIAL  
INC.**

**GMP SECURITIES L.P.**

**BMO NESBITT BURNS INC.**

By: (Signed) Andrew Wallace  
Director

By: (Signed) Andrew Kiguel  
Managing Director

By: (Signed) Onorio Lucchese  
Managing Director

**CANACCORD GENUITY CORP.**

**SCOTIA CAPITAL INC.**

By: (Signed) Justin Bosa  
Managing Director

By: (Signed) Bryce Stewart  
Director

**DUNDEE SECURITIES LTD.**

**RAYMOND JAMES LTD.**

By: (Signed) Brad Cutsey  
Managing Director

By: (Signed) Lucas Atkins  
Managing Director

**MANULIFE SECURITIES INCORPORATED**

By: (Signed) David MacLeod  
Vice President

**LAURENTIAN BANK  
SECURITIES INC.**

**MACKIE RESEARCH CAPITAL  
CORPORATION**

By: (Signed) Tyler Wirvin  
Vice President

By: (Signed) David Keating  
Managing Director

**ALL GROUP FINANCIAL SERVICES INC.**

By: (Signed) James Moon  
President &CEO