NORTHWEST HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

For the three months ended March 31, 2016

May 12, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

CEO'S MESSAGE

The first quarter and early start to the second quarter highlights the REIT's focus to execute on re-deploying capital, improving its portfolio quality, and establishing a more conservative financial profile.

For the three months ended March 31, 2016, the REIT delivered strong financial and operating results with key highlights as follows:

- AFFO per unit for the first quarter of $0.22 or $0.87 on an annualized basis, ($0.87 per unit on a normalized first quarter 2016 annualized basis);
- AFFO payout ratio of approximately 92% (92% normalized) for the first quarter based on the REIT's annual distribution policy of $0.80/unit;
- Strong core portfolio occupancy of 96.1%, led by the international portfolio occupancy of 98.6%;
- Core weighted average lease expiry of 10.1 years, underpinned by the international portfolio with a weighted average lease expiry of 15.8 years;
- Strong same property NOI growth, relative to the same quarter last year, in source currency, of 3.8% driven largely by inflation indexation adjustments on leases at the REIT's international assets;
- Recognition of a $16.4 million valuation gain in the REIT's total investment property portfolio, in the first quarter, driven primarily by valuation gains in the REIT's international regions of Australasia and Brazil;
- Adjusted net asset value of $10.60/unit; and
- Constant leverage of 49.2% (55.5% including convertible debentures), unchanged from 49.2% (55.6%) at the end of fiscal year 2015.

During both the first quarter and subsequent to the quarter, the REIT has executed on a number of asset management and financing initiatives expected to improve both the REIT's portfolio quality and financial position. Key initiatives include:

- Completed $69.2 million of acquisitions previously announced as follows:
    - Acquisitions of 5 properties in Australia totaling $49.2 million (A$49.7 million) including a 4-property portfolio of aged-care assets, representing Vital Healthcare Property Trust's initial investment in this asset class;
    - Acquisition of a two-property medical office complex in Berlin, Germany for approximately $20.0 million (€13.5 million);
- Completed the sale of 9 of 13 non-core Canadian properties held for sale at the end of fiscal year 2015, totaling $54.2 million which generated approximately $13.6 million of net proceeds. The REIT expects to complete the dispositions of the remaining 4 properties before the end of Q3 2016 for additional estimated net proceeds of approximately $2.3 million;
- Continued progress on its development projects with substantial completion and initial tenant occupancy occurring or expected to occur in May and June for Barrie Primary Care Campus in Barrie, Canada and the West Toronto Health Centre in Etobicoke, Canada respectively, as well as the completion and rentalization of Vital Trust's Marian Centre property in Perth, Australia;
- Refinancing approximately $68 million of property level debt with a weighted average interest rate of 5.40% with new mortgages totaling $78 million at a weighted average interest rate of 3.14%, expected to generate annual interest rate savings of approximately $1.2 million (~$0.02/unit) and extend the REIT's maturity profile;
- In April 2016, completed an equity offering and private placement generating approximately $80 million of gross proceeds providing the REIT increased financial flexibility to deleverage its higher cost debt and invest in accretive opportunities in the long term;
- In April 2016, immediately repaid $55.8 million of outstanding debt including portions of the REIT's acquisition and revolving credit facilities, following the closing of the equity offering; and
- In April 2016, completed the marketing of the previously announced long-term securitization financing of the REIT's HMB hospital in Brazil raising approximately $68 million (R$191 million) gross proceeds at an interest rate of 8.27% plus inflation adjustments, expected to close May 13 2016.

With the first quarter foundation laid and significant liquidity available, the REIT will continue executing on committed, low-risk development and expansion projects as well as making select accretive acquisitions through our growing global pipeline of prospective high quality defensive international healthcare real estate investments, ultimately driving long-term unitholder value.

Sincerely,

(signed) Paul Dalla Lana
Chief Executive Officer

SUMMARY – FIRST QUARTER ENDED MARCH 31, 2016

On the following page is a summary of the REIT's reported AFFO as well as the REIT's Normalized AFFO (both defined hereafter in **PART I - BASIS OF PRESENTATION - PERFORMANCE MEASUREMENT**). Normalized AFFO provides, in management's view, an annualized view of the REIT's AFFO, adjusted for the full year effect of transactions occurring in the current quarter and adjusted for other items management believes are non-recurring or seasonal in nature and estimated based on management's expectations on a normalized level of activity.

Adjustments to AFFO to reconcile to Normalized AFFO are as follows:

AFFO HIGHLIGHTS FOR Q1'16

		$000's		Per Unit
AFFO as reported	$	15,674	$	0.22
Normalization adjustments:				
Run rate adjustments (1)		1,956		
Normalized AFFO	**$**	**17,630**	**$**	**0.22**
Adjusted Units Outstanding (000s)- March 31, 2016		72,153		
Normalization adjustment (2)		8,619		
Normalized Units Outstanding (000s)- December 31, 2015		80,772		

Notes

(1) Represents the full year effect of items recognized in the quarter that are seasonal and full year effect of items that will have an impact on future quarters including: (1) the estimated impact of increased revenues due to accrued indexation on Brazil's leases ($271) and on Vital Trust's leases, stated at the REIT's proportionate share interest of 24% ($25); (2) increases to the Vital Manager's base management fees due to additions/acquisitions in Vital Trust's investment properties ($76); (3) impact of Canadian mortgage refinancings ($179); (4) impact of Canadian dispositions (-$113); (5) the impact of recognizing certain revenue and expense items, recogized it the quarter, over a normalized twelve month period (-$116); (6) estimated AFFO generated from the Mehrower Allee Complex acquistion, completed April 14, 2016 ($247); and (7) assumed interest savings from the repayment of the REIT's highest cost debt from a portion of the net proceeds of the April 2016 equity offering ($1,387). While immediate debt repayments are temporary in nature and will result in lower interest savings in the short term, the actual interest savings are dependent on the permanent use of proceeds from the April 2016 equity offering which have yet to be determined.

(2) Units issued pursuant to the equity offering and private placement completed in April 2016

The preceding Normalized AFFO information is not necessarily indicative of what the REIT's financial position or results of operations will be in future periods. Certain of the adjustments in the table above may be considered to be forward-looking in nature, including, without limitation, the estimated impact of increased revenues due to accrued indexation in Brazil leases and Vital Trust's leases, increased management fees expected to be earned by the Vital Manager and items relating to expected amounts of general and administrative expenses and current taxes. As a result, the discussion in this section is qualified in its entirety by the forward-looking statements set out under **PART I - BASIS OF PRESENTATION - FORWARD-LOOKING INFORMATION ADVISORY.**

PART I - BASIS OF PRESENTATION

This Management's Discussion and Analysis of the results of operations and financial condition ("**MD&A**") of NorthWest Healthcare Properties Real Estate Investment Trust ("**NorthWest REIT**" or the "**REIT**") should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2016, prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are presented in thousands of Canadian dollars, except where otherwise stated. Per unit amounts are presented in Canadian dollars, and are calculated including Class B LP Units (as defined hereafter), except where otherwise stated.

On May 15, 2015, the REIT completed the plan of arrangement under the Business Corporations Act (Alberta) pursuant to which the REIT and NorthWest International Healthcare Properties REIT ("**NWI**") combined to create a leading global diversified healthcare real estate investment trust with over $2 billion of assets (the "**Combination Transaction**"). The unitholders of NWI received 0.208 of a REIT Trust Unit for each NWI trust unit held, on a tax-deferred basis. All outstanding NWI deferred units were exchanged on the same basis for REIT deferred units. In addition, NWI's exchangeable units were converted into a new class of limited partnership units using the same exchange ratio of 0.208, which are redeemable, at the option of the holder, for REIT trust units. The REIT is the legal acquirer; however, NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI and the outstanding units and weighted average unit amounts, and associated per unit amounts, for these periods, reflect the capital structure of NWI as adjusted for the exchange ratio of 0.208 (the "**Exchange Ratio**").

This MD&A should also be read in conjunction with the Annual Information Form of the REIT dated March 10, 2016 (the "**Annual Information Form**") and the REIT's Management Information Circular dated April 14, 2016 (the "**Circular**"). This MD&A is current as of May 12, 2016 unless otherwise stated. Additional information relating to the REIT, including its continuous disclosure documents required by the securities regulators, is filed as required on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed electronically at www.sedar.com.

Throughout this MD&A the following terms have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa:

- "**Convertible Debentures**" has the meaning set out in the Section "**CAPITAL STRUCTURE– Convertible Debentures**" and includes the following series of convertible debentures:
  a) NWH.DB;
  b) NWH.DB.A;
  c) NWH.DB.B;
  d) NWH.DB.C;
  e) NWH.DB.D.
- "**Class B LP Unit**" or "**Exchangeable Unit**" means a Class B limited partnership unit of NWI Healthcare Properties LP ("**NWI LP**"), exchangeable for Trust Units;
- "**Special Voting Unit**" means a special voting unit of the REIT attached to a Class B LP Unit;
- "**Trust Unit**" or "**REIT Trust Unit**" means a trust unit of the REIT; and
- "**Unitholder**" means a holder of Trust Units and any reference to a Unitholder in the context of such Unitholder's right to vote at a meeting of Unitholders also includes reference to a holder of Special Voting Units.

FORWARD-LOOKING INFORMATION ADVISORY

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

- the intention of the REIT to pay stable and growing distributions;
- the ability of the REIT to execute its growth strategies;
- the ability of the REIT to sell assets held for sale;
- the ability of the REIT to refinance maturing debt obligations;
- any projections of financial performance of the REIT for the periods set out herein; including normalized, run-rate, contracted or stabilized metrics ;
- development opportunities;
- the expected tax treatment of the REIT's distributions to Unitholders; and
- the expectations regarding real estate, the healthcare industry and demographic trends.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The REIT's estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the REIT's future growth potential, results of operations, future prospects and opportunities, demographic and industry trends remaining unchanged, future levels of indebtedness, the ability to access debt and capital markets, the tax laws as currently in effect remaining unchanged, the current economic and political conditions in the countries in which the REIT operates remaining unchanged, anticipated capital expenditures, future general and administrative expenses (including estimated synergies resulting therefrom) and contracted acquisition, disposition and development opportunities.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Risks and Uncertainties" in this MD&A, as well as the section titled "Risk Factors" in the Annual Information Form and the Circular, which are hereby incorporated by reference in this MD&A.

These forward-looking statements are made as of the date of this MD&A and, except as expressly required by applicable law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

MARKET AND INDUSTRY DATA

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

Although the third-party sources believe it to be reliable, we have not independently verified any of the data from third-party sources referred to in this MD&A, 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.

PERFORMANCE MEASUREMENT

The key performance indicators by which management measures the REIT's performance are as follows:

- Funds from operations ("**FFO**");
- Adjusted funds from operations ("**AFFO**");
- Normalized AFFO;
- Weighted average lease expiry ("**WALE**");
- Weighted average interest rate;
- Occupancy levels;
- Debt – Declaration of Trust;
- Debt – Including Convertible Debentures;
- Adjusted EBITDA; and
- Net operating income ("**NOI**").

"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.

"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 is an essential tool to determine which properties require further investigation if performance lags.

Explanation of Non-IFRS measures used in this MD&A

FFO and AFFO are not measures recognized under IFRS 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. FFO and AFFO should not be construed as alternatives to net income (loss), or cash flow from operating activities, determined in accordance with IFRS as indicators of the REIT's performance. The IFRS measurement most directly comparable to FFO and AFFO is net income (loss). 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.

"**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; (ix) goodwill impairment; (x) internal leasing costs; and (xi) 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, including any incentive amounts, 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) adjusting for differences, if any, resulting from recognizing acquired contracts at fair value rather than the contracted rate; (viii) 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 management at their discretion.

We have provided an analysis of FFO and AFFO under **PART III – RESULTS FROM OPERATIONS - ADJUSTED FUNDS FROM OPERATIONS (“AFFO”)**.

“**Normalized AFFO”** is a non-IFRS measure which management believes is relevant in representing its ability to earn and distribute cash returns to Unitholders. In addition to the adjusting items to arrive at AFFO, Normalized AFFO also adjusts for the full year effect of transactions occurring in the reporting period and adjusts for other items management believes were non-recurring or seasonal in nature and estimated based on management’s expectations on a normalized level of activity. The REIT considers Normalized AFFO to be a meaningful measure because it provides, in management’s view, an estimate of AFFO on a stabilized basis. There is no standard industry-defined measure of Normalized AFFO. As such, the REIT’s method of calculating Normalized AFFO will differ from other issuers’ methods and, accordingly, will not be comparable to such amounts reported by other issuers.

The REIT’s “**Weighted average interest rate**” in Table 2: Financial and Operational Highlights 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.

“**Debt – Declaration of Trust**” is a non-IFRS financial measure that represents the indebtedness definition outlined in the REIT’s Declaration of Trust. It includes the sum of the principal balance of mortgages, securities lending agreements, margin facilities, term loans, line of credit, and deferred consideration and excludes the Class B LP Units and Class D GP Units and the REIT’s Convertible Debentures. 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 REIT’s 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.

“**EBITDA**” is a non-IFRS measure that is comprised of income (loss) before taxes, excluding mortgage and loan interest expense, distributions on Exchangeable Units and depreciation expense and amortization expense.

“**Adjusted EBITDA**” is a non-IFRS measure, defined by the REIT as, income (loss) before taxes excluding mortgage and loan interest expense, distributions on Exchangeable Units, other finance costs, depreciation expense and amortization expense, IFRS fair value changes associated with investment properties and financial instruments, DUP Compensation Expense, foreign exchange gains and losses, gains and losses on disposal of investment properties, adjustments for equity accounted associates, as well as, other items that management considers non-operating or non-recurring in nature. It is a metric that can be used to determine the REIT's ability to satisfy its obligations, including servicing its debt.

Explanation of additional IFRS measure used in this MD&A

"**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, but before deducting interest expense, finance costs, depreciation and amortization expense, general and administrative expenses, income taxes, leasehold improvement and external leasing costs, and unrecoverable capital costs.

We have provided an analysis of NOI under **PART III – RESULTS FROM OPERATIONS**.

KEY PERFORMANCE DRIVERS

In addition to monitoring and analyzing the performance of operations through such measures as NOI, FFO and AFFO, management considers the following to be key drivers of current and future financial performance:

- the ability to access equity capital at a competitive/reasonable cost;
- the ability to access debt with terms and conditions that are cost effective; and
- the ability to acquire new properties on a yield accretive basis that enhance the REIT's portfolio.

PART II – BUSINESS OVERVIEW

BUSINESS OVERVIEW AND STRATEGIC DIRECTION

The REIT

The REIT is a Canadian open-ended trust created pursuant to an amended and restated Declaration of Trust dated May 15, 2015, under the laws of the Province of Ontario (the "**Declaration of Trust**" or "**DOT**"). The REIT completed its initial public offering ("**IPO**") on March 25, 2010. The REIT Trust Units are listed and publicly traded on the Toronto Stock Exchange ("**TSX**") under the symbol NWH.UN. The REIT's Convertible Debentures are listed and publicly traded on the TSX under the symbols NWH.DB, NWH.DB.A, NWH.DB.B, NWH.DB.C and NWH.DB.D.

On May 15, 2015, pursuant to the Combination Transaction, the REIT acquired, among other things, all the assets of NWI and its subsidiaries became direct or indirect subsidiaries of the REIT, in accordance with the plan of arrangement. The unitholders of NWI received 0.208 of a REIT Trust Unit for each NWI trust unit held, other than dissenting unitholders. All outstanding NWI deferred units were exchanged on the same basis for REIT deferred units. In addition, NWI's exchangeable units were converted into a new class of limited partnership units using the same exchange ratio of 0.208, which are redeemable, at the option of the holder, for REIT trust units. NWI's trust units which were traded on the TSX Venture Exchange ("**TSXV**") under the symbol MOB.UN ceased to trade on the TSX Venture Exchange at the close of business on May 19, 2015. NWI's convertible debentures, previously trading under the symbols MOB.DB, MOB.DB.A and MOB.DB.B, were assumed by the REIT, ceased to trade on the TSXV at the close of business on May 19, 2015 and commenced trading on the TSX under the symbols NWH.DB.A, NWH.DB.B and NWH.DB.C, respectively, on May 20, 2015.

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 Australasia, Brazil, Germany and Canada;
- capitalize on internal growth and seek accretive healthcare real estate acquisition opportunities in its target international markets, with a focus primarily on Australasia, Brazil, Germany and Canada;
- grow the value of its assets and maximize the long-term value of its Trust Units through active and efficient management; and
- provide predictable and growing cash distributions per unit, on a tax-efficient basis.

Declaration of Trust

The investment guidelines of the REIT are outlined in the REIT's Declaration of Trust, a copy of which is filed on SEDAR. Further information regarding the Declaration of Trust can also be located in the REIT's Annual Information Form under the heading "Declaration of Trust". Some of the main investment guidelines and operating policies in the Declaration of Trust include the following:

Investment Guidelines (condensed summary)

1. The REIT may only invest directly or indirectly in interests in income–producing real estate and assets ancillary thereto necessary for the operation of such real estate;
2. Provided that the REIT may invest up to 25% of the Gross Book Value of the REIT in investments which do not comply with one or more of the specific investment guidelines set forth in Declaration of Trust; and
3. The REIT shall not hold any investment or take any action that would result in the REIT not qualifying as a "mutual fund trust" or "unit trust" both within the meaning of the Tax Act or the Units not qualifying as qualified investments for Exempt Plans.

Operating Policies(condensed summary)

1. The REIT shall not incur or assume any Indebtedness, as defined, if, after giving effect to the incurrence or assumption of such Indebtedness, the total Indebtedness of the REIT would be more than 65% of Gross Book Value;
2. Subsidiaries of the REIT may engage in construction or development of real property provided such real property meets the REIT's investment guidelines and operating policies; and
3. No guaranteeing of third-party debt outside its existing structure and potential joint venture partner structures, except under certain specific conditions and meeting certain defined criteria.

At March 31, 2016, the REIT was in compliance with all investment guidelines and operating policies stipulated in the Declaration of Trust.

Strategic Direction

Market Opportunity

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 not only participate in the large stable Canadian market but also to diversify their real estate holdings beyond Canada and into the international marketplace. The REIT is the only publicly-listed real estate investment trust in Canada dedicated to investing in healthcare real estate globally.

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

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

- Demographics: growing or aging population and increasing life expectancy, each of which are key drivers in the demand for healthcare services;
- Economics: a balance of economic growth and stability, stabilized and/or increasing GDP per capita, and increasing healthcare spending as % of GDP or on an absolute basis; and
- Real estate and healthcare trends: fragmented healthcare real estate markets, healthcare operators focusing on "core business", demand for new infrastructure, and growing public and private healthcare services.

Target Markets

Within the landscape of international healthcare real estate markets, the REIT has identified the following markets as the REIT's focus areas:

- **Canada:** an established market with selective, incremental growth opportunities and the stability of a government backed tenant base;
- **Brazil:** a high-growth market with experienced hospital operators, where the REIT has investments through long-term inflation indexed triple-net sale leaseback structure;
- **Germany:** a fragmented market with available first mover advantage, NOI growth through active management and the building of scale, which is similar to the REIT's experiences growing in Canada; and
- **Australasia:** an established market with consolidation opportunities and inflation indexed triple net rents, where the REIT has exposure through an investment in Vital Healthcare Property Trust ("**Vital Trust**");

The following table highlights certain key market data in connection with the REIT's target markets:

TABLE 1 - KEY MARKET DATA

				Australasia	
	Canada	**Brazil**	**Germany**	**New Zealand**	**Australia**
Population(1)	36.0 Million	204.5 Million	81.2 Million	4.6 Million	23.8 Million
GDP Annual Growth Rate(2)	0.50%	-5.90%	2.10%	2.30%	3.00%
Inflation (3)	1.40%	10.36%	0.30%	0.10%	1.70%
5 Yr. Government Bond Yield (4)	0.68%	13.83%	-0.36%	2.33%	2.10%
Health Care System	Publicly-funded healthcare system	Hybrid public and private healthcare	Hybrid public and private healthcare	Hybrid public and private healthcare	Hybrid public and private healthcare

Notes
(1) 2015 Estimate
(2) Fourth quarter 2015
(3) February 2016 except Germany - March 2016, New Zealand and Australia - December 2015
(4) March 31, 2016

Sources: Statistics Canada, Bank of Canada, Trading Economics, investing.com

RELATIONSHIP WITH NWVP

As at March 31, 2016, NorthWest Value Partners Inc. ("**NWVP**") indirectly owned approximately 34% (approximately 28% on a fully-diluted basis assuming conversion of the REIT's Convertible Debentures and redemption of its deferred Trust Units) of the REIT through a combination of Trust Units of the REIT and Class B LP Units. Affiliates of NWVP served as the NWI's asset manager (the "**Asset Manager**"), property manager and developer up to December 31, 2014, pursuant to certain management and partnership agreements that are filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. Established in 1994, Toronto-based NWVP is one of Canada's leading privately owned healthcare real estate companies. The scope of its business includes real estate, ownership and management, in Canada and internationally with a significant focus on the healthcare sector. The Principal of NWVP serves as an officer and trustee of the REIT. On January 28, 2015 NWI announced that it had completed the transaction with NWVP to internalize the external management of NWI with an effective date of January 1, 2015 (the "**Internalization Transaction**").

FINANCIAL AND OPERATIONAL SUMMARY

The following is a summary of key financial and operational information for the periods indicated:

TABLE 2 - FINANCIAL AND OPERATIONAL HIGHLIGHTS

Expressed in thousands of Canadian dollars, except per unit amounts		**As at March 31, 2016** (Unaudited)	**As at December 31, 2015** (Unaudited)
Operational Information [1]			
Number of Properties - 100% of associates		120	122
Gross Leasable Area (sf) - 100% of associates		7,834,655	8,034,498
Occupancy % - 100% of associates		94.8%	94.3%
WALE (Years) - 100% of associates		9.8	9.6
Summary of Financial Information			
Gross Book Value [2]		$ 2,711,496	$ 2,700,009
Debt - Declaration of Trust [3]		$ 1,334,625	$ 1,329,514
Debt to Gross Book Value - Declaration of Trust		49.2%	49.2%
Debt - Including Convertible Debentures [3]		$ 1,507,039	$ 1,499,608
Debt to Gross Book Value - Including Convertible Debentures		55.6%	55.5%
Percentage of Mortgages and Loans Payable at Fixed Rates[10]		84%	81%
Weighted Average Interest Rate on Fixed Rate Mortgages and Loans Payable		4.33%	4.46%
Adjusted Units Outstanding - period end [5][6]			
Basic		72,153,252	71,690,008
Diluted [9]		83,336,079	79,221,646
	For the three months ended March 31, 2016 (Unaudited)	**For the three months ended March 31, 2015** (Unaudited)	**For the three months ended December 31, 2015** (Unaudited)
Operating Results			
Net Income / (Loss)	$ (1,186)	$ 2,894	$ 43,984
NOI [7]	$ 44,707	$ 23,977	$ 44,250
Funds From Operations ("FFO") [7]	$ 16,103	$ 2,130	$ 13,199
Adjusted Funds From Operations ("AFFO") [7]	$ 15,674	$ 8,699	$ 14,016
Distributions [8]	$ 14,422	$ 9,578	$ 14,345
Interest Coverage [4]	2.44	2.24	2.30
Per Unit Amounts [5][6]			
FFO per unit - Basic [10]	$ 0.22	$ 0.06	$ 0.18
FFO per unit - fully diluted [9]	$ 0.22	$ 0.06	$ 0.18
AFFO per unit - Basic	$ 0.22	$ 0.23	$ 0.20
AFFO per unit - fully diluted [9]	$ 0.21	$ 0.23	$ 0.19
Distributions per unit	$ 0.20	$ 0.26	$ 0.20
AFFO Payout Ratio	92%		
AFFO Payout Ratio - fully diluted [9]	94%		
Adjusted Weighted Average Units Outstanding [5][6]			
Basic	72,037,654	37,286,974	71,715,369
Diluted - FFO [9]	83,144,331	37,705,835	76,404,966
Diluted - AFFO [9]	81,494,696	43,971,934	79,239,473

TABLE 2 - FINANCIAL AND OPERATIONAL HIGHLIGHTS CONT.

Notes

(1) Operational information includes 100% of Vital Trust. The REIT has an exposure to an approximate 24% interest in Vital Trust.
(2) Gross Book Value is defined as total assets.
(3) As defined in Non-IFRS measures used in this MD&A.
(4) See Ratios and Coventants for the REIT's calculation of Interest Coverage.
(5) Outstanding units and weighted average unit amounts, and the associated per unit amounts, for the period prior to the Combination Transaction, reflect the capital structure of NWI as adjusted for the Exchange Ratio.
(6) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP Units in basic and diluted units outstanding/weighted average units outstanding. There were 18,998,065 Class B LP Units outstanding as at March 31, 2016 and 19,188,063 Class B LP Units outstanding as at March 31, 2015.
(7) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. These terms are defined in this MD&A and reconciled to IFRS-based amounts reported in the consolidated financial statements of the REIT. NOI is an additional IFRS measure and NOI as calculated by the REIT may not be comparable to similiar titled measures reported by other issuers.
(8) Represents distributions to Unitholders and Class B LP Units on an accrual basis. Distributions are payable as at the end of the period in which they are declared by the Board of Trustees, and are paid on or around the 15th day of the following month.
(9) Diluted units includes vested but unissued deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual conversion price. Convertible Debentures are dilutive if the interest (net of tax and other changes in income or expense) per unit obtainable on conversion is less than the basic per unit measure.
(10) The REIT classifies variable rate debt hedged with fixed rate swaps as fixed rate debt.

HIGHLIGHTS FOR THE QUARTER

Acquisitions

On January 20, 2016 Vital Trust acquired two small parcels of land adjacent to its Sportsmed Private Hospital property in Adelaide, South Australia for $5,430 (A$5,480) including transaction costs.

Sportsmed Private Hospital ("**Sportsmed**") is a 49 bed private hospital and associated clinic acquired by Vital in 2012 and operated by Sportsmed SA Hospitals Pty Ltd ("**Sportsmed SA**") providing orthopaedic surgery and ancillary healthcare services. It is located approximately four kilometres north-east of the Adelaide CBD, in South Australia.

One of the properties will see a redevelopment commence in early 2016 with Vital Trust undertaking the construction, over a 12 month construction timeframe, of a $9,578 (A$9,500) stand-alone medical consulting building adjacent to the main hospital. The second acquisition is also adjacent to the existing hospital property and currently comprises the administration and executive offices of Sportsmed SA, with medium term redevelopment potential to support clinical growth at Sportsmed.

Sportsmed SA will enter into 20 year lease terms and has also agreed to reset the existing hospital lease to 20 years (currently 16.7 years).

On March 1, 2016, Vital Trust settled the acquisition of four residential aged care properties for $43,765 (A$44,172), including transaction costs, representing an initial yield of 8.0%, before transaction costs. The four properties located in New South Wales and Western Australia comprise 275 beds and will be leased for 20 year on triple net leases with annual CPI reviews and periodic market reviews to the Hall & Prior Health and Aged Care Group, one of Australia's leading private residential aged care operators.

Dispositions

During the quarter the REIT sold eight of the thirteen properties it held for sale as at December 31, 2015. These properties were sold for $49,350 generating proceeds of approximately $14,000 net of debt associated with the properties and transaction costs.

As at March 31, 2016 the REIT classified five properties, with a total carrying value of $23,525, as held for sale. Mortgages associated with these properties amount to $20,259 (see **SUBSEQUENT EVENTS**).

In January 2016, the REIT entered into a conditional agreement, which is expected to be extended, for the sale-leaseback of an investment property currently used as a parking garage located in Canada. The investment property is expected to be sold for approximately $20,000 upon satisfaction of conditions under the agreement and then leased back for an initial lease term that expires the earlier of five years from closing date or commencement of demolition of the site by the purchaser. Once the purchaser completes development of the site, the agreement requires the REIT to buy-back a portion of the parking facility for a purchase price that is to be determined based on costs to construct, and requires the purchaser to sever and deliver to the REIT a specified amount of parking spaces.

Development

Construction is nearing completion at the REIT's Barrie Primary Care Campus in Barrie, Ontario. Initial partial occupancy by the family health team took place subsequent to the quarter on May 9, 2016 and the REIT continues working toward stabilizing the property. The REIT also continued work on the medical office building redevelopment at 85 The East Mall, Etobicoke (Toronto) with substantial completion and initial tenant occupancy scheduled during the second quarter of 2016.

During the quarter Vital Trust completed and started receiving rent on the Marian Centre property in Perth, Western Australia. Development activity continues at the South Eastern Private Hospital in Melbourne, Victoria.

Equity Offering

During the quarter the REIT announced a public offering of 6,550,000 Trust Units at a price of $9.20 per Trust Unit, representing gross proceeds of $60,260. The Units were offered on a "bought deal" basis to a syndicate of underwriters led by RBC Capital Markets and BMO Capital Markets.

The REIT also granted the underwriters the option to purchase up to an additional 982,500 Trust Units to cover over-allotments, if any, exercisable in whole or in part anytime up to 30 days following closing of the offering.

Concurrently, NWVP, the REIT's largest unitholder, agreed to purchase, on a private placement basis, an aggregate 1,086,956 Trust Units at the offering price representing gross proceeds of approximately $10,000. At the time of the offering announcement, NWVP held an approximate 34% interest in the REIT and is wholly-owned by Paul Dalla Lana, CEO of the REIT. The closing of the public offering was conditional upon the closing of the concurrent private placement.

The offering closed subsequent to the quarter on April 20, 2016 with the over-allotment closing in full on April 25, 2016. The REIT used the net proceeds of the offering and concurrent private placement to fund the equity component of the acquisition the Mehrower Allee complex in Berlin, Germany (see **SUBSEQUENT EVENTS**), to repay existing indebtedness (including amounts outstanding on the REIT's revolving credit facility) and for general trust purposes, thus providing NorthWest with additional financial flexibility to pursue its various growth initiatives.

NCIB

During the quarter pursuant to its previously announced normal course issuer bid ("**NCIB**") the REIT acquired 34,500 Trust Units for cancellation at a volume weighted average price per unit of $8.19 and a total cost of $286 (including commissions and costs). This brings the total number of Trust Units acquired under the NCIB to 856,600 Trust Units. The REIT may acquire up to a maximum of 4,762,579 of its Trust Units, or approximately 10% of its public float, for cancellation over the remaining 3 months of the NCIB's 12 month period. The REIT believes that the repurchase by the REIT of a portion of outstanding Trust Units is an appropriate use of resources and is in the best interests of the REIT.

Revolving Credit Facility and Non-Revolving Credit Facility Expansion

On March 10, 2016 the REIT further increased the Revolving Credit Facility (as defined under **CAPITAL STRUCTURE – Debt**) to provide for a maximum principal amount of $80,000.

On March 10, 2016 the Non-Revolving Credit Facility Expansion Facility (as defined under **CAPITAL STRUCTURE – Debt**) was amended, with changes to the mandatory principal repayment provisions and maturity extended to June 30, 2016.

The balance outstanding on the amended and restated Revolving Credit Facility as at March 31, 2016 was $87,800 inclusive of $8,800 of advances under the Non-Revolving Credit Facility Expansion.

Mortgage Refinancings

On Febuary 29, 2016 the REIT refinanced the mortgage outstanding on its Wentworth-Limeridge Medical Centre property replacing the existing $5,532, 5.37% mortgage with an $8,300 mortgage at 2.76% and a 5 year term, generating net proceeds to the REIT of approximately $2,400.

On March 31, 2016 the REIT refinanced the mortgages outstanding on its Queensway Professional Centre property replacing the existing $12,544, 5.93% 1st mortgage and $12,265, 5.60% 2nd mortgage, with a $27,500 mortgage at 3.10% and a 5 year term, generating net proceeds to the REIT of approximately $1,700.

On March 31, 2016 the REIT refinanced the mortgage outstanding on its Dundas-Centre Medical property replacing the existing $6,339, 3.95% mortgage with a $7,200 mortgage at 2.73% and a 5 year term, generating net proceeds to the REIT of approximately $400.

Brazil Long Term Financing

In March 2016, the REIT received conditional approval from Brazilian securities regulators and commenced marketing of its previously announced long term financing of its Hospital e Maternidade Brasil ("**HMB**") asset. The financing, representing the securitization of future rents, was for an amount ranging from $65,000 to $75,000 (R$180,000 to R$205,000) with a term of 10 years and maximum interest rate of the NTN-B (an inflation (IPCA) linked bond) plus 200 basis points (the "**HMB Securitization Financing**"). Subsequent to the quarter the REIT completed the marketing of the HMB Securitization Financing and raised $68,495 (R$191,272) of gross proceeds at an interest rate of 8.2754% plus annual IPCA adjustments to the principal balance. On May 13, 2016 the HMB Securitization Financing is expected to close for net proceeds of approximately $66,252 (R$185,011). The REIT intends to use the net proceeds to repay outstanding Brazilian debt or other general purposes.

Deferred Consideration

Also, in March 2016, the REIT extended the maturity date of the holdback payable for Hospital Caxias D'Or to June 15, 2016, subject to adjustment for inflation up to the date of payment. The balance of the holdback as at March 31, 2016 was $29,576 (R$80,941).

SUBSEQUENT EVENTS

Acquisitions

On April 14, 2016 the REIT acquired a two-property medical office complex in Berlin, Germany (the "**Mehrower Allee complex**") for a purchase price of $19,977 (€13,519) representing a going-in capitalization rate of approximately 6.8%. The Mehrower Allee complex comprises approximately 82,270 square feet of gross leaseable area, is approximately 97.3% leased and has a weighted-average lease term of approximately 4 years. The acquisition was financed through a new first mortgage of approximately $16,550 (€11,200) from a German lending institution, having a term of 8 years and a fixed interest rate of 1.705%, and through internal resources. The transaction also includes a REIT option to acquire an adjacent half acre of land for an incremental $1,393 (€943) exercisable to the end of November 2016.

This acquisition is the REIT's 6th in Berlin and 21st in Germany and represents continuing consolidation by the REIT of medical office space in these markets. The Mehrower Allee complex is a purpose-built two building complex in a densely populated section of the borough of Marzahn-Hellersdorf, approximately 15 kilometers northeast from Berlin's iconic Brandenburg Gate in the city centre and within close proximity to the REIT's most recent additions to the German portfolio at Reichenberger Strasse 3 (Hohenschoenhausen) and Elsterwerdaer Platz 1 (Biesdorf).

The Mehrower Allee complex comprises 52 tenancies representing a wide range of healthcare disciplines including emergency surgery, radiology/nuclear medicine, laboratory and pharmacy, in addition to general practitioner physicians and dental professionals. With a high concentration of medical and related services, the property serves as the community's primary health care destination.

Dispositions

On April 1, 2016, the REIT closed the disposition of the Royal Bank Building in Dartmouth, Nova Scotia for a sale price of $4,800. The sale generated a deficiency of approximately $400 after settlement of the existing mortgage and transaction costs.

The remaining four properties held for sale as at March 31, 2016 are subject to conditional sales agreements that are expected to close during the second or third quarter of 2016.

Mortgage Financings

On April 18, 2016 the REIT refinanced the mortgages outstanding on its Fairview Health Centre property replacing the existing $15,718, 5.35% 1st mortgage and $6,127, 5.60% 2nd mortgage, with a $22,000 mortgage at 3.30% and a 5 year term, generating a net shortfall to the REIT of approximately $650. The interest rate on the mortgage is fixed utilizing an interest rate swap.

On April 18, 2016 the REIT refinanced the mortgages outstanding on its Rockyview Health Centre I property replacing the existing $8,610, 5.38% 1st mortgage and $817, 5.60% 2nd mortgage with a $13,000 mortgage at 3.40% and a 5 year term, generating net proceeds to the REIT of approximately $3,300. The interest rate on the mortgage is fixed utilizing an interest rate swap.

Acquisition Facility

On April 21, 2016 the REIT repaid $16,000 revolving portion of the Acquisition Facility (as defined under **CAPITAL STRUCTURE – Debt**) with proceeds from the equity offering.

Revolving Credit Facility and Non-Revolving Credit Facility Expansion

Using proceeds from the equity offering the REIT repaid the $8,800 balance outstanding on the Non-Revolving Credit Facility Expansion Facility, as well as, a portion of the outstanding balance of the Revolving Credit Facility. The balance outstanding on the Revolving Credit Facility as at May 12, 2016 is $48,000.

Australian Investment

In April 2016, the REIT entered into a binding put and call option agreement with a private entity to acquire an approximate 7.1% interest in Generation Healthcare REIT ("**GHC**"), representing approximately 15.5 million units of GHC which is listed on the Australian Securities Exchange ("ASX"), for a purchase price of A$2.20 per unit totaling approximately $32,596 (A$34,082). The put and call options may be exercised on and from 15 July 2016 until 31 July 2016, and the REIT has the right to exercise its call option early in accordance with the terms of the agreement. If either of the put option or call option is exercised, the acquisition will be funded from the REIT's existing cash or debt facilities.

Other

On April 15, 2016, the REIT declared a distribution of $0.06667 per Trust Unit to unitholders of record on April 29, 2016, payable May 16, 2016. On May 12, 2016, the REIT declared a distribution of $0.06667 per Trust Unit to unitholders of record on May 31, 2016, payable June 15, 2016.

ASSETS OF THE REIT

Summary

The following table summarizes the REIT's assets by region as at March 31, 2016:

TABLE 3 - SUMMARY OF ASSETS

	Canada	Brazil	Germany	Australasia (1)	Consolidated Total (1)
Number of Properties	62	5	19	34	120
Asset Mix	100% MOB	100% Hospital	100% MOB	17% MOB/83% Hospital	58% MOB/42% Hospital
Gross Leaseable Area ("**GLA**") (million sf)	4.2	1.0	0.8	1.8	7.8
Total Assets (Cdn$ millions) (2)	$1,240	$377	$160	$843	$2,711
Occupancy	91.4%	100.0%	94.6%	99.5%	94.8%
WALE (Years)	4.6	21.0	4.9	17.3	9.8
Average Building Age (Years)	32	11	15	15	26
Weighted Average Implied Cap Rate	6.5%	9.2%	6.4%	7.6%	7.3%

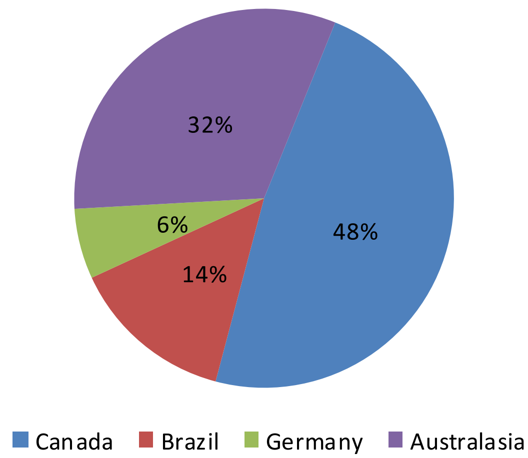
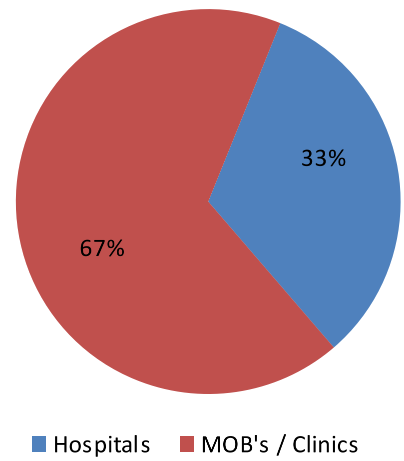
Notes

(1) Shown on a 100% basis. The REIT has an approximate 24% interest in Vital Trust and acts as manager of Vital Trust, it therefore consolidates Vital Trust.
(2) Consolidated Total includes corporate assets.

See **PART XI – PROPERTY TABLE** for additional property portfolio information.

Diversification of Assets

The REIT's assets are diversified geographically and by asset type as follows:

Geographic Profile by Total Assets	Asset Mix by GLA
	

Notes

(1) As at March 31, 2016.

(2) Total assets excludes corporate assets.

(3) Vital Trust shown on a 100% basis. The REIT has an approximate 24% ownership interest in Vital Trust and acts as manager of Vital Trust, it therefore consolidates Vital Trust.

Geographic Diversification

The REIT aims to provide its investors with an exposure to a well-diversified portfolio of healthcare real estate located in the greater areas of cities such as: Auckland (New Zealand), Berlin (Germany), Calgary (Canada), Edmonton (Canada), Halifax (Canada), Melbourne (Australia), Montreal (Canada), Quebec City (Canada), Rio de Janeiro (Brazil), Sao Paulo (Brazil), Brasília (Brazil), Sydney (Australia) and Toronto (Canada).

Asset Mix

The REIT's asset mix can be broadly categorized into hospitals and medical office buildings / clinics. During the first quarter of 2016 Vital Trust also acquired four residential aged care facilities. A brief summary of each asset type is below:

Hospitals:

The REIT's hospital portfolio is located in Australia, Brazil and New Zealand and represents a diversified portfolio of facilities providing healthcare services by best-in-class private hospital operators and philanthropic foundations.

All of the REIT's hospitals are leased to single tenant, hospital operators under long-term, inflation indexed, triple net lease structures in which the REIT does not absorb any property operating cost risk.

*Medical office buildings ("**MOB**"):*

The REIT's MOB portfolio is located in Australia, Canada, Germany and New Zealand.

MOB's are similar to commercial office buildings, are typically multi-tenant properties and are primarily leased to necessity based healthcare providers.

<u>*Residential Aged Care Facilities:*</u>

The REIT's residential aged care facilities are located in Australia. Residential aged care provides support and accommodation for those elderly who choose to have their personal and/or nursing care provided within residential aged care accommodation. It can be provided on a permanent or a respite (temporary) basis. Residential aged care is one of Australia's largest service sectors employing 350,000 people and delivering care to more than one million elderly through over 1,000 providers.

The REIT's residential aged care facilities are leased to Hall & Prior Health and Aged Care Group, one of Australia's leading private residential aged care operators, for 20 years on triple net leases with annual CPI reviews and periodic market reviews.

As at March 31, 2016, and including the REIT's interest in Vital Trust on a 100% basis, the REIT had interests in 22 hospitals, 4 residential aged care facilities and and 94 medical office buildings or development sites.

Canada - Largest non-government owner and manager of medical office buildings and healthcare facilities

The REIT is Canada's largest non-government owner and manager of MOBs and healthcare facilities. The REIT owns, as at March 31, 2016, a portfolio of 62 properties, located primarily in major markets such as Toronto, Montreal and Calgary, with a GLA of 4.2 million square feet and approximately 1,200 tenants. The REIT portfolio has a well-diversified tenant profile, reflecting an attractive mix of healthcare-related tenants, including regional health authorities, primary care networks, family health teams, medical and diagnostic imaging clinics, medical practitioners, pharmacies and laboratories, as well as institutional and non-healthcare tenants. The Canada region has a fully-integrated team of investment, development, asset management and portfolio operations professionals.

Brazil – Long term net leases to private hospital operators

The REIT owns a portfolio of five private hospitals varying in size, with the smallest comprising 96,875 square feet with 56 beds and the largest consisting of a 342,000 square foot full-service hospital with 350 beds. The assets are located in São Paulo, Brasilia and Rio de Janeiro. The hospitals are single tenant properties. Four hospitals are leased to Rede D'Or Sao Luiz (the "**Rede D'Or Hospital Portfolio**"), a privately owned Brazilian hospital operator with 30 hospitals across the country, and one hospital (the "**Sabará Children's Hospital**") is leased to Hospital Sabará (the "**Sabará Tenant**"), who uses the property to operate one of the region's largest private children's hospitals. All the leases are triple-net, indexed to inflation, ranging in term from 15 years (8.5 years remaining) to 25 years (22.8 years remaining) with a WALE of 21.0 years. The Brazil region is supported by two management professionals with significant experience in investment, development and asset management.

Germany – High quality MOB assets located in major markets

At the close of the first quarter 2016, the REIT's German portfolio consists of 19 high quality MOB assets strategically located in the country's major markets, including Berlin, Frankfurt, Ingolstadt and Leipzig. As at March 31, 2016 the portfolio has a 94.6% occupancy rate and an approximate 4.9 year average lease term. The REIT also benefits from the strength of its fully-integrated investment, property management and asset management capabilities located in the market, which allow efficient operation and transaction sourcing in the country.

Australasia – Exposure to 24% of Vital Trust and 100% of Vital Manager

The REIT acts as manager and owns an approximate 24% strategic stake in Vital Trust. Vital Trust (NZX: VHP) is a New Zealand Stock Exchange ("**NZX**") listed investment fund and is Australasia's largest healthcare real estate owner. As at March 31, 2016 Vital Trust owns 17 private hospitals, 7 MOBs, 4 residential aged care facilities and 6 development sites in Australia and New Zealand, with a 99.5% occupancy rate and an approximate 17.3 year average lease term. Through Vital Trust, the Australasia portfolio offers stable and growing cash flows underpinned by tenancies of high quality hospital and healthcare operators with long-term, inflation-indexed leases. The Vital team is a fully integrated operation with offices in Australia and New Zealand comprised of leading investment, development, asset management and property operations professionals.

The REIT's investments in Australasia are held through its strategic shareholding by way of exposure to an equity interest in Vital Trust. Table 3 above highlights certain information about Vital Trust as at March 31, 2016, on a 100% basis; noting, however, that the REIT has exposure to an approximate 24% interest in Vital Trust.

On January 1, 2015, in connection with the Internalization Transaction (as defined under **RELATIONSHIP WITH NWVP**), NWI acquired all of the rights and obligations relating to the management of Vital Trust (the "**Vital Manager**"). As a result of the acquisition of the Vital Manager and its management rights, it was determined that NWI obtained control with respect to its investment in Vital Trust. The acquisition of control was treated as a step acquisition by NWI and effective January 1, 2015, NWI, and the REIT following its acquisition of NWI, accounts for the investment in Vital Trust as a subsidiary and consolidates the financial position and results of Vital Trust.

During the year ended December 31, 2015, in connection with the Internalization Transaction, the REIT acquired an additional 405,036 units of Vital Trust, which are held by the Vital Manager (defined herein). During the year ended December 31, 2015 Vital Manager acquired an additional 2,289,196 units of Vital Trust as settlement of the incentive fee (described hereafter). As at March 31, 2016, the REIT owned 84,354,098 units which represented a 24.40% interest in Vital Trust.

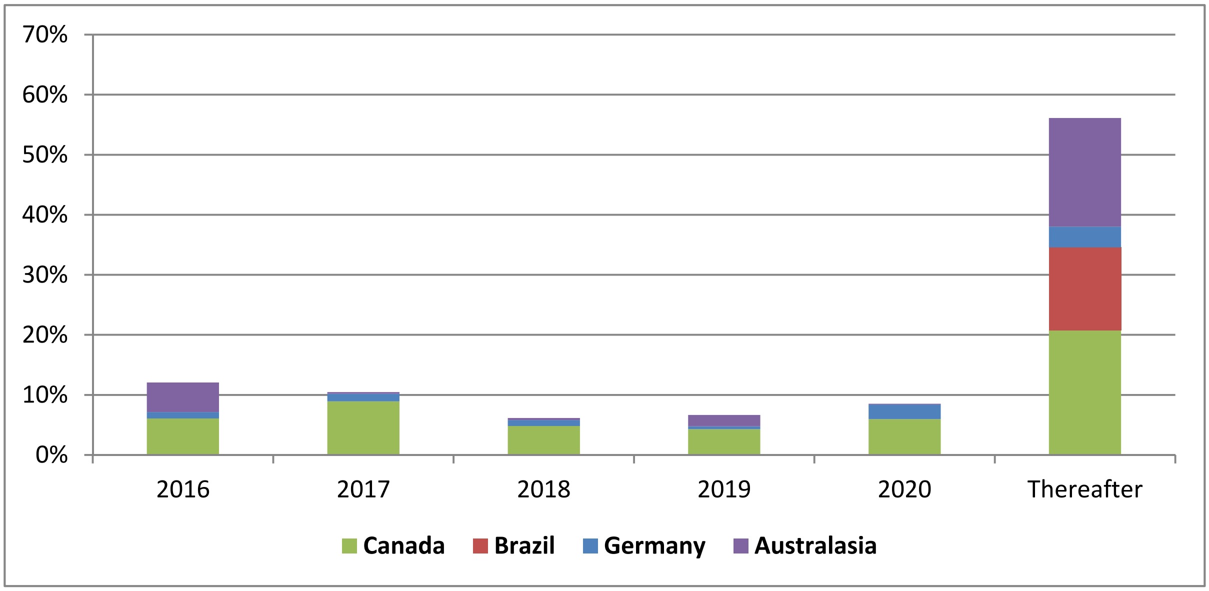
In exchange for its services, the Vital Manager earns management fees, activity-based fees for acquisitions and development activity, as well as an incentive fee. Management fees are calculated at 0.75% of the monthly average of the gross value of the assets of Vital Trust for the quarter ended on the last day of the month. Incentive fees are earned when there is an average annual increase in the gross value of the assets of Vital Trust over the relevant financial year and the two preceding years. The incentive fee is 10% of the amount of the increase with payment being received by way of subscribing for new units of Vital Trust. The management and incentive fees shall not exceed an amount equal to 1.75% per annum of the gross value of the trust. In addition, the Vital Manager earns management fees in its capacity as manager, with an Australian Financial Services License, of one of Vital Trust's Australian subsidiary trusts.

PORTFOLIO PROFILE

Lease Maturities

The REIT's asset diversification is complemented by a long term maturity profile, with a weighted average lease expiry of 9.8 years as at March 31, 2016.

Lease Maturities by Year (as a % of GLA)



Notes:

- As at March 31, 2016
- Includes the REIT's consolidated interest in Vital Trust at 100%

	2016	2017	2018	2019	2020	Thereafter	Total
Canada	6.1%	8.9%	4.8%	4.3%	6.0%	20.7%	**50.8%**
Brazil	0.0%	0.0%	0.0%	0.0%	0.0%	13.8%	**13.8%**
Germany	1.1%	1.3%	1.0%	0.5%	2.4%	3.4%	**9.7%**
Australasia	4.9%	0.3%	0.3%	1.9%	0.1%	18.2%	**25.7%**
Total	**12.1%**	**10.5%**	**6.1%**	**6.7%**	**8.5%**	**56.1%**	**100.0%**

The REIT's expiry profile benefits from its Brazil properties which are subject to long term leases. The five Brazil hospitals are each occupied by single tenants that are leading hospital operators, and have leases expiring between September 30, 2024 and December 31, 2038. The expiry profile also reflects the longer term nature of many of the hospital tenants within the Vital Trust portfolio which has a WALE of 17.3 years.

Leasing Activity

TABLE 3A - LEASING ACTIVITY					
	Three months ended March 31, 2016				
	Canada	Brazil	Germany	Australasia (1)	Total
Opening Occupancy	90.7%	100.0%	95.7%	99.5%	**94.3%**
Opening Balance	3,993,559	1,019,555	723,174	1,754,520	7,490,808
Acquisition	-	-	-	82,022	82,022
Disposition	(224,815)	-	-	-	(224,815)
Expiries	(136,283)	-	(19,544)	(4,553)	(160,380)
Renewal	123,237	-	2,400	4,553	130,190
Early Terminations	(14,960)	-	-	-	(14,960)
New Leasing	36,158	-	8,614	1,537	46,309
Month-to-Month	(7,048)	-	-	-	(7,048)
Remeasurements and other	(555)	-	(803)	(188)	(1,546)
Closing Balance	3,769,293	1,019,555	713,841	1,837,891	7,340,580
Closing Occupancy	**91.4%**	**100.0%**	**94.6%**	**99.5%**	**94.8%**

Notes

(1) Shown on a 100% basis. The REIT has an approximate 24% interest in Vital Trust and acts as manager of Vital Trust, it therefore consolidates Vital Trust.

Canada

During the quarter the REIT completed 123,237 square feet of renewal leasing. Excluding properties held for sale, the REIT completed the renewals at an initial net rent of $17.81 per square foot versus an expiring net rent per square foot of $17.82. The REIT was able to maintain rents in its core portfolio based on results across all regions. The core portfolio's renewal spread would have been 2.2% if not for one renewal in western Canada that resulted in a 2.5% decrease in that region. During the quarter the REIT also completed 36,158 square feet of new leasing at an initial net rent of $12.96 per square foot ($14.01 per square foot excluding assets held for sale).

As at March 31, 2016 the REIT had 152,525 square feet of committed leasing against future expiries and 27,480 square feet of committed leasing against vacant space at an initial net rent of $13.33 and $11.11 per square foot, respectively ($13.49 and $14.38 per square foot, respectively, excluding assets held for sale).

TABLE 3B - EXPIRING NET RENT ($PSF)	
As at March 31, 2016	**Canada**
Month-to-Month	$ 17.74
2016	13.72
2017	17.69
2018	17.22
2019	16.28
2020	16.62
2021+	18.80
Total Expires	$ 17.42

Brazil

The REIT's Brazil properties are subject to long term leases and there was no leasing activity during the quarter.

Germany

During the quarter the REIT completed 2,400 square feet of renewal leasing and 8,614 square feet of new leasing. While the REIT had a solid quarter of leasing at the majority of its properties the relatively soft quarter in renewal leasing largely reflects the impact of one large tenant's expiry at one of the REIT's properties outside of Berlin. The tenant had merged his practice with another doctor and decided to relocate to a new location in a neighboring town. While the space remained vacant at March 31, 2016, negatively impacting occupancy percentage, the REIT expects to replace the vacating tenant during the course of the year.

TABLE 3B - EXPIRING NET RENT (€PSF)

As at March 31, 2016	Germany	
Month-to-Month	€	8.53
2016		8.32
2017		10.18
2018		8.82
2019		9.52
2020		9.95
2021+		10.20
Total Expires	€	9.62

Australasia

Vital Trust's properties are generally subject to long term leases, and as such there was no material leasing activity during the quarter.

Tenant Mix

The following table summarizes the REIT's 10 largest tenants by percentage of revenue for the three months ended March 31, 2016:

TABLE 3C - 10 LARGEST TENANTS BY PERCENTAGE OF RENT

	Tenant	Country	%	# of locations
1	Healthe Care	Australia	12.1%	14
2	Rede D'Or Sao Luiz	Brazil	11.1%	4
3	Healthscope	Australia	2.9%	2
4	Epworth Foundation	Australia	2.6%	3
5	Bantrel Corportation	Canada	2.3%	1
6	CLSC/CSSS	Canada	2.3%	6
7	Mercy Ascot	New Zealand	1.4%	2
8	Shoppers Realty Inc.	Canada	1.1%	7
9	Sportsmed	Australia	1.1%	1
10	Lawtons Drugs	Canada	1.1%	5
			38.0%	45

INVESTMENT PROPERTIES

The fair value of investment properties as at March 31, 2016 was $2,569,290 (December 31, 2015 - $2,491,835) representing an implied weighted average capitalization rate of 7.3% (December 31, 2015 – 7.3%).

TABLE 4 - INVESTMENT PROPERTIES

Expressed in thousands of Canadian dollars Unaudited	Three months ended March 31, 2016				
	Income Properties				
	Canada	**Brazil**	**Germany**	**Australasia**	**Total**
Opening Balance	**$ 1,155,716**	**$ 343,724**	**$ 159,817**	**$ 775,789**	**$ 2,435,046**
Acquisitions of investment properties	-	-	-	52,018	52,018
Addition to investment properties	5,695	(984)	151	1	4,863
Increase in straight-line rents	417	-	-	-	417
Transfers from (to) properties under development	-	-	-	12,461	12,461
Amortization of deferred revenue	-	266	-	-	266
Fair value gain (loss)	1,009	9,517	(150)	5,976	16,352
Foreign currency translation	-	15,556	(3,688)	(18,563)	(6,695)
Closing Balance	**$ 1,162,837**	**$ 368,079**	**$ 156,130**	**$ 827,682**	**$ 2,514,728**
	Properties Under Development				
	Canada	**Brazil**	**Germany**	**Australasia**	**Total**
Opening Balance	**$ 39,620**	**$ -**	**$ -**	**$ 17,169**	**$ 56,789**
Acquisitions of investment properties	-	-	-	-	-
Addition to investment properties	7,381	-	-	2,954	10,335
Transfers from (to) income properties	-	-	-	(12,461)	(12,461)
Fair value gain (loss)	-	-	-	-	-
Foreign currency translation	-	-	-	(101)	(101)
Closing Balance	**$ 47,001**	**$ -**	**$ -**	**$ 7,561**	**$ 54,562**
	Total				
	Canada	**Brazil**	**Germany**	**Australasia**	**Total**
Opening Balance	**$ 1,195,336**	**$ 343,724**	**$ 159,817**	**$ 792,958**	**$ 2,491,835**
Acquisitions of investment properties	-	-	-	52,018	52,018
Addition to investment properties	13,076	(984)	151	2,955	15,198
Increase in straight-line rents	417	-	-	-	417
Amortization of deferred revenue	-	266	-	-	266
Fair value gain (loss)	1,009	9,517	(150)	5,976	16,352
Foreign currency translation	-	15,556	(3,688)	(18,664)	(6,796)
Closing Balance	**$ 1,209,838**	**$ 368,079**	**$ 156,130**	**$ 835,243**	**$ 2,569,290**

See **LEASING COSTS AND CAPITAL EXPENDITURES** for additional information on additions to investment properties.

<u>Canada</u>

Expenditures on properties under development, for the three months ended March 31, 2016, were $7,381 including capitalized interest of $329. Construction is nearing completion at the REIT's Barrie Primary Care Campus in Barrie, Ontario. Initial occupancy by the family health team took place subsequent to the quarter on May 9, 2016 and the REIT continues working toward stabilizing the property. The REIT also continued work on the medical office building redevelopment at 85 The East Mall, Etobicoke (Toronto) with substantial completion and initial tenant occupancy scheduled during the second quarter of 2016.

The REIT recognized net fair value gain of $1,009 for the three months ended March 31, 2016.

During the three months ended March 31, 2016 external valuations were performed on properties with an aggregate value of $294,950.

Brazil

During the three months ended March 31, 2016 the REIT recognized fair value gains of $9,517 reflecting the actual and expected increases in rents for inflation, as contracted per the REIT's Brazil leases, increasing the portfolio's future net operating income. During the quarter the REIT reduced an accrual for closing costs, relating to a prior year's acquisition, resulting in a negative addition to investment properties during the quarter.

A strengthening of the Brazilian Real relative to the Canadian dollar during the quarter resulted in a foreign currency translation gain of $15,556.

Germany

There was no material change in fair value of the REIT's German properties during the three months ended March 31, 2016.

A weakening of the Euro relative to the Canadian dollar during the quarter resulted in a foreign currency translation loss of $3,688 for the three months ended March 31, 2016.

Australasia

On January 20, 2016 Vital Trust acquired two small parcels of land adjacent to its Sportsmed Private Hospital property in Adelaide, South Australia for $5,430 (A$5,480) including transaction costs.

Sportsmed Private Hospital ("**Sportsmed**") is a 49 bed private hospital and associated clinic acquired by Vital in 2012 and operated by Sportsmed SA Hospitals Pty Ltd ("**Sportsmed SA**") providing orthopaedic surgery and ancillary healthcare services. It is located approximately four kilometres north-east of the Adelaide CBD, in South Australia.

One of the properties will see a redevelopment commence in early 2016 with Vital Trust undertaking the construction, over a 12 month construction timeframe, of a $9,578 (A$9,500) stand-alone medical consulting building adjacent to the main hospital. The second acquisition is also adjacent to the existing hospital property and currently comprises the administration and executive offices of Sportsmed SA, with medium term redevelopment potential to support clinical growth at Sportsmed.

Sportsmed SA will enter into 20 year lease terms and has also agreed to reset the existing hospital lease to 20 years (currently 16.7 years).

On March 1, 2016, Vital Trust settled the acquisition of four residential aged care properties for $43,765 (A$44,172), including transaction costs, representing an initial yield of 8.0%, before transaction costs. The four properties located in New South Wales and Western Australia comprise 275 beds and will be leased for 20 year on triple net leases with annual CPI reviews and periodic market reviews to the Hall & Prior Health and Aged Care Group, one of Australia's leading private residential aged care operators.

During the quarter Vital Trust completed and started receiving rent on the Marian Centre property in Perth, Western Australia. Development activity continues at the South Eastern Private Hospital in Melbourne, Victoria.

There was a $5,976 increase in fair value of the Vital Trust's properties during the three months ended March 31, 2016. The increase reflects actual rent increases derived from inflation indexation during the quarter.

A weakening of the New Zealand dollar relative to the Canadian dollar during the three months ended March 31, 2016 resulted in a foreign currency translation loss of $18,664.

Valuations

The fair values of the investment properties at March 31, 2016 and December 31, 2015 were determined based on a combination of internal valuation models incorporating available market evidence and external appraisals.

The key valuation assumptions for the REIT's investment properties are set out in the following table:

TABLE 4B - INVESTMENT PROPERTIES VALUATION ASSUMPTIONS

Unaudited	As at March 31, 2016			
	Canada	**Brazil**	**Germany**	**Australasia**
Discount rate - range	6.0% - 8.8%	9.5%	5.8% - 6.8%	6.9% - 11.4%
Discount rate - weighted average	7.5%	9.5%	6.2%	8.3%
Terminal capitalization rate - range	5.8% - 8.0%	9.0%	6.3% - 7.5%	6.6% - 10.5%
Terminal capitalization rate - weighted average	6.9%	9.0%	6.7%	7.5%
Implied capitalization rate - range	5.3% - 9.5%	9.2%	5.2% - 7.5%	6.8% - 10.8%
Implied capitalization rate - weighted average	6.5%	9.2%	6.4%	7.6%
	As at December 31, 2015			
	Canada	**Brazil**	**Germany**	**Australasia**
Discount rate - range	6.0% - 8.8%	9.5%	5.8% - 6.8%	6.9% - 11.4%
Discount rate - weighted average	7.5%	9.5%	6.2%	8.3%
Terminal capitalization rate - range	5.8% - 8.0%	9.0%	6.3% - 7.5%	6.6% - 10.5%
Terminal capitalization rate - weighted average	6.9%	9.0%	6.7%	7.5%
Implied capitalization rate - range	5.3% - 9.5%	9.2%	5.2% - 7.5%	6.8% - 10.8%
Implied capitalization rate - weighted average	6.6%	9.2%	6.4%	7.6%

ASSETS HELD FOR SALE

Canada

During the quarter the REIT sold eight of the thirteen properties it held for sale as at December 31, 2015. These properties where sold for $49,350 generating proceeds of approximately $14,000 net of debt associated with the properties and transaction costs. During the three months ended March 31, 2016 the REIT recognized a fair value loss of $5,917 related to the assets held for sale.

As at March 31, 2016 the REIT classified five properties, with a total carrying value of $23,525, as held for sale. Mortgages associated with these properties amount to $20,259. The NOI of these properties for the three months ended March 31, 2016 was $392. The properties held for sale have a GLA of 342,744 square feet, WALE of 5.2 years and occupancy of 67.5% as at March 31, 2016.

Subsequent to the quarter, on April 1, 2016, the REIT closed the disposition the Royal Bank Building in Dartmouth, Nova Scotia for sale price of $4,800. The sale generated a deficiency of approximately $400 after settlement of the existing mortgage and transaction costs.

The remaining four properties held for sale as at March 31, 2016 are subject to conditional sales agreements that are expected to close during the second or third quarter of 2016.

DEVELOPMENT ACTIVITY

The REIT develops new properties and reinvests capital in its existing properties, through expansions and refurbishments, as a way to create value for our tenants and unitholders. It is expected that development activity will become a more important component of the REIT's growth over time, to help our tenants meet the growing healthcare needs of the populations they serve. Meeting these needs is largely contingent upon completing the development projects in the manner contemplated. The most important factor affecting completion will be the successful execution of construction plans, while meeting the timing and costs goals of each project.

The REIT is undertaking the following development activities which are at various stages of execution ranging from planning to active development:

TABLE 4C - DEVELOPMENT ACTIVITY BY REGION

Expressed in thousands of Canadian dollars, except percentage amounts

	Number of Projects	Estimated Completion Date	Estimated Project Costs	Estimated Costs to Complete	% Pre-leased	Anticipated Project Yield	Anticipated Stabilized NOI	Potential value accretion
Australia	1	Q3 2016	14,620	7,559	100%	8.5%	1,243	1,415
Brazil	2	Q4 2016 / Q4 2018	48,986	48,986	100%	10.5%	5,144	7,166
Canada	2	Q4 2016	51,593	12,418	74%	7.1%	3,647	4,508
	5		115,199	68,963			10,034	13,089

The reader is cautioned that the above information is forward-looking and actual results may vary materially. See **FORWARD-LOOKING INFORMATION ADVISORY.**

The Australian development activity pertains to Vital Trust's South Eastern Private Hospital. The Australian development is expected to be funded through Vital Trust's existing resources. During the period Vital Trust completed development on Marian Centre and started receiving rent.

The Brazilian development activity relates to expansion planned for both the REIT's HMB and Coração hospitals and is expected to be funded through a combination of existing resources and property financing.

The Canadian development activity relates to the REIT's properties located at 85 The East Mall, Etobicoke, Ontario and at the Barrie Primary Care Campus in Barrie, Ontario, both acquired in January 2015.

Anticipated stabilized NOI is Management's estimate of the amount of annual NOI the development activity will generate upon substantial completion and the commencement of rent payments. Estimated total cost includes acquisition cost, estimated total construction and financing costs. The material assumption made in formulating the estimated total cost is that construction and financing costs remain stable for the remainder of the development period in each of the REIT's regions. Estimated project yield on cost is the estimated annual NOI as a percentage of the estimated total cost. Estimated cost to complete is the difference between the estimated total cost and the costs incurred to date.

LEASING COSTS AND CAPITAL EXPENDITURES

TABLE 5 - LEASING COSTS AND CAPITAL EXPENDITURES

Expressed in thousands of Canadian dollars	Three months ended March 31, 2016				
Unaudited	**Canada**[4]	**Brazil**	**Germany**	**Australasia**	**Total**
Additions to investment properties					
Leasing Costs [1]	$ 321	$ -	$ 38	$ -	$ 359
Tenant improvements [2]	2,761	-	-	-	2,761
Maintenance capital expenditures	1,828	-	113	-	1,941
Other capital expenditures	1,347	-	-	1	1,348
	6,257	-	151	1	6,409
Internal leasing costs expensed [1]	341	-	48	-	389
	6,598	-	199	1	6,798
Less:					
Recoverable maintenance capital expenditures	(1,828)	-	-	-	(1,828)
Other value enhancing and non-recurring capital expenditures	(1,613)	-	-	(1)	(1,614)
Leasing costs and non-recoverable maintenance capital expenditures	**$ 3,157**	**$ -**	**$ 199**	**$ -**	**$ 3,356**
AFFO adjustment for leasing costs and and non-recoverable maintenance capital expenditures [3]	**$ 2,160**	**$ -**	**$ 215**	**$ -**	**$ 2,375**
Leasing costs and non-recoverable maintenance capital expenditures in excess of AFFO adjustment	**$ 997**	**$ -**	**$ (16)**	**$ -**	**$ 981**

Notes

(1) The leasing costs exclude base salary and benefits of the internal leasing department which have been expensed.

(2) Tenant improvements include tenant allowances and landlord's work.

(3) In Canada and Germany, due to the nature of the portfolios, on a quarterly basis and during portfolio repositioning, leasing costs, tenant improvements and maintenance capital expenditures can fluctuate and as such, should not be regarded as stabilized. As a result the REIT uses a reserve of 6% of revenue from investment properties in Canada and Germany when determining AFFO. In Brazil and Australasia due to the long term, triple net nature of the leases the REIT uses actual leasing costs and non-recoverable maintenance capital expenditures when determining AFFO.

(4) Leasing costs for the three months ended March 31, 2016 include $562 of additions related to assets held for sale.

Canada

On a quarterly basis and during portfolio repositioning, leasing costs, tenant improvements and capital expenditures can fluctuate and as such, should not be regarded as stabilized. Further, in accordance with the REIT's strategy of extending average lease term whenever possible, especially for primary medical tenancies, often non‐recurring leasing costs are involved.

Other capital expenditures include $759 related to the refurbishment of the parking garage at Queensway Professional Centre in Mississauga.

Brazil

All of the REIT's hospitals in Brazil are leased to single tenant, hospital operators under long-term, inflation indexed, triple net lease structures in which the REIT does not absorb any property operating cost risk. As a result the REIT does not incur any leasing or capital expenditures at the REIT's Brazil hospitals and therefore the REIT uses actual expenditures (if ever applicable) in determining AFFO.

Germany

On a quarterly basis leasing costs, tenant improvements and capital expenditures can fluctuate and as such, should not be regarded as stabilized. Additions to the German investment properties for the three months ended March 31, 2016 were $151.

Australasia

The majority of Vital Trust's assets represent hospitals leased to single tenant, hospital operators under long-term, inflation indexed, triple net lease structures in which Vital Trust does not absorb any property operating cost risk. As a result, Vital Trust does not incur significant leasing or maintenance capital expenditures. For Vital Trust's MOB portfolio and certain hospital assets, leasing costs, tenant improvements and maintenance capital expenditures can be incurred. The REIT has elected to recognize actual leasing and maintenance capital expenditures incurred by Vital Trust in determining AFFO due to the significant proportion of Vital Trust's portfolio comprising of triple net leased hospitals.

PART III – RESULTS FROM OPERATIONS

NET INCOME

The following is a summary of selected financial information from the consolidated statements of income and comprehensive income for the three months ended March 31, 2016 and 2015:

TABLE 6 - RESULTS FROM OPERATIONS			
Expressed in thousands of Canadian dollars	Three months ended March 31		
	2016	2015	Variance
	(Unaudited)	(Unaudited)	(Unaudited)
Net Operating Income [(1)]			
Revenue from investment properties	$ 64,905	$ 26,933	$ 37,972
Property operating costs	(20,198)	(2,956)	(17,242)
	44,707	**23,977**	**20,730**
Other income			
Share of profit (loss) from associates	-	1,563	(1,563)
Interest income	191	457	(266)
	191	**2,020**	**(1,829)**
	44,898	**25,997**	**18,901**
Other expenses			
Mortgage and loan interest expense	(18,974)	(10,514)	(8,460)
General and administrative expenses	(5,326)	(5,709)	383
Transaction costs	(2,568)	(4,375)	1,807
Other Finance costs	(20,547)	(7,051)	(13,496)
Foreign exchange gain (loss)	2,272	(2,167)	4,439
Amortization of intangible asset	-	-	-
Income (Loss) before the undernoted items	**(245)**	**(3,819)**	**3,574**
Fair value adjustment of DUP Liability	(813)	353	(1,166)
Fair value adjustment of investment properties	10,435	14,447	(4,012)
Net loss on disposal of investment properties	(1,417)	-	(1,417)
Gain (Loss) on derivative financial instruments	(3,720)	(1,277)	(2,443)
Income (Loss) before taxes	**4,240**	**9,704**	**(5,464)**
Income tax expense	(5,426)	(6,810)	1,384
Net income (loss)	**$ (1,186)**	**$ 2,894**	**$ (4,080)**
Net income (loss) attributable to:			
Unitholders	$ (8,049)	$ (1,541)	$ (6,508)
Non-controlling interest	6,863	4,435	2,428
	$ (1,186)	**$ 2,894**	**$ (4,080)**

Notes

(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A and analyzed in greater detail in section "Net Operating Income"

The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI. The financial results for the periods subsequent to the completion of the Combination Transaction reflect the consolidated results of the REIT and NWI.

See **PART XII – SUPPLEMENTAL DISCLOSURE** for additional information on the components of net income.

Revenue from investment properties

Revenue from investment properties for the three months ended March 31, 2016 was $64,905 which is $37,972 greater than the three months ended March 31, 2015. Of this increase, $35,992 is attributable to the consolidation of the results of the REIT with NWI following completion of the Combination Transaction. The remaining increase of $1,980 is a result of source currency revenue increases at Vital Trust due to rent increases, completion of development and acquisition activity; Brazil rent indexation; source currency rent increases in Germany and the strengthening of the Euro against the Canadian dollar from the comparable prior year period. The impact of these increases was muted by the weakening of the New Zealand dollar and Brazilian Real against the Canadian dollar from the comparable prior year period.

See also **NET OPERATING INCOME**.

Property operating costs

In Canada, Germany and Australasia, property operating costs are comprised of amounts recoverable from tenants (including property taxes, maintenance, utilities and insurance) and non-recoverable expenses including certain property management costs.

The nature of the leases in Brazil is such that the tenant is responsible for all operating costs of the property. The REIT incurs social taxes applied against the revenues earned from the Brazil properties as a result of the corporate structure of the entities holding the assets. In the second quarter of 2015 the REIT reclassified social taxes, previously recognized as property operating costs, to general and administrative expenses. The current quarter reflects this presentation and prior year comparable amounts have been restated to conform to the current presentation.

Property operating costs for the three months ended March 31, 2016 were $20,198 as compared to $2,956 for the three months ended March 31, 2015. Of the increase, $16,878 is attributable to the consolidation of the results of the REIT with NWI following completion of the Combination Transaction. The remaining increase of $364 is primarily a result of source currency operating cost increases at Vital Trust due to completion of development and acquisitions; partially offset by the weakening of the New Zealand dollar against the Canadian from the comparable prior year period.

See also **NET OPERATING INCOME**.

Share of profit (loss) of associates

Prior to the completion of the Combination Transaction on May 15, 2015, NWI accounted for its approximate 25% ownership of the REIT using the equity method.

The share of profit (loss) of associates, and distributions received, for the three months ended March 31, 2016 and 2015 is as follows:

TABLE 6A - SHARE OF PROFIT (LOSS) OF ASSOCIATES AND DISTRIBUTIONS RECEIVED			
Expressed in thousands of Canadian dollars	Three months ended March 31		
	2016	2015	Variance
	(Unaudited)	(Unaudited)	(Unaudited)
Share of profit (loss) of associates			
NorthWest REIT	$ -	$ 1,563	$ (1,563)
Distributions received			
NorthWest REIT	$ -	$ 2,380	$ (2,380)

Interest income

Interest income represents amounts earned on invested cash balances and related party balances (see **PART V – RELATED PARTY TRANSACTIONS**). For the three months ended March 31, 2016 and 2015, the REIT recorded interest income of $191 and $457, respectively. The decrease from the comparable prior year period reflects the reduction in interest earned from related parties.

Mortgage and loan interest expense

Mortgage and loan interest expense for the three months ended March 31, 2016 and 2015 is as follows:

TABLE 6B - MORTGAGE AND LOAN INTEREST EXPENSE			
Expressed in thousands of Canadian dollars	Three months ended March 31		
	2016	2015	Variance
	(Unaudited)	(Unaudited)	(Unaudited)
Canada			
Mortgages	$ 9,171	$ -	$ (9,171)
Brazil			
Brazil Term Loans	1,345	2,980	1,635
Germany			
Mortgages	443	447	4
Australasia			
Term loans	3,621	2,905	(716)
Corporate			
NWH Margin Facilities	-	1,482	1,482
Vital Margin Facilities	681	813	132
Acquisition Facility	491	485	(6)
Revolving Credit Facility(1)	697	-	(697)
Other	34	23	(11)
Convertible Debentures			
NWH.DB	525	-	(525)
NWH.DB.A	365	362	(3)
NWH.DB.B	326	324	(2)
NWH.DB.C	699	693	(6)
NWH.DB.D	725	-	(725)
	4,543	4,182	(361)
less: capitalized interest general borrowings	(149)	-	149
	4,394	4,182	(212)
Total mortgage and loan interest expense	**$ 18,974**	**$ 10,514**	**$ (8,460)**

Notes

(1) Includes interest from the Non-Revolving Credit Facility Expansion.

The mortgage and loan interest expense for the three months ended March 31, 2016 was $18,974, an increase of $8,460 over the prior year period.

For additional information on the REIT's debt see **CAPITAL STRUCTURE – Debt**.

Canada

Mortgage interest expense in the current quarter reflects the consolidation of the NorthWest REIT's Canadian mortgage portfolio following closing of the Combination Transaction. The weighted average interest rate of the Canadian mortgage portfolio as at March 31, 2016 was 4.09%.

Included in mortgage interest expense for the three months ended March 31, 2016 are debt repayment costs of $1,997 representing prepayment penalties associated with early mortgage repayments (three months ended March 31, 2015 - $Nil).

Brazil

The decrease in interest expense for the three months ended March 31, 2016, over the prior year quarter, reflects interest savings due to reductions in the term loans on the Rede D'Or Hospital Portfolio (the "**Brazil Term Loans**") following the repayment of the loans associated with HMB and Hospital Caxias in the fourth quarter of 2015, as well as, favourable foreign exchange movements. These were partially offset by an increase to the interest rate on the Brazil Term Loans to 10.3% from 7.3% in the prior year quarter

Germany

Mortgage interest expense is comparable to the prior year quarter as interest rates savings associated with the refinancing of mortgages secured against five of the REIT's properties located in Berlin and Fulda, Germany in August 2015, which decreased the weighted average interest rate with respect to the five properties to 1.65% from 2.27%, were offset by unfavourable foreign exchange movements.

Australasia

The increase in the interest expense over the comparable prior year quarter reflects an increase in Vital Trust's Term loans associated with financing acquisitions and interest expense now recognized on completed development. The weighted average interest rate of the Vital Trust term loans was 4.78% as at March 31, 2016, a decrease from 5.69% as at March 31, 2015.

Corporate

During the second quarter of 2015, immediately prior to completing the Combination Transaction, NWI's Canadian margin facilities (the "**NWH Margin Facilities**"), with an outstanding balance of $68,143, were repaid. As a result the interest expense associated with the NWH Margin Facilities was eliminated as compared to the prior year comparable quarter.

The REIT has margin facilities secured by the units it owns of Vital Trust (the "**Vital Margin Facilities**"). Vital Margin Facilities bear interest at a rate that fluctuates with the one-month rate for New Zealand dollar bills of exchange (the "**BKBM**" rate). The weighted average interest rate of the Vital Margin Facilities was 6.06% as at March 31, 2016 as compared to 6.86% as at March 31, 2015. The REIT also benefited from a favourable foreign exchange movement over the comparable prior year quarter.

NorthWest REIT's Revolving Credit Facility (as defined under **CAPITAL STRUCTURE – Debt**) bears interest at a rate equal to the bank's prime rate plus 1.00% or Bankers' Acceptances plus 2.00%. Interest expense in the current quarter reflects consolidation of NorthWest REIT's Revolving Credit Facility following closing of the Combination Transaction.

Interest expense on the Convertible Debentures has increased over the comparable prior year periods following consolidation of NorthWest REIT's NWH.DB Convertible Debentures following closing of the Combination Transaction. In addition during the fourth quarter of 2015 the REIT issued a combined $53,000 principal amount of NWH.DB.D Convertible Debentures. The NWH.DB.D Convertible Debentures pay interest at 5.50% per annum.

For additional information on the REIT's Convertible Debentures and associated interest rates see **CAPITAL STRUCTURE – Debt.**

General and administrative expenses ("G&A")

General and administrative expenses for the three months ended March 31, 2016 were $5,326 as compared to $5,709 in the quarter ended March 31, 2015 (prior year G&A has been restated to reflect the reclassification of

Brazil's social taxes to G&A from property operating costs). G&A for the three months ended March 31, 2016 includes DUP Compensation Expense (as defined under **ADJUSTED FUNDS FROM OPERATIONS ("AFFO") – DUP Compensation Expense**) of $1,861 (three months ended March 31, 2015 - $2,489). G&A, excluding amounts associated with DUP Compensation Expenses, increased $245 over the prior year quarter primarily as a result of combining NorthWest REIT G&A with NWI following completion of the Combination Transaction.

Transaction costs

For the three months ended March 31, 2016 the REIT incurred transaction costs of $2,568, of which $1,337 relates to transaction costs associated with an acquisition completed in a previous year. The remaining costs consist of due diligence costs relating to the Combination Transaction.

For the three months ended March 31, 2015 the REIT incurred transaction costs of $4,375 which are comprised of $690 related to the Internalization Transaction and $3,685 related to costs incurred to date for the Combination Transaction. As both the Internalization and Combination Transactions are assumed to be business combinations, the transaction costs incurred are expensed in the period incurred.

Other Finance costs

Other finance costs for the three months ended March 31, 2016 and 2015 consisted of the following:

TABLE 6C - OTHER FINANCE COSTS

	Three months ended March 31		
	2016 (Unaudited)	**2015** (Unaudited)	**Variance** (Unaudited)
Distributions on Exchangeable Units	$ 3,800	$ 5,074	$ 1,274
Loss on revaluation of financial liabilities	2,473	5,867	3,394
Amortization of deferred financing costs	1,017	1,922	905
Amortization of marked to market adjustment	(2,552)	-	2,552
Fair value adjustment of Convertible Debentures	2,321	4,337	2,016
Convertible Debenture issuance costs	-	1	1
Fair value adjustment of Exchangeable Units	13,488	(10,150)	(23,638)
Total Finance Costs	**$ 20,547**	**$ 7,051**	**$ (13,496)**

Distributions on Exchangeable Units

Under IFRS, Exchangeable Units distributions are treated as a finance cost. The Exchangeable Units receive distributions on an equivalent per unit basis to the distributions declared on the Trust Units. The decrease in distributions over the comparable three months ended March 31 reflects the reduction in distributions per unit from $0.0881 per month (as adjusted for the Exchange Ratio) to $0.0667 following closing of the Combination Transaction. 189,998 Exchangeable Units were also exchanged and cancelled on December 1, 2015.

Loss on revaluation of financial liabilities

On maturity, the principal balance of both of the Brazil Term Loans and the holdbacks payable (included in deferred consideration), in respect the three hospitals acquired from Rede D'Or Sao Luiz in December 2013 (the "**Rede D'Or Hospital Portfolio Acquisition**"), are adjusted by the inflation rate (the consumer price inflation measure used by the Central Bank of Brazil for guiding monetary policy ("**IPCA**") or the Certificate of Interbank Deposit rate (the average one-day interbank deposit rate ("**CDI**")) from the date of inception of these liabilities to their respective maturities. The decrease over the comparable prior year periods reflects a reduction in the Brazil Term Loans outstanding following repayment of the loans associated with HMB and Hospital Caxias in the fourth quarter of 2015, as well as, the Brazilian Real depreciating against the Canadian dollar since the comparable prior year period; partially offset by higher inflation rates in the current year. The annual inflation rate for March 31, 2016 was 9.39% as compared to 8.13% for March 31, 2015.

Amortization of deferred financing costs

Included in Finance Costs is amortization of deferred financing costs incurred to arrange mortgage or debt financing. The decrease in deferred financing costs relative to 2015 is primarily due to the repayment of the HMB and Caxias D'or Brazil Term Loans in December 2015, as well as the foreign exchange impact of the declining Brazilian Real relative to the Canadian dollar.

Fair value adjustment of Convertible Debentures

Under IFRS, the REIT has elected to measure Convertible Debentures at fair value. The fair value of the Convertible Debentures is based on the closing trading price of the REIT's Convertible Debentures as at the reporting date. Table 6D summarizes the closing prices of the REIT's Convertible Debentures at each quarter end for the last nine quarters:

TABLE 6D - CLOSING PRICE OF CONVERTIBLE DEBENTURES

	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
Month-end closing price (Canadian $)									
NWH.DB(1)	990.00	970.00	990.00	1,000.00	N/A	N/A	N/A	N/A	N/A
NWH.DB.A(2)	1,002.50	1,010.00	1,005.00	1,000.00	960.10	900.10	945.60	905.10	950.00
NWH.DB.B(2)	1,013.00	1,002.00	1,017.50	1,010.00	970.00	998.70	1,020.00	959.90	1,000.00
NWH.DB.C(2)	1,018.00	1,000.00	1,000.00	1,000.00	969.90	880.00	975.00	N/A	N/A
NWH.DB.D	995.00	980.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes

(1) The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI. As a result the REIT's NWH.DB series of convertible debentures has been excluded from the above analysis for period prior to completion of the Combination Transaction.

(2) Pursuant to the Combination Transaction NWI's convertible debentures previously trading under the symbols MOB.DB, MOB.DB.A and MOB.DB.B, were assumed by the REIT, ceased to trade on the TSX Venture Exchange at the close of business on May 19, 2015 and commended trading on the TSX under the symbols NWH.DB.A, NWH.DB.B and NWH.DB.C, respectively, on May 20, 2015.

An increase in the price of a convertible debenture results in a fair value loss to the REIT and a decrease in the price of a convertible debenture results in a fair value gain to the REIT.

Exchangeable Units – Fair value adjustment

The Exchangeable Units, under IFRS, are measured at fair value. The fair value of the Exchangeable Units mirrors the trading price of the REIT Trust Units. An increase in the trading price of a REIT Trust Unit will result in a corresponding increase in the fair value of the Exchangeable Units liability and a fair value loss to the REIT. A decrease in the trading price of a REIT Trust Unit will result in a corresponding decrease in the fair value of the Exchangeable Units liability and a fair value gain to the REIT.

Table 6E summarizes the closing prices of the REIT Trust Units at each quarter end for the last nine quarters:

TABLE 6E - CLOSING PRICE OF REIT TRUST UNITS

	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14
Month-end closing price (Canadian $)	9.64	8.93	8.00	7.97	9.09	9.62	10.53	9.81	10.34

Notes

(1) The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI. As a result the closing price of NWI's units presented above, for periods prior to completion of the Combination Transaction, have been adjusted by the Exchange Ratio.

Foreign exchange gain (loss)

The REIT's financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing balance sheet rate. The REIT's unrealized foreign exchange gain (loss) for the periods relates primarily to the revaluation of the Vital Margin Facilities which are denominated in New Zealand dollars and held by a Canadian subsidiary of the REIT, and which is predominantly an unrealized exchange movement.

For the three months ended March 31, 2016, the REIT recorded a foreign exchange gain of $2,272, which is made up of a realized exchange loss of $15 and an unrealized exchange gain of $2,287. The unrealized foreign exchange loss for the three months ended March 31, 2016 is primarily a result of the revaluation of the Vital Margin Facilities. During the three months ended March 31, 2016, the New Zealand dollar weakened by approximately 5% relative to the Canadian dollar, thus decreasing the value of the New Zealand debt.

For the three months ended March 31, 2015, the REIT recorded a foreign exchange loss of $2,167, which is made up of a realized exchange gain of $28 and an unrealized exchange loss of $2,195. The unrealized foreign exchange loss for the three months ended March 31, 2015 is primarily a result of the revaluation of the Vital Margin Facilities. During the three months ended March 31, 2015, the New Zealand dollar strengthened by approximately 5% relative to the Canadian dollar, thus increasing the value of the New Zealand debt.

See also **FOREIGN EXCHANGE AND CURRENCY MANAGEMENT**

Fair value adjustment of DUP Liability

Under IFRS, the REIT's unit-based deferred unit compensation liability ("**DUP Liability**") is measured at fair value each reporting period. The fair value of the DUP Liability mirrors the trading price of the REIT Trust Units for deferred units exchangeable into REIT Trust Units, and the trading price of Vital Trust units for deferred units exchangeable into Vital Trust units.

The fair value adjustment on revaluation of the DUP Liability for the three months ended March 31, 2016 was a loss of $813 as compared to a fair value gain of $353 for the three months ended March 31, 2015.

Fair value adjustment of investment properties

For the three months ended March 31, 2016, the REIT recorded a fair value gain on investment properties of $10,435 related primarily to a $9,517 revaluation increase of the Brazil portfolio and a $5,976 increase in the Vital Trust investment properties; partially offset by a net $4,908 fair value loss related to the Canadian property portfolio (inclusive of a $5,917 fair value loss associated with assets held for sale). The revaluation of the Brazil portfolio during the three months ended March 31, 2016 is related to the actual and estimated increases in rents for inflation, increasing the portfolio's net operating income. The increase in the Vital Trust assets reflects actual rent increases derived from inflation indexation during the quarter.

For the three months ended March 31, 2015, the REIT recorded a fair value gain on investment properties of $14,447 primarily related to the revaluation of the Brazil portfolio. The revaluation of the Brazil portfolio during the three months ended March 31, 2015 is related to the contractual increase in rents for inflation, increasing the portfolio's net operating income. Assumptions in respect of capitalization rates and discount rates remain unchanged from the prior quarter.

See also **INVESTMENT PROPERTIES**.

Net loss on disposal of investment properties

During the three months ended March 31, 2016, the REIT recognized a loss on sale of $1,417 due to transaction costs associated with the sale of eight Canadian investment properties.

Gain/Loss on derivative financial instruments

Gain/Loss on derivative financial instruments for the three months ended March 31, 2016 and 2015 consisted of the following:

TABLE 6F - GAIN (LOSS) ON DERIVATIVE FINANCIAL INSTRUMENTS			
Expressed in thousands of Canadian dollars	Three months ended March 31		
	2016	2015	Variance
	(Unaudited)	(Unaudited)	(Unaudited)
Canada			
Interest rate swaps	$ (682)	$ -	$ (682)
Brazil			
Brazil Loans interest rate swaps	375	1,719	(1,344)
Germany			
Interest rate swaps	(399)	(123)	(276)
Australasia			
Interest rate swaps	(2,957)	(3,250)	293
Foreign exchange derivatives	-	161	(161)
Foreign exchange contracts	(65)	224	(289)
Corporate			
Vital Margin Facility interest rate swaps	8	(8)	16
Other	-	-	-
Warrant liability	-	-	-
Total mortgage and loan interest expense	**$ (3,720)**	**$ (1,277)**	**$ (2,443)**

Income tax expense

The combined current tax and deferred tax expense of the REIT for the three months ended March 31, 2016 was $5,426.

For the three months ended March 31, 2016, the REIT recognized a current income tax charge of $1,308. The current taxes relate primarily to the income taxes payable by subsidiaries of the REIT in Brazil, as well as the Vital Manager and Vital Trust. Current tax expense for Vital Trust can fluctuate period over period depending on the settlement of foreign currency derivatives utilized in Vital Trust's hedging program.

The deferred tax expense of the REIT for the three months ended March 31, 2016 was $4,118. The REIT records deferred tax liabilities in Germany and Brazil arising primarily due to the difference between the carrying value and tax cost of its investment properties. The deferred tax expense of the REIT for the three months ended March 31, 2016 related to the German and Brazil investment properties was $3,541. Vital Trust recorded a deferred expense for the three months ended March 31, 2016 of $242, which relates primarily the fair value movement of investment properties partially offset by the deferred tax asset related to derivative valuations. Vital Manager recorded a deferred tax liability for the three months ended March 31, 2016 of $335.

The combined current tax and deferred tax expense of the REIT for the three months ended March 31, 2015 was $6,810.

For the three months ended March 31, 2015, current income tax income was $1,509. The current taxes relate primarily to $1,293 and $160 of current income taxes payable by Vital Trust and Vital Manager, respectively.

The deferred tax expense of the REIT for the three months ended March 31, 2015 was $5,301. The REIT recorded a deferred tax liability in Germany ($123) and Brazil ($5,670) due to the difference between the carrying value and tax cost of its investment properties. Vital Trust also recorded a deferred tax recovery of $472.

NET OPERATING INCOME

NOI is an additional IFRS measure of the REIT's operating performance. 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. The REIT uses NOI to assess its property operating performance on an unleveraged basis. Same property NOI for the three months ended March 31, 2016 represents income from currently owned investment properties, excluding properties held for redevelopment, acquired prior to January 1, 2015.

The REIT's NOI for the three months ended March 31, 2016 is summarized below on a same property basis consolidated in Canadian dollars (Table 7) and then separately by region in source currency (Table 7A – Canada, Table 7B – Brazil, Table 7C - Germany and Table 7D - Australasia):

TABLE 7 - SAME PROPERTY NOI

Expressed in thousands of Canadian dollars	Three months ended March 31		
	2016	**2015**	**Variance**
	(Unaudited)	(Unaudited)	(Unaudited)
Same property NOI [(1)]			
Same propety revenue from investment properties	$ 28,932	$ 27,188	$ 1,744
Same property operating costs	(3,365)	(2,955)	(410)
	25,567	**24,233**	**1,334**
NOI of the REIT [(2)]	19,114	-	19,114
Acquisitions	472	267	205
Dispositions	-	-	-
Inter-company/elimination	(446)	(523)	77
NOI [(1)]	**$ 44,707**	**$ 23,977**	**$ 20,730**

Notes

(1) NOI is an additional IFRS measure presented on the condensed consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

(2) The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI.

TABLE 7A - SAME PROPERTY NOI - CANADA

In thousands of CAD	Three months ended March 31		
	2016	**2015**	**Variance**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Same property NOI (1)(3)(4)			
Same propety revenue from investment properties	$ 34,419	$ 34,299	$ 120
Same property operating costs	(16,038)	(15,921)	(117)
	18,381	**18,378**	**3**
Properties held for redevelopment	-	136	(136)
Acquisitions	460	468	(8)
Dispositions	273	1,235	(962)
NOI (1)	**$ 19,114**	**$ 20,217**	**$ (1,103)**
Reclass to share of profit (loss) of associates (2)	-	(20,217)	20,217
NOI (1) (2)	**$ 19,114**	**$ -**	**$ 19,114**

Notes

(1) NOI is an additional IFRS measure presented on the condensed consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

(2) The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI.

(3) Same property NOI is not directly comparable to the prior year periods due to acquisition adjustments associated with the Combination Transaction that impact the pattern of straight-line rent amortization. Same property NOI includes the straight-line rent income of $288 for the three months ended March 31, 2016 ($5 for the three months ended March 31, 2015).

(4) Same Property NOI for Canada has been presented for information purposes only. On a consolidated basis, as NWI has been identified as the accounting acquirer of the REIT, all NOI generated by Canadian properties is treated as an acquistion.

TABLE 7B - SAME PROPERTY NOI - BRAZIL

In thousands of BRL and CAD	Three months ended March 31		
	2016	**2015**	**Variance**
	(Unaudited)	(Unaudited)	(Unaudited)
Same property NOI (1) - in thousands of BRL			
Same propety revenue from investment properties	R$ 21,744	R$ 19,655	R$ 2,089
Same property operating costs	-	-	-
	21,744	**19,655**	**2,089**
Acquisitions - in thousands of BRL	-	-	-
Dispositions - in thousands BRL	-	-	-
NOI (1) - in thousands of BRL	**R$ 21,744**	**R$ 19,655**	**R$ 2,089**
FX Rate	0.3522	0.4353	(0.0831)
NOI (1) - in thousands of CAD	**$ 7,658**	**$ 8,555**	**$ (897)**

Notes

(1) NOI is an additional IFRS measure presented on the condensed consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

TABLE 7C - SAME PROPERTY NOI - GERMANY

In thousands of Euro and CAD	Three months ended March 31		
	2016	**2015**	**Variance**
	(Unaudited)	(Unaudited)	(Unaudited)
Same property NOI (1) - in thousands of Euro			
Same propety revenue from investment properties	€ 2,353	€ 2,266	€ 87
Same property operating costs	(612)	(681)	69
	1,741	**1,585**	**156**
Acquisitions - in thousands of Euro	6	-	6
Dispositions - in thousands of Euro	-	-	-
NOI (1) - in thousands of Euro	**€ 1,747**	**€ 1,585**	**€ 162**
FX Rate	1.5155	1.3967	0.1188
NOI (1) - in thousands of CAD	**$ 2,648**	**$ 2,215**	**$ 433**

Notes

(1) NOI is an additional IFRS measure presented on the condensed consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

TABLE 7D - SAME PROPERTY NOI - AUSTRALASIA			
In thousands of NZD and CAD	Three months ended March 31		
	2016	**2015**	**Variance**
	(Unaudited)	(Unaudited)	(Unaudited)
Same property NOI [1][3] - in thousands of NZD			
Same propety revenue from investment properties	$ 19,419	$ 16,589	$ 2,830
Same property operating costs	(2,673)	(2,149)	(524)
	16,746	**14,440**	**2,306**
Acquisitions - in thousands of NZD	507	287	220
Dispositions in thousands of NZD	-	-	-
NOI [1] - in thousands of NZD	**17,253**	**$ 14,727**	**$ 2,526**
FX Rate	0.9119	0.9324	(0.0205)
NOI [1] - in thousands of CAD	**$ 15,733**	**$ 13,730**	**$ 2,003**

Notes

(1) NOI is an additional IFRS measure presented on the condensed consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

Revenue from investment properties

Canada

Same property revenue from investment properties for the three months ended March 31, 2016 increased $120 from March 31, 2015. Excluding an increase in straight-line rent of $283, primarily due to acquisition adjustments associated with the Combination Transaction that impact the pattern of straight-line rent amortization, same property revenue decreased $163. The decrease is primarily due to a $180 reduction in base rent due to occupancy weakness in a few of the REIT's properties, including a property held for sale in Atlantic region, and a decrease in lease termination amounts of $100; partially offset by parking revenue increase of $95.

Brazil

In Brazil, same property revenues for the three months and year ended March 31, 2016 increased over the comparable prior year period as a result of inflationary adjustments which are implemented annually across the portfolio, in accordance with the REIT's leasing contracts. In the first quarter, the leases relating to the REIT's HMB and Rede D'Or Hospital Portfolio properties were adjusted for the annual inflation rate realized as at the date of the rental rate increases ranging between 10.36% and 10.67%. In the second quarter of 2015, the Sabará Tenant lease was adjusted by annual IPCA which increased by 7.7% reflecting the 12 month IPCA rate as at April 1, 2015.

Germany

Same property revenue from Germany's investment properties increased by €87 for the three months ended March 31, 2016, against the prior year quarter. Year over year occupancy was stable. The higher same property revenue for the three months ended March 31, 2016 is primarily inflationary rental increases to existing tenants of approximately 1% and higher operating cost recoveries, as well as, a one off effect of a reimbursement claimed against the former developer for building Berlin I in the amount of €70.

Australasia

For the three months ended March 31, 2016, Vital Trust's same property revenue increased $2,830 over the prior year quarter primarily due to same property rent increases and rentalization of the expansions at Hurstville Private Hospital property, Belmont Private Hospital in Queensland, Australia and Maitland Private Hospital in Newcastle, NSW, Australia.

Property operating costs

Canada

Same property operating expenses for the three months ended March 31, 2016 increased by $117 over the comparable prior year period primarily due to an increase in recoverable operating costs, offset by a reduction in non-recoverable costs (including approximately $180 of above average bad debt provisions in Western Canada from non-medical tenants).

Brazil

The nature of the leases in Brazil is such that the tenant is responsible for all operating costs of the property, excluding social taxes which represent a tax against revenues as a result of the REIT's corporate structure of the entities holding the Brazilian assets. In the second quarter of 2015 the REIT reclassified social taxes to general and administrative expenses. The current quarter reflects this presentation and prior year comparable amounts have been restated to conform to the current presentation.

Germany

Same property operating costs for the three months ended March 31, 2016 decreased €69, against the prior year comparable periods. The decrease in property operating costs for the three months ended March 31, 2016 from the comparable prior year quarter was primarily due to lower usage based cost assumptions (Heating and electricity).

Australasia

For the three months ended March 31, 2016, Vital Trust's same property operating costs were $524 higher than the comparable prior year quarter primarily due costs associated with development which become revenue producing.

FUNDS FROM OPERATIONS ("FFO")

FFO is a supplemental non-IFRS industry wide financial measure of a REIT's operating performance. The REIT calculates FFO based on certain adjustments to net income (computed in accordance with IFRS) as detailed below. Other adjustments may be made to FFO as determined by management at their discretion.

TABLE 8 - FUNDS FROM OPERATIONS

Expressed in thousands of Canadian dollars, except per unit amounts		Three months ended March 31		
		2016 (Unaudited)	**2015** (Unaudited)	**Variance** (Unaudited)
Net income (loss) attributable to unitholders		**$ (8,049)**	**$ (1,541)**	**$ (6,508)**
Add / (Deduct):				
(i)	Fair market value losses (gains)	9,907	(19,336)	29,243
	Less: Non-controlling interests' share of fair market value losses (gains)	2,231	(1,780)	4,011
(ii)	Finance cost - Exchangeable Unit distributions	3,800	5,074	(1,274)
(iii)	Revaluation of financial liabilities	2,473	5,867	(3,394)
(iv)	Unrealized foreign exchange loss (gain)	(2,287)	2,195	(4,482)
	Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	(280)	193	(473)
(v)	Deferred taxes	4,118	5,301	(1,183)
	Less: Non-controlling interests' share of deferred taxes	(184)	359	(543)
(vi)	Non-recurring transaction costs	2,568	4,375	(1,807)
(vii)	Convertible Debenture issuance costs	-	1	(1)
(viii)	Net adjustments for equity accounted entities	-	1,422	(1,422)
(ix)	Internal leasing costs	389	-	389
(x)	Net loss on disposal of investment properties	1,417	-	1,417
Funds From Operations ("FFO") (1)		**$ 16,103**	**$ 2,130**	**$ 13,973**
FFO per Unit - Basic		$ 0.22	$ 0.06	$ 0.16
FFO per Unit - fully diluted (4)		$ 0.22	$ 0.06	$ 0.16
Adjusted weighted average units outstanding: (2)(3)				
Basic		72,037,654	37,286,974	34,750,680
Diluted (4)		83,144,331	37,705,835	45,438,496

Notes

(1) FFO is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. FFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO as reported by other such issuers. FFO is defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(2) Outstanding units and weighted average unit amounts, and the associated per unit amounts, for the period prior to the Combination Transaction, reflect the capital structure of NWI as adjusted for the Exchange Ratio.

(3) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP Units in basic and diluted units outstanding/weighted average units outstanding. There were 18,998,065 Class B LP Units outstanding as at March 31, 2016 and 19,188,063 Class B LP Units outstanding as at March 31, 2015.

(4) Diluted units includes vested but unissued deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual conversion price. Convertible Debentures are dilutive if the interest (net of tax and other changes in income or expense) per unit obtainable on conversion is less than the basic per unit measure.

The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly FFO for the periods prior to completion of the Combination Transaction reflect the results of NWI. The FFO for the periods subsequent to the completion of the Combination Transaction reflect the consolidated results of the REIT and NWI.

See **PART XII – SUPPLEMENTAL DISCLOSURE** for additional information on the components of FFO.

Additional details on the adjustments to the REIT's net income to arrive at FFO are below:

(i) Fair market value gains/ losses

TABLE 8A - FAIR MARKET VALUE LOSSES (GAINS)			
Expressed in thousands of Canadian dollars	Three months ended March 31		
	2016	2015	Variance
	(Unaudited)	(Unaudited)	(Unaudited)
Fair market value losses (gains)			
Fair value adjustment of Convertible Debentures	$ 2,321	$ 4,337	$ (2,016)
Fair value adjustment of Exchangeable Units	13,488	(10,150)	23,638
Fair value adjustment of investment properties	(10,435)	(14,447)	4,012
Loss (Gain) on derivative financial instruments	3,720	1,277	2,443
Fair value adjustment of DUP Liability	813	(353)	1,166
Total	**$ 9,907**	**$ (19,336)**	**$ 29,243**

Additional details are below:

(a) Convertible Debentures

Under IFRS the REIT's Convertible Debentures are classified as financial liabilities measured at fair value through profit and loss and any related unrealized fair value changes in re-measuring the financial liability impact net income. Consistent with the REALpac White Paper on Funds From Operations dated April 2014 ("**REALpac Guidance**") and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to the Convertible Debentures have been added back to the REIT's net income.

(b) Exchangeable Units and DUP Liability

Under IFRS the REIT's Exchangeable Units and DUP Liability are classified as financial liabilities and any related unrealized fair value changes in re-measuring the financial liability impact net income. Consistent with REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to Exchangeable Units and DUP Liability have been added back to the REIT's net income.

(c) Investment properties

Under IFRS the REIT has elected to use the fair value model to account for its investment properties. Under the fair value model, investment properties are carried on the consolidated balance sheet at fair value. The properties are not depreciated and changes in the fair value of the investment properties are recognized in income in the period in which they occur. Consistent with REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to investment properties have been added back to the REIT's net income.

(d) Derivative financial instruments

Under IFRS derivative financial instruments are measured at fair value and any related unrealized fair value changes in re-measuring the derivative financial instrument impact net income. Consistent with the REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, unrealized fair value changes related to derivative financial instruments have been added back to the REIT's net income.

(ii) Finance cost – Exchangeable Unit distributions

Under IFRS the REIT's Exchangeable Units are classified as financial liabilities and any related distributions on the Exchangeable Units are regarded as finance costs. Consistent with REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, distributions related to the Exchangeable Units have been added back to the REIT's net income.

(iii) Revaluation of financial liabilities

On maturity, the principal balance of the Brazil Term Loans and the holdbacks payable (included in deferred consideration), in respect of the Rede D'Or Hospital Portfolio Acquisition, are adjusted by the inflation rate (IPCA or CDI) from the date of inception of these liabilities to their respective maturities. For the three months ended March 31, 2016, a revaluation loss of $2,473 was recorded to account for the related inflation adjustments to the term loans and holdback payable (three months ended March 31, 2015, revaluation loss of $5,867). The accretion expense is treated as a fair value adjustment to the Brazil Term Loans and holdbacks payable related to the Rede D'Or Hospital Portfolio Acquisition, and therefore adjusted for when calculating FFO. Although this adjustment is not consistent with REALpac Guidance, the REIT believes the adjustment is consistent with industry practice.

(iv) Unrealized foreign exchange loss (gain)

Under IFRS, financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing balance sheet rate. The REIT's unrealized foreign exchange movements for the periods relate primarily to the revaluation of the Vital Margin Facilities which are denominated in New Zealand dollars and held by a Canadian subsidiary of the REIT. Consistent with REALpac Guidance, the foreign exchange movements on the indebtedness associated with the REIT's investment in Vital Trust has been added back to the REIT's net income, as it relates to borrowings that arise due to the REIT's interest in a foreign operation (Vital Trust).

(v) Deferred taxes

Under IFRS, the REIT has recorded deferred tax liabilities in Germany, Brazil and Vital Trust, arising primarily due to the difference between the book value and tax cost of its investment properties. Consistent with REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, deferred taxes have been added back to its net income.

(vi) Non-recurring transaction costs

Under IFRS the REIT expensed non-recurring transaction costs related primarily to the Internalization Transaction and Combination Transactions which have been determined to be business combinations. In accordance with the REALpac Guidance, to allow for consistent treatment of transaction costs incurred whether a transaction is recorded as an asset acquisition or business combination, and to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, transaction costs related to the REIT's Internalization Transaction and Combination Transaction have been added back to net income.

(vii) Convertible Debenture issuance costs

In accordance with IFRS, because the REIT measures its Convertible Debentures at fair value, the REIT expenses the costs related to the issuance of the Convertible Debentures. Although this adjustment is not consistent with REALpac Guidance, these non-recurring finance costs related to the issuance of the Convertible Debentures, have been added back to the REIT's net income which the REIT believes is consistent with industry practice.

(viii) Net adjustments for equity accounted entities

Under IFRS, prior to the completion of the Combination Transaction, the REIT's investment in associates were accounted for using the equity method of accounting. As such, the REIT's share of its associate's post acquisition net income (loss) was recognized in its net income (loss), and its share of post-acquisition movements in other comprehensive income (loss) was recognized in other comprehensive income (loss). Consistent with REALpac Guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, the REIT's share of its associate's post acquisition net income (loss) was added/(deducted) to/(from) net income and FFO is presented after including the REIT's proportionate share of the associates' FFO.

Additional details on these adjustments are provided in the table below:

TABLE 8B - NET ADJUSTMENTS FOR EQUITY ACCOUNTED ENTITIES

Expressed in thousands of Canadian dollars	Three months ended March 31		
	2016	**2015**	**Variance**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
NorthWest REIT - FFO [(1)(2)]	$ -	$ 11,733	$ (11,733)
average % of NorthWest REIT owned during the period	n/a	25%	
NorthWest REIT Proportionate FFO	**$ -**	**$ 2,985**	**$ (2,985)**
Funds From Operations from Associates ("FFO") [(1)]	**$ -**	**$ 2,985**	**$ (2,985)**
Less: Share of profit (loss) of associates	n/a	1,563	
Net adjustments for equity accounted entities	**$ -**	**$ 1,422**	**$ (1,422)**

Notes

(1) FFO is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. FFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO as reported by other such issuers. FFO is defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(2) The Combination Transaction was completed on May 15, 2015. FFO for the three months ended March 31, 2015 represents NorthWest REIT's FFO.

(ix) Internal leasing costs

In accordance with IFRS, internal leasing costs that aren't incremental are expensed. These amounts include the base salary and benefits of the internal leasing department. Consistent with REALpac Guidance these costs that can be reasonably and directly attributed to signed leases, and that would otherwise be capitalized if incurred from external sources, are added back to net income in determining FFO.

(x) Net loss on disposal of investment properties

Consistent with REALpac Guidance the REIT has adjusted FFO for the net loss on disposal of investment properties.

ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

AFFO is a supplemental non-IFRS industry wide financial measure of a REIT's operating performance. The REIT calculates AFFO as FFO, plus/minus certain adjustments as detailed below. Other adjustments may be made to AFFO as determined by management at their discretion.

TABLE 9 - ADJUSTED FUNDS FROM OPERATIONS

Expressed in thousands of Canadian dollars, except per unit amounts	Three months ended March 31		
	2016 (Unaudited)	**2015** (Unaudited)	**Variance** (Unaudited)
Funds From Operations ("FFO") [1]	$ 16,103	$ 2,130	$ 13,973
Add / (Deduct):			
(i) Interest Rate Subsidy	-	669	(669)
(ii) Amortization of marked to market adjustment	(2,552)	-	(2,552)
(iii) Amortization of deferred financing charges	1,017	1,922	(905)
Less: Non-controlling interests' share of amortization of deferred financing charges	(68)	(57)	(11)
(iv) Straight-line revenue	(165)	178	(343)
Less: non-controlling interests' share of straight-line revenue	(144)	-	(144)
(v) Leasing costs and non-recoverable maintenance capital expenditures	(2,375)	(17)	(2,358)
Less: non-controlling interests' share of actual capex and leasing costs	-	-	-
(vi) DUP Compensation Expense	1,861	2,489	(628)
(vii) Internalization Contribution	-	1,385	(1,385)
(viii) Debt repayment costs	1,997	-	1,997
Adjusted Funds From Operations ("AFFO") [1]	**$ 15,674**	**$ 8,699**	**$ 6,975**
AFFO per Unit - Basic	$ 0.22	$ 0.23	$ (0.01)
AFFO per Unit - fully diluted [3]	$ 0.21	$ 0.23	$ (0.02)
Distributions per Unit - Basic	$ 0.20	$ 0.26	$ (0.06)
Adjusted weighted average units outstanding: [2]			
Basic	72,037,654	37,286,974	34,750,680
Diluted [3]	81,494,696	43,971,934	37,522,762

Notes

(1) FFO and AFFO are not measures recognized under IFRS and does not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. FFO and AFFO are defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(2) Outstanding units and weighted average unit amounts, and the associated per unit amounts, for the period prior to the Combination Transaction, reflect the capital structure of NWI as adjusted for the Exchange Ratio.

(3) Under IFRS the REIT's Class B LP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP Units in basic and diluted units outstanding/weighted average units outstanding. There were 18,998,065 Class B LP Units outstanding as at March 31, 2016 and 19,188,063 Class B LP Units outstanding as at March 31, 2015.

(4) Diluted units includes vested but unissued deferred trust units and the conversion of the REIT's Convertible Debentures that would have a dilutive effect upon conversion at the holders' contractual conversion price. Convertible Debentures are dilutive if the interest (net of tax and other changes in income or expense) per unit obtainable on conversion is less than the basic per unit measure.

The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly AFFO for the periods prior to completion of the Combination Transaction reflect the results of NWI. The AFFO for the periods subsequent to the completion of the Combination Transaction reflect the consolidated results of the REIT and NWI. See **PART XII – SUPPLEMENTAL DISCLOSURE** for additional information on the components of AFFO.

Additional details on the adjustments to the REIT's net income to arrive at AFFO are below:

(i) Interest Rate Subsidy

As part of NWI's original acquisition of the investment in the NorthWest REIT from NWVP, NWVP had committed, by means of a capital contribution, that the effective interest rate payable by NWI on the assumed NWH Margin Facilities shall not exceed (a) 4.25% for the balance of 2013, and (b) 6.00% for the first three months of 2014 (the "**Interest Rate Subsidy**"). In 2014 and again in May 2015, NWVP and the NWI agreed to extend and amend the Interest Rate Subsidy, with an effective date of January 1, 2014, such that the effective interest rate payable by the NWI on the assumed NWH Margin Facilities did not exceed 4.25% up to March 31, 2015. In connection with the Combination Transaction the NWH Margin Facilities related to the NWI's investment in the REIT were repaid in full and cancelled.

Under IFRS, the value of the Interest Rate Subsidy has been recorded as a capital contribution (direct charge to Unitholders' Equity) and a corresponding receivable from NWVP. Subsequent cash payments made by NWVP were recorded as a reduction of the receivable balance. To account for the economic impact of the reduced rate on the NWH Margin Facilities related to the investment in the REIT, NWI included an accrual of the cash to be received in respect of the Interest Rate Subsidy in AFFO. This cash amount was fully received y the REIT in the first quarter of 2016.

(ii) Amortization marked to market adjustment

Under IFRS, the REIT has amortized the debt premium on mortgages assumed at fair value on acquisition. As the amortization is a non-cash item, the REIT has included an adjustment in AFFO.

(iii) Amortization of deferred financing charges

Under IFRS, the REIT has recorded amortization of deferred financing charges. As the amortization is a non-cash item, the REIT has included an adjustment in AFFO.

(iv) Straight-line revenue

Under IFRS rental revenue from operating leases is recognized over the lease term on a straight-line basis. The difference between rental revenue recognized and cash flows is recorded as straight-line rent receivable or payable. To account for the non-cash nature of these differences the REIT has included an adjustment in AFFO.

Also included in the straight-line revenue adjustments are amounts related to the Sabará Securitization Facility. At the time of securitization, deferred revenue was recognized at an amount equal to the present value of the proceeds received upon the securitization. Under IFRS, the REIT has recorded deferred revenue in respect of the Sabará Securitization Facility, which is amortized into income over the remaining term of the lease. The unamortized balance of the deferred revenue, $9,392 (R$25,702) as at March 31, 2016, is net against the value of investment properties. As at March 31, 2016, the fair value of the balance outstanding on the Sabará Securitization Facility is $20,353 (R$55,701).

To account for the actual revenue received and to eliminate any principal repayment components on the securitization, the REIT includes an adjustment in AFFO.

For the three months ended March 31, 2016 the REIT recorded revenue of $464 related to the Sabará Securitization Facility, while the actual rent received, less interest on the Sabará Securitization Facility, totaled $419. As such, the REIT has decreased net income reported under IFRS in AFFO by $45 for the three months ended March 31, 2016.

For the three months ended March 31, 2015 the REIT recorded revenue of $521 related to the Sabará Securitization Facility, while the actual rent received, less interest on the Sabará Securitization Facility, totaled $573. As such, the REIT increased net income reported under IFRS in AFFO by $52 for the three months ended March 31, 2015.

(v) Leasing costs and non-recoverable maintenance capital expenditures

In Canada and Germany, due to the nature of the portfolios, on a quarterly basis and during portfolio repositioning, leasing costs, tenant improvements and maintenance capital expenditures can fluctuate and as such, should not be regarded as stabilized. As a result the REIT uses a reserve of 6% of revenue from investment properties in Canada and Germany when determining AFFO. In Brazil and Australasia due to the long term, triple net nature of the leases in those regions the REIT uses actual leasing costs and non-recoverable maintenance capital expenditures when determining AFFO.

For additional information see **Leasing Costs and Capital Expenditures**.

(vi) DUP Compensation Expense

The REIT's unit-based deferred unit compensation expense is measured at the service commencement date, based on the fair market value of a REIT Trust Unit or Vital Trust unit, as applicable, and this value is amortized to income over the vesting period ("**DUP Compensation Expense**"). Unit-based compensation does not qualify as an equity award and is classified as a liability. As a result the DUP Liability is measured at fair-value every reporting period, based on the fair market value of a REIT Trust Unit or Vital Trust unit at the reporting date, and the change in fair value is also recognized in income.

The period over period change in value of the DUP Liability is added back to income when determining FFO in accordance with REALpac Guidance. However, as the DUP Compensation Expense may be equity settled, at the REIT's option, the REIT has added back DUP Compensation Expense to income when determining AFFO.

(vii) Internalization Contribution

As a result of costs incurred by the REIT following completion of the Internalization Transaction, NWVP committed to make a capital contribution to NWI LP (the "**Internalization Contribution**"). For the three months ended March 31, 2015, the REIT recorded an Internalization Contribution of $1,385. The Internalization Contribution is recorded on the consolidated statement of unitholders' equity. To account for the economic impact of the Internalization Contribution, the REIT included an adjustment to AFFO for the expected cash contribution to be received. This cash amount was fully received by the REIT in the first quarter of 2016.

(viii) Debt repayment costs

During the quarter the REIT incurred $1,997 of costs associated with the early repayment of mortgages. As the costs are non-recurring in nature the REIT has added them back to income when determining AFFO.

DISTRIBUTIONS

The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly distributions for the periods prior to completion of the Combination Transaction reflect the distributions paid by NWI. The distributions for the periods subsequent to the completion of the Combination Transaction reflect the consolidated results of the REIT.

For the three months ended March 31, 2016, the REIT declared a total of $14,422 in distributions, including distributions on Exchangeable Units. These distributions reflect an annualized distribution rate of $0.80 per unit per annum.

For the three months ended March 31, 2015, the REIT declared a total of $9,862 in distributions, respectively, including distributions on Exchangeable Units. This reflects an annualized distribution rate of $1.058 per unit per annum paid by NWI ($0.22 per unit per annum adjusted by the Exchange Ratio).

Distributions paid per unit over the past twelve months are summarized below:

TABLE 10 - MONTHLY DISTRIBUTIONS

	Mar-16	Feb-16	Jan-16	Dec-15	Nov-15	Oct-15	Sep-15	Aug-15	Jul-15	Jun-15	May-15	(1) Apr-15
NWI Distribution ($)												0.0183
Exchange Ratio												0.208
Monthly distribution ($)	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0667	0.0881
NWI unit price ($)												1.81
Exchange Ratio												0.208
Month-end closing price ($)	9.64	9.11	8.73	8.93	8.74	8.56	8.00	8.38	7.89	7.97	8.70	8.70
Date of Record	31-Mar-16	29-Feb-16	29-Jan-16	31-Dec-15	30-Nov-15	30-Oct-15	30-Sep-15	31-Aug-15	31-Jul-15	30-Jun-15	29-May-15	30-Apr-15
Date Paid	15-Apr-16	15-Mar-16	16-Feb-16	15-Jan-16	15-Dec-15	16-Nov-15	15-Oct-15	15-Sep-15	17-Aug-15	15-Jul-15	15-Jun-15	15-May-15

Notes

(1) The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI. As a result the monthly closing price of NWI's units and monthly distributions paid by NWI presented above, for periods prior to completion of the Combination Transaction, have been adjusted by the Exchange Ratio.

Distribution Reinvestment Plan

Participants in the REIT's distribution reinvestment plan (the "**DRIP**") have their distribution entitlement used to purchase Trust Units and also receive a "bonus distribution" of Trust Units equal in value to 3% of each distribution.

During the three months ended March 31, 2016, a total of 149,253 Trust Units were issued under the DRIP (three months ended March 31, 2015, a total of 172,591 trust units were issued, as adjusted for the Exchange Ratio).

As required by National Policy 41-201 "Income Trusts and Other Indirect Offerings", the following table outlines the differences between cash flow from operating activities and cash distributions, as well as the differences between net income and cash distributions, in accordance with the guidelines:

TABLE 11 - DIFFERENCES BETWEEN CASH FLOW FROM OPERATIONS/NET INCOME AND CASH DISTRIBUTIONS		
Expressed in thousands of Canadian dollars	Three months ended March 31	
	2016	2015
	(Unaudited)	(Unaudited)
Net income (loss) attributable to unitholders	$ (8,049)	$ (1,541)
Add: Finance cost - Exchangeable Unit distributions	3,800	5,074
Adjusted net income (loss)	$ (4,249)	$ 3,533
Cash flow from operating activities attributable to unitholders	$ 11,837	$ (124)
Distributions paid and payable		
Trust Units	$ 10,622	$ 4,788
Exchangeable Units	3,800	5,074
	$ 14,422	$ 9,862
Surplus (shortfall) of adjusted net income (loss) attributable to unitholders over distributions paid and payable	$ (18,671)	$ (6,329)
Surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	$ (2,585)	$ (9,986)

TABLE 11A - ADJUSTMENT FOR DISTRIBUTION INCOME FROM ASSOCIATES		
	Three months ended March 31	
	2016	2015
	(Unaudited)	(Unaudited)
Surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	$ (2,585)	$ (9,986)
Add: Distribution income from equity accounted associates	-	2,380
Adjusted surplus (shortfall) of cash flow from operating activities attributable to unithodlers over distributions paid and payable	$ (2,585)	$ (7,606)

Prior to the Combination Transaction cash flow from operating activities attributable to unitholders excluded the distribution income from NorthWest REIT which was classified as cash flow from investing activities under IFRS, and therefore was not considered in the surplus (shortfall) relative to the distributions paid. The distributions earned from its investment in associates are considered by management to be an integral part of the REIT's cash flow from operations due to the strategic nature of these equity investments. After considering the distribution income earned from the REIT's investments in associates, Table 11A therefore identifies that a remaining $2,585 of distributions paid and payable for the three months ended March 31, 2016 ($7,606 for the three months ended March 31, 2015), were financed from other sources.

See section PART IV – CAPITALIZATION AND LIQUIDITY.

In assessing its distribution policy, the REIT considers not only cash flows from operating activities (attributable to unitholders) but also AFFO. Due to the timing of cash receipts relating to certain adjustments affecting AFFO and the fact that certain AFFO adjustments are non-cash, a portion of the 2016 and 2015 distributions were funded by financing activities. The REIT believes that it will be able to sustain distributions in the near term as the REIT measures distributions in relation to AFFO and the REIT believes it will be able to obtain new financing to meet its cash flow requirements.

Net income attributable to Unitholders for the period also reflects material non-cash items such as fair value adjustments to investment properties and financial instruments and deferred taxes, which do not impact cash flow and are not considered in the REIT's distribution policy. In establishing distribution payments, the REIT does not take fluctuations in working capital into consideration.

Since IPO, annually, approximately 94% to 100% of the REIT's distributions have been deemed a return of capital for tax purposes. As the REIT has a relatively short operating history since IPO, the real estate assets of the REIT have a relatively higher tax base. As such, the REIT will experience a lower taxable income due to tax deductions available to it. Over time, as the REIT grows, its taxable income is expected to grow, and a greater proportion of the REIT's distributions will be allocated to a return on capital (and less a return of capital) for tax purposes. The REIT has chosen to make distributions partly representing an economic return on capital for tax purposes as its distribution policy is based on AFFO earned rather than the expected tax attributes of the distributions.

The REIT believes that distributions can continue to be funded from a combination of cash flows from operations, the cash distributions received from Vital Trust, future financing activities or asset sales. However, distributions paid may be in excess of cash available to the REIT from AFFO from time to time due to the timing of certain items affecting AFFO. The REIT may be required to use part of its debt capacity to fund such shortfalls through new financing, or seek asset sales. There can be no assurance that the REIT shall have sufficient debt capacity or the ability to raise new financing, or achieve sufficient net proceeds from asset sales to meet its cash obligations, and as such the REIT may reduce distributions in order to accommodate such cash shortfalls.

The REIT's Board of Trustees has targeted payment of distributions at: (i) 80-95% of the REIT's AFFO; and (ii) an amount at least equal to the net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. The amount of future distributions and the declaration and payment thereof is at the discretion of the Board of Trustees and will be based upon the REIT's financial position, results of operations, cash flow, capital requirements and restrictions under the REIT's debt obligations, as well as broader market and economic conditions, among other factors, and shall be in compliance with applicable Law.

Pursuant to National Policy 41-201 "Income Trusts and Other Indirect Offerings", the following table, Table 12, reconciles the REIT's cash flow from operations to AFFO:

TABLE 12 - RECONCILIATION OF CASH FLOW FROM OPERATIONS TO AFFO

Expressed in thousands of Canadian dollars	Three months ended March 31		
	2016	**2015**	**Variance**
	(Unaudited)	(Unaudited)	(Unaudited)
Cash flow from operating activities	**$ 17,852**	**$ 3,448**	**$ 14,404**
Add (deduct):			
Non-cash interest expense	(8)	$ 416	(424)
Non-cash current taxes	1,516	$ 268	1,248
Changes in non-cash working capital balances	(1,001)	$ 743	(1,744)
FFO of equity accounted entities	-	$ 2,985	(2,985)
Internal leasing costs	389	$ -	389
Interest rate subsidy	-	$ 669	(669)
Non-recurring transaction costs	2,568	$ 4,225	(1,657)
Leasing costs and non-recoverable maintenance capital expenditures	(2,375)	$ (17)	(2,358)
Internalization contribution	-	$ 1,385	(1,385)
Amortization of deferred revenue	277	$ 329	(52)
Straight-line revenue	(165)	$ 178	(343)
Redemption of units issued under the DUP	27	$ 30	(3)
Amortization of furniture and office equipment	(95)	$ (17)	(78)
Foreign exchange	-	$ (223)	223
Debt repayment costs	1,997	$ -	1,997
AFFO attibutable to non-controlling interest	(5,308)	$ (5,720)	412
	(2,178)	$ 5,251	(7,429)
AFFO	**$ 15,674**	**$ 8,699**	**$ 6,975**

QUARTERLY PERFORMANCE

The following is a summary of results for each of the last eight quarterly periods.

TABLE 13 - QUARTERLY PERFORMANCE

Expressed in thousands of Canadian dollars, except per unit amounts	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15	Q4-14	Q3-14	Q2-14
Summary of Financial information [1]								
Gross Book Value ("GBV") [2]	$ 2,711,496	$ 2,700,009	$ 2,521,248	$ 2,539,814	$ 1,369,933	$ 846,271	$ 863,769	$ 821,504
Debt - Declaration of Trust [3]	$ 1,334,625	$ 1,329,514	$ 1,321,178	$ 1,304,335	$ 618,462	$ 436,432	$ 483,808	$ 492,631
Debt to GBV - Declaration of Trust	49.2%	49.2%	52.4%	51.4%	45.1%	51.6%	56.0%	60.0%
Debt - Including Convertible Debentures [3]	$ 1,507,039	$ 1,499,608	$ 1,440,295	$ 1,423,610	$ 694,719	$ 508,351	$ 557,154	$ 529,884
Debt to GBV - Incl. Convertible Debentures	55.6%	55.5%	57.1%	56.1%	50.7%	60.1%	64.5%	64.5%
Operating results [1]								
Net income (loss)	$ (1,186)	$ 43,984	$ 6,502	$ 152,902	$ 2,894	$ 21,165	$ (11,923)	$ (8,900)
NOI [4]	$ 44,707	$ 44,250	$ 43,641	$ 34,093	$ 23,977	$ 10,044	$ 10,470	$ 9,660
FFO [4][8]	$ 16,103	$ 13,199	$ 15,526	$ 9,091	$ 2,130	$ 3,217	$ 3,879	$ 4,069
AFFO [4][8]	$ 15,674	$ 14,016	$ 14,428	$ 11,684	$ 8,699	$ 7,847	$ 8,621	$ 8,552
Distributions [5]	$ 14,422	$ 14,345	$ 14,382	$ 12,898	$ 9,862	$ 9,578	$ 8,981	$ 8,636
Per Unit amounts [1][6][7]								
FFO per unit - Basic	$ 0.22	$ 0.18	$ 0.22	$ 0.16	$ 0.06	$ 0.09	$ 0.11	$ 0.13
AFFO per unit - Basic	$ 0.22	$ 0.20	$ 0.20	$ 0.21	$ 0.23	$ 0.22	$ 0.26	$ 0.27
Distributions	$ 0.20	$ 0.20	$ 0.20	$ 0.22	$ 0.26	$ 0.26	$ 0.26	$ 0.26
Adjusted Weighted Average units outstanding [6][7]								
Basic	72,037,654	71,715,369	71,926,782	55,259,676	37,286,974	35,449,014	33,775,938	32,034,544

Notes

(1) The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI. The financial results for the periods subsequent to the completion of the Combination Transaction reflect the consolidated results of the REIT and NWI.

(2) Gross Book Value is defined as total assets.

(3) As defined in Non-IFRS measures used in this MD&A.

(4) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. These terms are defined in this MD&A and reconciled to IFRS-based amounts reported in the consolidated financial statements of the REIT. NOI is an additional IFRS measure and NOI as calculated by the REIT may not be comparable to similiar titled measures reported by other issuers.

(5) Represents distributions to Unitholders and Class B LP Units on an accrual basis. Distributions are payable as at the end of the period in which they are declared by the Board of Trustees, and are paid on or around the 15th day of the following month.

(6) Outstanding units and weighted average unit amounts, and the associated per unit amounts, for the period prior to the Combination Transaction, reflect the capital structure of NWI as adjusted for the Exchange Ratio.

(7) Under IFRS the REIT's Class B LP Units and Class D GP Units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP Units and Class D GP Units in basic and diluted units outstanding/weighted average units outstanding.

PART IV – CAPITALIZATION AND LIQUIDITY

CAPITAL STRUCTURE

The REIT, as is common in the real estate industry, considers its capitalization to consist of debt and equity capital. The REIT actively manages both its debt and equity capital with the objective of ensuring that the REIT can continue to grow and operate its business.

The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. The REIT is the legal acquirer; however, NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI and the outstanding units and weighted average unit amounts, and associated per unit amounts, for these periods, reflect the capital structure of NWI as adjusted for the Exchange Ratio.

The REIT monitors its debt regularly for compliance with debt covenants contained in its loan agreements. At the date of this MD&A, the REIT is in compliance with its loan covenants.

The following table shows the REIT's total capital as at March 31, 2016 and December 31, 2015:

TABLE 14 - CAPITAL STRUCTURE

Expressed in thousands of Canadian dollars	As at March 31, 2016 (Unaudited)	As at December 31, 2015 (Unaudited)
Mortgages and loans payable	$ 1,281,170	$ 1,243,762
Deferred consideration	33,571	34,073
Mortgages related to assets held for sale	19,884	51,679
Debt - Declaration of Trust (2)	**1,334,625**	**1,329,514**
Convertible Debentures at Fair Value	172,414	170,094
Debt - Including Convertible Debentures (2)	**1,507,039**	**1,499,608**
Mortgages and loans payable - marked to market	14,333	16,265
Mortgages related to assets held for sale - marked to market	375	995
Mortgages and loans payable - unamortized financing costs	(6,757)	(7,034)
Total Debt	1,514,990	1,509,834
DUP Liability	13,996	15,597
Class B LP Exchangeable Units	183,141	169,653
Unitholders' equity	486,811	515,478
Total Capitalization	**$ 2,198,938**	**$ 2,210,562**

Notes

(1) As defined in Non-IFRS measures used in this MD&A.

Unitholders' Equity

The following table reconciles the movements in the units outstanding for the three months ended March 31, 2016:

TABLE 14 -UNITS OUTSTANDING	
	(Unaudited)
Trust Units outstanding, December 31, 2015	52,691,943
Issuance of Trust Units under the DRIP	149,253
Issuance of Trust Units under the DUP	348,491
Cancellation of Trust Units pursuant to NCIB	(34,500)
Trust Units outstanding, March 31, 2016	53,155,187

NCIB

On June 29, 2015 the REIT announced its intention to make a normal course issuer bid ("**NCIB**") for a portion of its Trust Units as appropriate opportunities arise from time to time. On July 13, 2015, the TSX approved the REIT's NCIB. The REIT may acquire up to a maximum of 4,762,579 of its Trust Units, or approximately 10% of its public float, for cancellation over the remaining 3 months of the NCIB's 12 month term. The number of Trust Units that can be purchased pursuant to the bid is subject to a current daily maximum of 18,054 Trust Units (which is equal to 25% of 72,218, being the average daily trading volume from January 1, 2015 through to June 30, 2015), subject to the REIT's ability to make one block purchase of Trust Units per calendar week that exceeds such limits. Any Trust Units purchased under the normal course issuer bid will be cancelled upon their purchase. The REIT intends to fund the purchases out of its available resources.

The REIT began to purchase Trust Units on July 16, 2015 and the bid will terminate 12 months from such date, or such earlier time as the REIT completes its purchases pursuant to the bid or provides notice of termination. The REIT believes that the repurchase by the REIT of a portion of outstanding Trust Units is an appropriate use of resources and is in the best interests of the REIT.

The REIT adopted an automatic securities purchase plan in connection with its NCIB that contained strict parameters regarding how its Trust Units may be repurchased during times when it would ordinarily not be permitted to purchase Trust Units due to regulatory restrictions or self-imposed blackout periods. The automatic securities purchase plan was effective from July 16, 2015 and had an initial term of three months, which expired on October 16, 2015. The automatic securities purchase plan was reinstated, with an effective date of December 3, 2015, for a period ending February 15, 2016. The automatic securities purchase plan was not subsequently reinstated.

During the three months ended March 31, 2016, the REIT acquired 34,500 Trust Units for cancellation at a volume weighted average price per unit of $8.19 and a total cost of $286, including commissions and costs. This brings the total number of Trust Units acquired under the NCIB to 856,600 Trust Units.

Class B LP Units

Under IFRS the REIT's Exchangeable Units are treated as a financial liability rather than equity. As the Exchangeable Units are convertible into Trust Units at the option of the holder, the REIT considers the Exchangeable Units equity for capital management purposes.

There were 18,998,065 Exchangeable Units outstanding as at March 31, 2016, unchanged from December 31, 2015.

Debt

The following table summarizes the REIT's debt as at March 31, 2016 and December 31, 2015:

TABLE 15- DEBT

Expressed in thousands of Canadian dollars
(Unaudited)

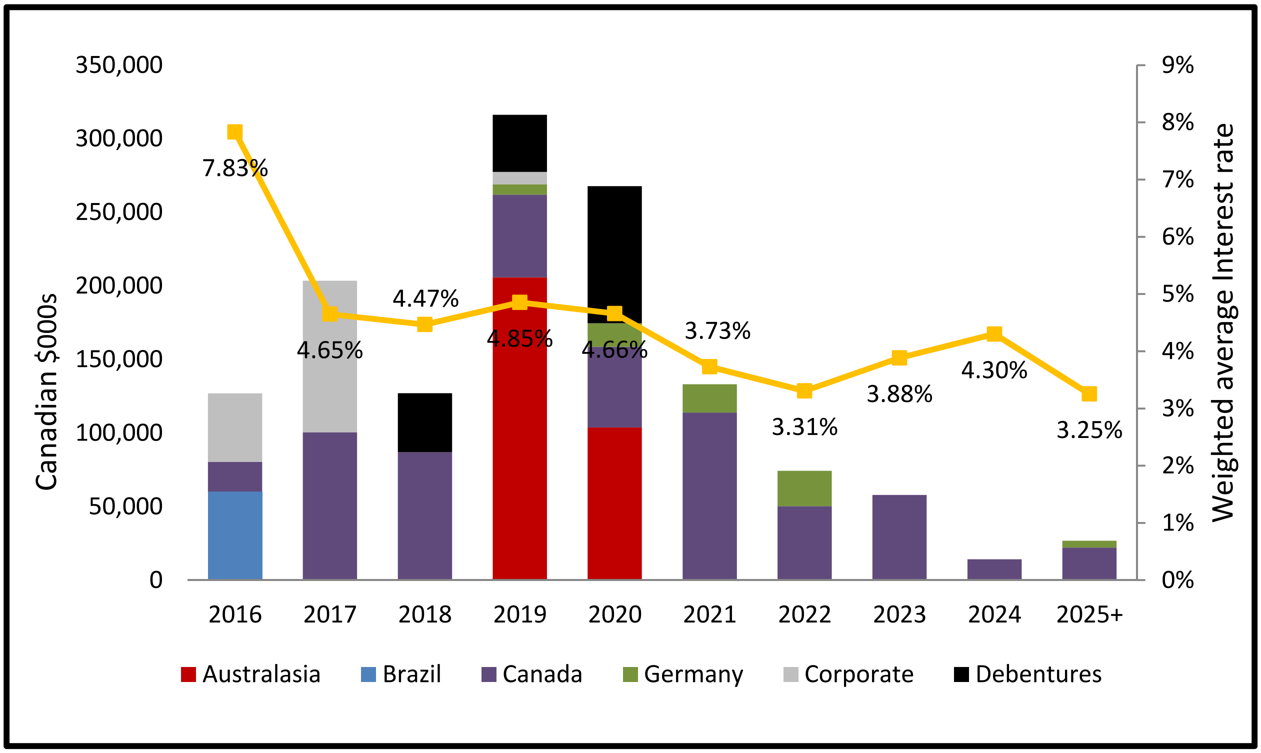
As at March 31, 2016	Weighted average interest rate (1)	Outstanding Balance	Marked to Market	Unamortized Financing Costs	Balance	Maturity
Canada						
Mortgages	4.09%	$ 671,426	$ 14,333	$ (1,554)	$ 684,205	May 2016 - January 2029
Brazil						
Brazil Term Loans	10.30%	60,176	-	(1,498)	58,678	December 2016
Germany						
Mortgages	1.96%	81,982	-	(1,741)	80,241	June 2019 - August 2025
Australasia						
Term loans	4.78%	309,602	-	(1,163)	308,439	March 2019 to October 2020
Corporate						
Vital Margin Facilities	6.06%	46,184	-	(111)	46,073	December 2016 - August 2018
Acquisition Facility	8.20%	24,000	-	(367)	23,633	January 2017
Revolving Credit Facility	2.98%	79,000	-	(323)	78,677	November 2017
Non-Revolving Credit Facility Expansion	3.63%	8,800	-	-	8,800	March 2016
	4.71%	157,984	-	(801)	157,183	
Total Mortgages and Loans Payable	**4.49%**	**$ 1,281,170**	**$ 14,333**	**$ (6,757)**	**$ 1,288,746**	
Deferred Consideration (Brazil)	n/a	33,571	-	-	33,571	n/a
Total Debt excluding Convertible Debentures		**$ 1,314,741**	**$ 14,333**	**$ (6,757)**	**$ 1,322,317**	
Convertible Debentures (Corporate)	6.17%	172,100	314	-	172,414	March 2018 - October 2020
Total Debt	**4.69%**	**$ 1,486,841**	**$ 14,647**	**$ (6,757)**	**$ 1,494,731**	
Mortgages related to assets held for sale	5.19%	$ 19,884	$ 375	$ -	$ 20,259	May 2016 - April 2020

As at December 31, 2015	Weighted average interest rate (1)	Outstanding Balance	Marked to Market	Unamortized Financing Costs	Balance	Maturity
Canada						
Mortgages	4.23%	$ 663,068	$ 16,265	$ (1,066)	$ 678,267	May 2016 - January 2029
Brazil						
Brazil Term Loans	10.30%	56,058	-	(1,930)	54,128	December 2016
Germany						
Mortgages	1.96%	84,690	-	(1,857)	82,833	June 2019 - August 2025
Australasia						
Term loans	5.16%	270,607	-	(1,298)	269,309	March 2019 to October 2020
Corporate						
Vital Margin Facilities	6.08%	48,839	-	(122)	48,717	December 2016 - August 2018
Acquisition Facility	8.20%	24,000	-	(508)	23,492	January 2017
Revolving Credit Facility	3.12%	71,500	-	(224)	71,276	November 2017
Non-Revolving Credit Facility Expansion	3.70%	25,000	-	(29)	24,971	March 2016
	4.78%	169,339	-	(883)	168,456	
Total Mortgages and Loans Payable	**4.63%**	**$ 1,243,762**	**$ 16,265**	**$ (7,034)**	**$ 1,252,993**	
Deferred Consideration (Brazil)	n/a	34,073	-	-	34,073	n/a
Total Debt excluding Convertible Debentures		**$ 1,277,835**	**$ 16,265**	**$ (7,034)**	**$ 1,287,066**	
Convertible Debentures (Corporate)	6.17%	172,100	(2,006)	-	170,094	March 2018 - October 2019
Total Debt	**4.82%**	**$ 1,449,935**	**$ 14,259**	**$ (7,034)**	**$ 1,457,160**	
Mortgages related to assets held for sale	4.78%	$ 51,679	$ 995	$ -	$ 52,674	May 2016 - April 2020

Notes

(1) Weighted average interest rate of Total Debt has been calculated excluding Deferred Consideration

The following chart summarizes, as at March 31, 2016, the REIT's debt maturities:



Additional details on the REIT's mortgages and loans payables are set out below:

Canada – Mortgages

The following table summarizes, as at March 31, 2016, scheduled principal payments, debt maturity amounts and weighted average interest rates of the REIT's mortgages secured by its Canadian investment properties:

TABLE 15A - CANADIAN MORTGAGES

Expressed in thousands of Canadian dollars

As at March 31, 2016	**Scheduled principal payments** (Unaudited)	**Debt maturing during the year** (Unaudited)	**Total mortgages payable** (Unaudited)	**Weighted average interest rates** (Unaudited)
2016	$ 12,158	$ 20,107	$ 32,265	5.57%
2017	16,048	100,504	116,552	5.11%
2018	16,099	86,970	103,069	3.33%
2019	13,814	56,192	70,006	3.58%
2020	12,797	54,825	67,622	4.12%
2021	8,692	113,871	122,563	3.93%
2022	6,458	50,264	56,722	4.08%
2023	3,516	57,931	61,447	3.88%
2024	2,085	14,225	16,310	4.30%
2025 and thereafter	2,697	22,173	24,870	3.49%
	$ 94,364	**$ 577,062**	**$ 671,426**	**4.09%**
Marked to market premium			14,333	-0.88%
			685,759	**3.21%**
Unamortized financings costs			(1,554)	
Total			**$ 684,205**	

On Febuary 29, 2016 the REIT refinanced the mortgage outstanding on its Wentworth-Limeridge Medical Centre property replacing the existing $5,532, 5.37% mortgage with a $8,300 mortgage at 2.76% and a 5 year term, generating net proceeds to the REIT of approximately $2,400.

On March 31, 2016 the REIT refinanced the mortgages outstanding on its Queensway Professional Centre property replacing the existing $12,544, 5.93% 1st mortgage and $12,265, 5.60% 2nd mortgage, with a $27,500 mortgage at 3.10% and a 5 year term, generating net proceeds to the REIT of approximately $1,700.

On March 31, 2016 the REIT refinanced the mortgage outstanding on its Dundas-Centre Medical property replacing the existing $6,339, 3.95% mortgage with a $7,200 mortgage at 2.73% and a 5 year term, generating net proceeds to the REIT of approximately $400.

Brazil – Loans

TABLE 15B - BRAZIL TERM LOANS

Expressed in thousands of Canadian dollars

As at March 31, 2016	**Scheduled principal payments** (Unaudited)	**Debt maturing during the year** (Unaudited)	**Total mortgages payable** (Unaudited)	**Weighted average interest rates** (Unaudited)
2016	$ -	$ 60,176	$ 60,176	10.30%
	$ -	**$ 60,176**	**$ 60,176**	**10.30%**
Unamortized financings costs			(1,498)	
Total			**$ 58,678**	

In March 2016, the REIT received conditional approval from Brazilian securities regulators and commenced marketing of its previously announced HMB Securitization Financing. The financing, representing the securitization of future rents, was for an amount ranging from $65,000 to $75,000 (R$180,000 to R$205,000) with a term of 10 years and maximum interest rate of the NTN-B (an inflation (IPCA) linked bond) plus 200 basis points. Subsequent to the quarter the REIT completed the marketing of the HMB Securitization Financing and raised $68,495 (R$191,272) of gross proceeds at an interest rate of 8.2754% plus annual IPCA adjustments to the principal balance. On May 13, 2016 the HMB Securitization Financing is expected to close for net proceeds of approximately $66,252 (R$185,011). The REIT intends to use the net proceeds to be used to repay outstanding Brazilian debt or other general purposes.

Germany – Mortgages

The following table summarizes, as at March 31, 2016, scheduled principal payments, debt maturity amounts and weighted average interest rates of the REIT's mortgages secured by its German investment properties:

TABLE 15C - GERMAN MORTGAGES

Expressed in thousands of Canadian dollars

As at March 31, 2016	Scheduled principal payments (Unaudited)	Debt maturing during the year (Unaudited)	Total mortgages payable (Unaudited)	Weighted average interest rates (Unaudited)
2016	$ 1,517	$ -	$ 1,517	-
2017	2,051	-	2,051	-
2018	2,083	-	2,083	-
2019	1,928	7,097	9,025	2.23%
2020	1,596	15,916	17,512	1.42%
2021	1,058	19,307	20,365	2.55%
2022	396	24,108	24,504	1.70%
2023	116	-	116	-
2024	116	-	116	-
2025 and thereafter	58	4,635	4,693	2.11%
	$ 10,919	**$ 71,063**	**$ 81,982**	**1.96%**
Unamortized financings costs			(1,741)	
Total			**$ 80,241**	

All of the REIT's investment properties in Germany have been pledged as security against the German mortgages and loans.

Australasia – Term Loans

TABLE 15D - AUSTRALASIA TERM LOANS

Expressed in thousands of Canadian dollars

As at March 31, 2016	Scheduled principal payments (Unaudited)	Debt maturing during the year (Unaudited)	Total mortgages payable (Unaudited)	Weighted average interest rates (Unaudited)
2019	$ -	$ 205,823	$ 205,823	4.78%
2020	-	103,779	103,779	4.78%
	$ -	**$ 309,602**	**$ 309,602**	**4.78%**
Unamortized financings costs			(1,163)	
Total			**$ 308,439**	

Vital Trust has a syndicated revolving multi-currency facility with ANZ Bank New Zealand Limited, Australia and New Zealand Banking Group Limited and Bank of New Zealand. The facility consists of the following tranches: Tranche A: approximately $124,000 (A$125,000) which expires March 31, 2019; Tranche B: approximately $99,500 (A$100,000) which expires March 31, 2019; Tranche C: approximately $99,500 (A$100,000) which expires October 30, 2020; Tranche D approximately $99,500 (A$100,000) which expires October 30, 2020; plus the New Zealand Dollar Facility, approximately $18,000 (NZ$20,000) which expires October 30, 2020;.

Borrowings are secured by a security trust deed dated April 1, 2003 and as amended and restated on June 26, 2014. Pursuant to the deed, a security interest has been granted of first ranking mortgages over the respective investment properties by a general security deed over the assets and undertakings of Vital Trust.

The Vital Trust's policy is to convert a portion of its floating rate debt to fixed rates using interest rate swaps to maintain 70% to 100% of its borrowings in fixed rate instruments. Vital Trust has entered into interest rate swaps that mature over the next 10 years and have fixed interest rates ranging from 2.69% to 5.72% that fix interest on $220,517 (NZ$245,647) of the syndicated facility.

Corporate – Vital Margin Facilities

The Vital Margin Facilities are secured by Vital Trust units owned by the REIT. These margin facilities bear interest at a rate that fluctuates with the one-month rate for New Zealand dollar bills of exchange (the "BKBM" rate) and require a minimum loan-to-fair market value of the Vital Trust units pledged of 50-57%. The margin facilities mature between December 31, 2016 and August 26, 2018.

As at March 31, 2016, the principal balance outstanding on the Vital Margin Facilities is $46,184 (NZ $51,447) and the REIT has pledged 81,659,865 units of Vital Trust as security for the Vital Margin Facilities.

The REIT has entered into an interest rate swap with respect to one of the margin facilities secured by the Vital Trust units to limit its exposure to fluctuations in the interest rates on approximately $4,219 (NZ $4,700) of the outstanding margin facility balance. The interest rate swap fixes the base interest rate at 4.03% and terminates on March 29, 2016. The REIT entered into a new interest rate swap on March 31, 2016 for the same amount ($4,219 (NZ$4,700)) fixing the base rate to 2.335%, which matures on March 31, 2017.

Corporate – Acquisition Facility

On December 19, 2013, in connection with the Rede D'Or Hospital Portfolio Acquisition, the REIT obtained an interest-only credit facility which has a principal of $24,000 (the "**Acquisition Facility**"). The Acquisition Facility bears interest at the greater of 8.20% per annum or the Canadian prime rate plus 4.00% per annum, payable monthly. The Acquisition Facility is secured by a general security agreement (with the exclusion of certain specific assets) and matures on January 1, 2017. The Acquisition Facility is divided it into two sub-facilities: 1) $8,000 non-revolving facility, and 2) $16,000 revolving facility.

Corporate – Revolving Credit Facility

As at March 31, 2016, the REIT has $80,000 revolving credit facility (inclusive of the Letter of Credit Facility but excluding the Non-Revolving Credit Facility Expansion), increased during the quarter from $75,000. The facility bears interest at rates ranging from the bank's prime rate plus 0.85% to 1.00% (previously bank's prime plus 1.00%) or Bankers' Acceptances plus 1.85% to 2.00% (previously Banker's Acceptances plus 2.00%), with a term to November 2, 2017 (the "**Revolving Credit Facility**"). Included in the Revolving Credit Facility is a $5,000 revolving letter of credit facility, the unutilized portion of which may be used for revolving credit facility borrowings. The REIT has an option to expand the Revolving Credit Facility to $100,000 and to extend the facility for a further one year period, each subject to terms and conditions satisfactory to the lenders.

The Revolving Credit Facility is secured by a pool of first ranking mortgages on certain properties and the terms of a general security agreement. There was $79,000 drawn against the Revolving Credit Facility as at March 31, 2016, excluding $8,800 of advances under the Non-Revolving Credit Facility Expansion (as noted below).

Non-Revolving Credit Facility Expansion

December 21, 2015 the REIT negotiated and drew down a temporary $25,000 non-revolving expansion of the Revolving Credit Facility (the "**Non-Revolving Credit Facility Expansion**"). The Non-Revolving Credit Facility Expansion matured on March 31, 2016 with mandatory principal repayment, prior to maturity, from the net proceeds of certain investment property sales, debt or equity financing. However, on March 10, 2016 the Non-Revolving Credit Facility Expansion Facility was amended, with changes to the mandatory principal repayment provisions and maturity extended to June 30, 2016.

Security for the Non-Revolving Credit Facility Expansion is provided by an assignment of certain investment property sales agreements and the net proceeds received from these sales. The balance outstanding on the Non-Revolving Credit Facility Expansion was $8,800 as at March 31, 2016. The Non-Revolving Credit Facility Expansion is subject to a leverage covenant which the REIT has met. Subsequent to the quarter the REIT repaid the Non-Revolving Credit Facility Expansion.

Convertible Debentures

The following table summarizes, as at March 31, 2016, the REIT's Convertible Debentures:

TABLE 15E - CONVERTIBLE DEBENTURES						
Expressed in thousands of Canadian dollars	**Fair Value (1)**	**Face Value**	**Interest Rate**	**Conversion Price per Unit**	**Maturity Date**	**Interest Payment Dates**
As at March 31, 2016						
Series NWH.DB	39,848	40,250	5.25%	$ 14.20	September 30, 2020	March 31, September 30
Series NWH.DB.A	22,657	22,600	6.50%	$ 13.70	March 31, 2018	March 31, September 30
Series NWH.DB.B	17,727	17,500	7.50%	$ 11.54	September 30, 2018	March 31, September 30
Series NWH.DB.C	39,447	38,750	7.25%	$ 12.50	October 31, 2019	April 30, October 31
Series NWH.DB.D	52,735	53,000	5.50%	$ 11.25	October 31, 2020	April 30, October 31
	$ 172,414	**$ 172,100**	**6.17%**			

Notes

(1) The fair value of the Convertible Debentures is based on the closing trading price of the REIT's Convertible Debentures as at the reporting date.

Deferred Consideration

Deferred consideration relates to holdbacks payable and transaction costs not yet paid related to previously completed acquisitions.

In connection with the Rede D'Or Hospital Portfolio Acquisition on December 23, 2013, the REIT held back a portion of the purchase price until the vendor complies with conditions related to certain title and zoning matters. On October 17, 2014, the purchase and sale agreement with respect to the Rede D'Or Hospital Portfolio Acquisition was amended to extend the payment date of the holdback related to Hospital Caxias D´Or to the later of December 15, 2015 or 180 days after the completion of certain conditions by the vendor. Effective from the date of amendment (October 17, 2014) to the payment date the holdback will be adjusted by the variation of the CDI plus 7.34% annually. The amendment provided that should the vendor not complete the required conditions to resolve the title matters by January 15, 2015, the amount of the inflation adjustment to the holdback shall be nil between January 15, 2015 and the date the vendor conditions are resolved. On January 15, 2015, the REIT was notified that the required conditions related to the Hospital Caxias D'Or holdback were not resolved. As such, between January 15, 2015 and October 16 2015, no inflation adjustment has been recognized in respect of the holdback. On October 16, 2015 the REIT was notified that the vendor conditions relating to the purchase and sale agreement of the REIT's Hospital Caxias D´Or property were resolved and the holdback became payable on April 15, 2016. In March 2016 the maturity date of the Hospital Caxias D'Or holdback was extended to June 15, 2016. The balance of the holdback as at March 31, 2016 was $29,576 (R$80,941).

For the three months ended March 31, 2016, accretion expense of $898 (three months ended March 31 31, 2015 - $237) was recorded to account for the related CDI adjustments on the holdback payable which has been recorded as finance costs in the consolidated statement of income (loss) and comprehensive income (loss).

On August 29, 2014, in connection with the acquisition of Hohenschoenhausen, the REIT held back a portion of the purchase price for potential working capital adjustments and information deficiencies. As at March 31, 2016, the balance remaining to be paid is $207. The holdback was settled in full subsequent to the quarter.

DUP Liability

Under IFRS, the REIT's DUP Liability is measured at fair value each reporting period. The fair value of the DUP Liability mirrors the trading price of the REIT Trust Units. As at March 31, 2016 the DUP Liability is $13,996 (December 31, 2015 - $15,597).

RATIOS AND COVENANTS

Pursuant to the Declaration of Trust the REIT shall not incur or assume any indebtedness, as defined, if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of the REIT would be more than 65% of GBV.

The REIT's overall borrowing policy is to obtain secured mortgage financing on a primarily fixed rate basis, with a term to maturity that is appropriate having regard to the lease maturity profile for each property and which allows the REIT to (i) achieve and maintain staggered debt maturities to lessen exposure to interest rate fluctuations and re-financing risk in any particular period and (ii) fix the rates and extend loan terms as long as possible when borrowing conditions are favourable. The following summarizes the status of these key ratios as at and for the three months ended March 31, 2016:

TABLE 15F- RATIOS (1)

Expressed in thousands of Canadian dollars	As at March 31, 2016	As at December 31, 2015
	(Unaudited)	(Unaudited)
Gross Book Value (2)	$ 2,711,496	$ 2,700,009
Debt - Declaration of Trust (3)	$ 1,334,625	$ 1,329,514
Debt to Gross Book Value - Declaration of Trust	**49.2%**	**49.2%**
Debt - Including Convertible Debentures (3)	$ 1,507,039	$ 1,499,608
Debt to Gross Book Value - Including Convertible Debentures	**55.6%**	**55.5%**

	Three months ended March 31		
	2016	2015	Variance
	(Unaudited)	(Unaudited)	(Unaudited)
Income (Loss) before taxes	$ 4,240	$ 9,704	$ (5,464)
Add (deduct):			
Mortgage and loan interest expense	18,974	10,514	8,460
Distributions on Exchangeable Units	3,800	5,074	(1,274)
Amortization of deferred financing costs	1,017	1,922	(905)
Amortization of marked to market adjustment	(2,552)	-	(2,552)
EBITDA	$ 25,479	$ 27,214	$ (1,735)
Loss on revaluation of financial liabilities	2,473	5,867	(3,394)
Fair market value losses (gains)	9,907	(19,336)	29,243
DUP Compensation Expense	1,861	2,489	(628)
Foreign exchange loss (gain)	(2,272)	2,167	(4,439)
Net loss on disposal of investment properties	1,417	-	1,417
Convertible Debenture issuance costs	-	1	(1)
Transaction costs	2,568	4,375	(1,807)
Less: Share of (profit) loss of associates	-	(1,563)	1,563
Add: Distribution income from equity accounted associates	-	2,380	(2,380)
Adjusted EBITDA	$ 41,433	$ 23,594	17,839
Mortgage and loan interest expense	$ 18,974	$ 10,514	$ (8,460)
Less: Debt repayment costs	(1,997)	-	1,997
Adjusted mortgage and loan interest expense	$ 16,977	$ 10,514	$ (6,463)
Interest Coverage	**2.44**	**2.24**	**0.20**

Notes

(1) The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. The REIT is the legal acquirer; however, NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results and capital structure reflect the results of NWI for the periods prior to completion of the Combination Transaction.

(2) As defined in Non-IFRS measures used in this MD&A.

LIQUIDITY AND CASH RESOURCES

Cash resources and Liquidity

TABLE 16 - CASH AND LIQUIDITY		
Expressed in thousands of Canadian dollars	As at March 31, 2016 (Unaudited)	As at December 31, 2015 (Unaudited)
Cash	$ 12,042	$ 14,835
Restricted Cash	605	561
Total	**$ 12,647**	**$ 15,396**

Restricted cash represents cash held in the REIT's designated bank accounts pledged as collateral for the Brazil Term Loans and, prior to the completion of the Combination Transaction, a margin facility related to the NWI's investment in the REIT.

The REIT also has a Revolving Credit Facility that may provide additional liquidity. The liquidity of the Vital Margin Facilities fluctuates based on the market price (as defined in the respective agreements) of the pledged units securing the facilities.

On the assumption that occupancy levels remain strong, and that the REIT will be able to obtain financing on reasonable terms, the REIT anticipates meeting all current and future obligations as they come due. Management expects to refinance maturing debt and finance future acquisitions from: (i) existing cash balances, and (ii) a mix of mortgage debt secured by investment properties, bridge facilities, operating facilities, issuance of equity and convertible/unsecured debentures, and select asset sales. Cash flow generated from operating activities and distribution income received from the REIT's investment in Vital Trust are sources of liquidity to service debt (except maturing debt), sustain maintenance capital expenditures, leasing costs and unit distributions.

Contractual cash flows

Liquidity risk arises from the REIT's financial obligations and in the management of its assets, liabilities and capital structure. This risk is managed by regularly evaluating the liquid financial resources available to fund current and long-term obligations and to meet the REIT's capital commitments in a cost-effective manner. The REIT expects to be able to meet all of its obligations as they become due and have sufficient liquidity from the following sources: (i) cash flow from operating activities; (ii) distribution income received from its investment in Vital Trust; (iii) financing available through both conventional mortgage debt secured by income producing properties, as well as unsecured debt; (iv) the issuance of new equity and debt securities; and (v) to the extent necessary, the sale of assets.

The following table sets out the REIT's contractual cash flows as at March 31, 2016:

TABLE 17 - CONTRACTUAL CASH FLOWS								
Expressed in thousands of Canadian dollars	Carrying amount	Contractual cash flow	2016	2017	2018	2019	2020	Thereafter
Accounts payable and accrued liabilities	$ 45,996	$ 45,996	$ 45,996	$ -	$ -	$ -	$ -	$ -
Distributions payable	3,544	3,544	3,544	-	-	-	-	-
Income tax payable	8,187	8,187	8,187	-	-	-	-	-
Liabilities related to assets held for sale	20,259	20,259	20,259	-	-	-	-	-
Deferred consideration	33,571	33,571	33,571	-	-	-	-	-
Convertible debentures	172,414	213,909	8,439	10,619	49,985	46,588	98,278	-
Mortgages and loans payable	1,288,746	1,379,048	161,880	246,249	121,902	307,759	198,254	343,004
Total	**$ 1,572,717**	**$ 1,704,514**	**$ 281,876**	**$ 256,868**	**$ 171,887**	**$ 354,347**	**$ 296,532**	**$ 343,004**

The REIT currently intends to distribute a high percentage of its AFFO to Unitholders. As such, the REIT will not retain a material amount, or possibly none of operating cash flows or any cash distribution received from its investment in Vital Trust to finance other capital requirements, such as acquisitions, maturing debt principal and significant capital expenditures. Instead, the REIT intends to finance such initiatives through the issuance of additional equity or debt securities. From time to time, the REIT may also consider other financing initiatives, such as the refinancing of mortgages on existing properties and entering into additional credit facilities.

The REIT's current liabilities totaled $261,325, exceeding current assets of $52,684, resulting in a working capital deficiency of $208,641 as at March 31, 2016.

Current liabilities include:

- $20,259 of liabilities related to assets held for sale. The proceeds of the sale of these assets are expected to be more than sufficient to settle the associated liabilities.

- The REIT's Non-Revolving Credit Facility Expansion totaling $8,800 which matures June 30, 2016. This liability was repaid subsequent to the quarter with proceeds from the April 20th equity offering.

- Vital Margin Facilities totaling $37,820 which matures December 31, 2016. The Vital Margin Facility has historically been renewed and is expected to continue to roll over each one year period. The nature of most margin loans is that they have terms no longer than one year and are renewed consistently each year. The REIT expects to renew its Vital Margin Facility for another one year term upon maturity with very few substantial changes to the terms as the loans remain in good standing and are fully secured by Vital Trust units which are highly liquid securities.

- Deferred consideration of $29,576 associated with the Rede D'Or Hospital Portfolio Acquisition which is payable on June 15, 2016. The REIT expects to have sufficient funds to settle this amount from the HMB Securitization Financing.

- Brazil Term Loans of $60,176 which mature December 21, 2016. The REIT is currently considering refinancing options which may include the extension of the existing term loans.

There are no assurances that the timing, amounts and/or terms of any refinancing, or other efforts will be on terms favourable or otherwise satisfactory to the REIT. If the terms of any such refinancing or other efforts are less favourable than the terms of the existing loans, then the financial condition of the REIT, as well as the REIT's ability to continue to meet required interest and principal payments, meet capital commitments, or to continue to make distributions at current levels, may be materially adversely affected.

Changes in Cash

The following table sets out the REIT's net change in cash:

TABLE 18 - NET CHANGE IN CASH (1)

Expressed in thousands of Canadian dollars	Three months ended March 31		
	2016	**2015**	**Variance**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Cash provided by / (used in):			
Operating activities	$ 17,852	$ 3,448	$ 14,404
Investing activities	(21,973)	1,781	(23,754)
Financing activities	1,210	(16,108)	17,318
Net increase / (decrease) in cash during the period	**(2,911)**	**(10,879)**	**7,968**
Effect of foreign currency translation	119	(1,948)	2,067
Net increase / (decrease) in cash during the period	**$ (2,792)**	**$ (12,827)**	**$ 10,035**

Notes

(1) The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI. The financial results for the periods subsequent to the completion of the Combination Transaction reflect the consolidated results of the REIT and NWI.

Operating activities

Cash provided by operating activities totaled $17,852 for the three months ended March 31, 2016 as compared to cash flow provided by operating activities of $3,448 for the three months ended March 31, 2015, an increase of $14,404. Of this increase, $9,932 is attributable to the consolidation of the results of the REIT, as well as, interest costs savings and working capital movements; partially offset by incremental general and administrative expenses associated with the combined REIT.

Investing activities

Cash used by investing activities totaled $21,973 for the three months ended March 31, 2016, which is primarily due to $52,677 related to acquisitions of investment properties and $17,682 of additions to investment properties, partially offset by net proceeds on disposal of investment properties of $39,883 and receipts from foreign exchange contracts held by Vital Trust of $8,539.

Cash provided by investing activities totaled $1,781 for the three months ended March 31, 2015, which is a result of additions to investment properties and furniture and office equipment of $10,181 and $78 respectively, offset by working capital acquired as part of the Internalization Transaction of $468, cash acquired on the acquisition of control of Vital Trust of $1,055, receipts from foreign exchange contracts held by Vital Trust of $7,327, a decrease to restricted cash related to the NWHP REIT margin facilities of $810, and by the cash distributions received from NorthWest REIT of $2,380.

Financing activities

Cash generated in financing activities totaled $1,210 for the three months ended March 31, 2016 as compared to an outflow of $16,108 during the three months ended March 31, 2015.

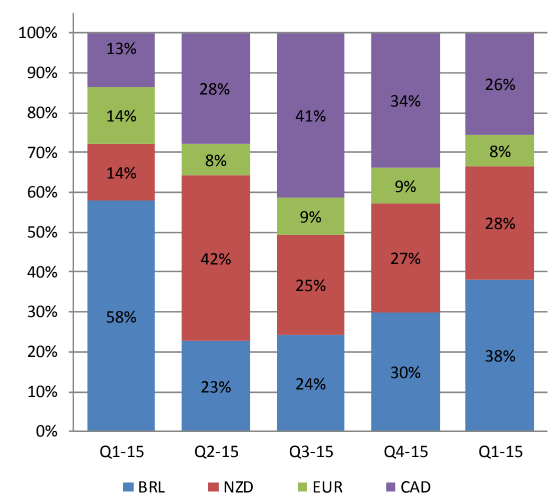
During the three months ended March 31, 2016, the REIT received proceeds net of repayments from mortgages, loans payable and credit facilities of $20,474, paid financing fees of $1,224, paid distributions to REIT unitholders of $13,117, paid distributions to non-controlling unitholders of Vital Trust of $4,637 and acquired Trust Units for cancellation, pursuant to the REIT's NCIB, at a total cost of $286.

During the three months ended March 31, 2015, the REIT made net repayments of mortgages and loans payable and credit facilities of $6,198, paid financing fees of $1,695, received net advances from related parties of $3,604, paid distributions to REIT unitholders of $7,630, and paid distributions to non-controlling unitholders of Vital Trust of $4,189.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three months ended March 31, 2016, approximately 74% of the REIT's AFFO was conducted in currencies other than Canadian dollars, while its distributions to Unitholders, certain general and administrative expenses, interest expenses and interest income were denominated in Canadian dollars. A summary of the REIT's currency exposure by quarter for the last four quarters is presented below:

AFFO by Currency by Quarter [1]



Trading Range

(Against CAD)	BRL	EUR	NZD
Three months ended March 31, 2016:			
High	0.3578	1.5441	0.9285
Low	0.3480	1.4721	0.8923
Average	0.3708	1.4559	0.8522
Balance Sheet:			
March 31, 2016	0.3654	1.4777	0.8977
December 31, 2015	0.3499	1.5126	0.9493
Profit & Loss:			
Q1 2016 Average Rate	0.3522	1.5155	0.9119
Q4 2015 Average Rate	0.3474	1.4624	0.8910
Q3 2015 Average Rate	0.3708	1.4559	0.8522
Q2 2015 Average Rate	0.4004	1.3597	0.8996
Q1 2015 Average Rate	0.4353	1.3967	0.9324

Notes

(1) Canadian Dollar AFFO represents the REIT's proportionate share of FFO from NorthWest REIT prior to the Combination Transaction, the consolidated AFFO of the REIT's Canadian operations after the Combination Transaction and interest income less interest expense paid on Canadian-denominated debt and certain general and administrative expenses, net of subsidies.

For the three months ended March 31, 2016, a portion of the AFFO generated in foreign currencies was retained in those foreign currencies to provide funds for operations, future investments in those foreign jurisdictions and to minimize currency conversion costs, while a portion has been repatriated back to Canada to fund distributions, interest payments and other corporate expenses.

For the three months ended March 31, 2016, Canadian dollar AFFO was $3,958 while Canadian dollar distributions paid in cash to Unitholders totaled $14,422. Deficiencies were funded from cash repatriated to Canada from Brazil, Germany and New Zealand and the existing working capital and borrowings.

As at March 31, 2016 the REIT held approximately $6,470 of cash and receivables denominated in Canadian Dollars.

The REIT monitors its foreign exchange exposure and its hedging strategy on an ongoing basis. The REIT has not executed any derivative foreign currency hedging arrangements in the past year; however, Vital Trust has in place a proactive currency management policy which aims to reduce volatility in the Australian dollar relative to the New Zealand dollar. Vital Trust's transaction hedging policy framework minimizes earnings volatility by means of coverage on forecasted Australian dollar profits. Vital Trust's translation hedging is managed both through natural hedges as Vital Trust has Australian based investment properties and Australian denominated borrowings and through rolling foreign exchange contracts.

The REIT intends to implement its formal hedging policy, when necessary, practicable and economically feasible to do so, to mitigate the impact of foreign currency fluctuations and to provide more certainty regarding the payment of distributions to Unitholders if the Canadian dollar increases in value compared to foreign currencies. The REIT's current hedging arrangements include natural currency hedges through local-currency denominated debt, inflation-indexed leases that provide protection against currency devaluation, and exposure to a diversified basket of currencies. Future hedging arrangements may include implementing specific foreign currency hedging derivatives. The REIT (with the exception of Vital Trust) does not currently have any specific foreign currency hedging derivatives in place.

PART V – RELATED PARTY TRANSACTIONS

a) As at March 31, 2016, NWVP indirectly owned approximately 34% of the outstanding Trust Units (approximately 28% on a fully-diluted basis assuming conversion of the REIT's Convertible Debentures and redemption of its deferred units) of the REIT through a combination of Trust Units of the REIT and Class B LP Units. Paul Dalla Lana, Chairman of the Board of Trustees and Chief Executive Officer ("**CEO**") of the REIT, is the sole shareholder, sole director and President of NWVP.

b) From the initiation of NWI until January 28, 2015, affiliates of NWVP served as the NWI's asset manager, property manager and developer pursuant to certain management and partnership agreements that are filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. On January 28, 2015, the NWI internalized it external management arrangements, terminating the asset management, property management and development functions of NWI carried on by affiliates of NWVP. The Internalization Transaction also resulted in NWI acquiring from NWVP all of the rights and obligations relating to the management of Vital Trust.

   Post the Internalization Transaction, the REIT entered into a Cost-Sharing Agreement with an affiliate of NWVP for certain general management and administration support services for a fee based on cost-sharing. The REIT also has entered into a monthly Sublease Agreement with an affiliate of NWVP for the REIT to lease its head office premises.

   The following table summarizes the related party transactions with NWVP and its affiliates related to the former Asset Management Agreement, Property Management Agreement, Development Agreement and Management Fee Participation Agreement as well as the Cost-Sharing and Sublease Agreements during the period:

TABLE 19A - RELATED PARTY TRANSACTIONS			
Expressed in thousands of Canadian dollars	Three months ended March 31		
	2016	2015	Variance
	(Unaudited)	(Unaudited)	(Unaudited)
Base asset management fees paid [1]	$ -	$ -	$ -
Interest revenue (i)	-	(305)	305
Out-of-pocket costs paid	158	252	(94)
Cost-sharing and sublease amounts paid	$ 194	$ 361	$ (167)

Notes

(1) During the three months ended March 31, 2015 NWI issued 143,538 NWI trust units to settle outstanding asset management fees owing to a subsidiary of NWVP (29,856 Trust Units adjusted for the Exchange Ratio).

(i) Interest income on working capital and closing adjustment

The working capital and closing adjustment receivable from a subsidiary of NWVP arose as a result of the differences in the values of the working capital and debt indirectly assumed on acquisition of the initial international assets by NWI as compared to the values assigned at the time of the signing of the agreement entered into in connection with the acquisition. The working capital and closing adjustment receivable was unsecured and was previously due on December 31, 2013, but was fully repaid during the second quarter of 2015. The working capital and closing adjustment receivable accrued an approximate economic return of 8% per annum when permissible. For the three months ended March 31, 2015, NWVP agreed to pay interest of $305.

c) The following table summarizes the balance owing from NWVP and its subsidiaries:

TABLE 19B - RELATED PARTY BALANCE SHEET AMOUNTS			
Expressed in thousands of Canadian dollars	As at March 31, 2016	As at December 31, 2015	Variance
	(Unaudited)	(Unaudited)	(Unaudited)
Amounts receivable			
Interest Rate Subsidy (i)	$ -	$ 669	$ (669)
Internalization Contribution (ii)	$ -	$ 1,385	$ (1,385)
Amounts payable			
Class B Exchangeable Unit distributions	$ 1,267	$ 1,267	$ -
Cost-sharing and sublease amounts	$ 30	$ 318	$ (288)

(i) Interest Rate Subsidy

As part of NWI's acquisition of the investment in NorthWest REIT, NWVP had committed, by means of a capital contribution (referenced in this MD&A as the Interest Rate Subsidy), that the effective interest rate payable by the REIT on the assumed NWH Margin Facilities should not exceed (a) 4.25% for the balance of 2013, and (b) 6.00% for the first three months of 2014. At the date of acquisition the present value of the Interest Rate Subsidy was $1,874 and was recorded as a receivable from NWVP, and subsequent cash payments by NWVP will be recorded as a reduction of the receivable balance.

Throughout 2014 and again in March 2015, NWVP and NWI agreed to extend and amend the Interest Rate Subsidy, with an effective date of January 1, 2014, such that the effective interest rate payable by the REIT on the assumed margin facilities shall not exceed 4.25% up to March 31, 2015. To reflect the extension of the Interest Rate Subsidy in 2014 and again in March 2015, the NWI recorded an additional receivable from NWVP of $2,282 and $669 respectively with the offset recorded directly to equity as a capital contribution. In connection with the Combination Transaction the NWH Margin Facilities related to the NWI's investment in NorthWest REIT were repaid in full and cancelled.

On March 24, 2016 the interest rate subsidy was settled.

(ii) Internalization Contribution

As a result of costs incurred by NWI following completion of the Internalization Transaction, NWVP had committed to making an Internalization Contribution to NWI LP. For the three months ended March 31, 2015, the REIT recorded an Internalization Contribution of $1,385. The Internalization Contribution is recorded in the consolidated statement of unitholders' equity. On March 24, 2016 the Internalization Contribution was settled.

Transactions with related parties disclosed above are recorded at the transaction amount, being the price agreed between the parties.

PART VI – CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of significant accounting policies is described in note 2 of the REIT's condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2016.

The preparation of financial statements in conformity with IFRS requires the REIT to make judgements, estimates, and assumptions that affect the reported amounts recognized in the financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the financial statements. Actual results could differ from estimates. Please refer to note 2 in the REIT's condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2016 and the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2015.

PART VII – RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Trust Units and the Convertible Debentures and in the activities of the REIT which current and prospective Unitholders and current or prospective investors in Convertible Debentures should carefully consider. The REIT's Annual Information Form, which can be found on SEDAR at www.sedar.com., contains a detailed summary, under "Risk Factors", of the risk factors pertaining to the REIT and its business.

PART VIII – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

The REIT's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, the REIT's disclosure controls and procedures to provide reasonable assurance that (i) material information relating to the REIT, including its consolidated subsidiaries, is made known to them by others within those entities, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

In designing these internal controls the REIT has considered the Committee of Sponsoring Organizations of the Treadway Commission (COSO) updated Internal Control – Integrated Framework: 2013.

Changes in Internal Controls Over Financial Reporting

There were no significant changes made in internal controls over financial reporting during the three months ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

For additional information on the REIT's disclosure controls and procedures and internal controls over financial reporting refer to "Controls and Procedures" in the REIT's MD&A for the three months and year ended December 31, 2015, which can be found on SEDAR at www.sedar.com.

PART IX – OUTLOOK

During 2016, the REIT will, focus on lowering its cost of capital through debt refinancings and repayments, and new financing; continue to pursue new acquisitions and accretive development opportunities in the REIT's existing markets; and continue to execute on a focused investor relations outreach program.

Looking forward, the REIT remains committed to its key initiatives as outlined below:

1. Continue to enhance its management platform and operational performance where possible;
2. Expand the portfolio and augment its quality through reinvestment in existing assets and acquiring new assets in each of our core markets;
3. Continue to achieve maximum returns and drive unitholder value through optimal capital allocation within the REIT's global markets;
4. Optimize its capital structure;
5. Increase investor liquidity by raising new capital and broadening its investor base; and
6. Increase its profile through measured investor relations and communication strategies.

PART X – INDEX TO DEFINED TERMS

PART XI – PROPERTY TABLE

As at March 31, 2016

PROPERTY TABLE

	Property	Location	Date Acquired	Year Built [1]	Approximate GLA (sf)	# of Tenants	Occupancy %	WALE [2]
Canada								
1	Glenmore Professional Centre	Calgary, AB	Dec 31 2010	2007	137,821	1	100.0%	1.3
2	Sunridge Professional Centre	Calgary, AB	Mar 25 2010	1985	132,241	32	99.2%	4.9
3	Riley Park Health Centre [7]	Calgary, AB	Mar 25 2010	1956/92	72,808	9	100.0%	4.5
4	Rockyview Health Centre I	Calgary, AB	Mar 25 2010	1977/97/2013/14	68,755	28	85.6%	3.9
5	Foothills Professional Building	Calgary, AB	Mar 25 2010	1980/2013	58,607	21	100.0%	4.4
6	Sunpark Plaza	Calgary, AB	Dec 7 2011	2005	53,150	8	74.8%	2.8
7	Rockyview Health Centre II	Calgary, AB	Mar 25 2010	1975/2009	53,353	5	100.0%	7.2
8	Willow Brook Medical Centre	Airdrie, AB	Apr 10 2012	2010	34,680	5	100.0%	7.5
9	Hys Centre	Edmonton, AB	Feb 1 2011	1978/87/90	179,515	33	89.5%	3.8
10	Tawa Centre	Edmonton, AB	May 31 2011	1986	95,342	24	99.4%	4.3
11	Mira Health Centre	Edmonton, AB	Mar 25 2010	1992	67,527	16	95.0%	2.8
12	Garneau Professional Building	Edmonton, AB	Mar 25 2010	1980	58,545	17	83.2%	1.9
13	Queen Street Place	Spruce Grove, AB	Jul 7 2010	2007	69,423	16	100.0%	3.6
14	WRHA Downtown West Community	Winnipeg, MB	May 16 2013	1974/91/2009	43,750	3	100.0%	10.5
15	Hargrave Place	Winnipeg, MB	Jul 31 2013	1977/88/2011/12	70,947	2	99.0%	13.4
16	Dundas-Edward Centre	Toronto, ON	Jan 25 2011	1964/78/87/90	416,032	80	90.9%	5.0
17	Davisville Medical Dental Centre	Toronto, ON	Mar 25 2010	1964	95,778	83	96.5%	3.6
18	Fairview Health Centre	Toronto, ON	Mar 25 2010	1971	87,167	55	97.1%	4.1
19	North York Medical Arts Building	Toronto, ON	Mar 25 2010	1969	75,851	58	98.1%	4.0
20	The Stewart Building	Toronto, ON	Mar 25 2010	1892/1999	43,118	1	100.0%	3.1
21	Malvern Medical Arts	Toronto, ON	Apr 1 2011	1987	40,667	16	90.3%	3.6
22	Albany Medical Clinic	Toronto, ON	Sep 27 2012	2010	42,582	1	100.0%	14.1
23	One Medical Place	Toronto, ON	Mar 25 2010	1964	40,530	17	80.8%	5.9
24	Danforth Health Centre	Toronto, ON	Mar 25 2010	1991	29,491	7	90.3%	1.1
25	Bathurst Health Centre	Toronto, ON	Mar 25 2010	1984	29,150	17	91.3%	5.9
26	81 The East Mall [6]	Toronto, ON	Jan 16 2015	1975	35,276	5	92.6%	7.3
27	Queensway Professional Centre	Mississauga, ON	Mar 25 2010	1977/80	169,940	62	94.5%	3.8
28	Trafalgar Professional Centre	Oakville, ON	Mar 25 2010	1985	66,391	29	92.8%	4.0
29	Dundas-Centre Medical	Whitby, ON	Oct 1 2012	1987	32,797	22	91.2%	3.3
30	Wentworth-Limeridge Medical Centre	Hamilton, ON	Mar 25 2010	1989	40,716	19	88.7%	4.0
31	Queenston Medical-Dental Centre	Hamilton, ON	Oct 1 2012	1992	18,355	14	93.4%	2.8
32	Oxford Health Centre	London, ON	Mar 25 2010	1994	39,184	18	71.0%	5.1
33	Springbank Medical Centre	London, ON	Mar 30 2012	2011	53,082	31	94.6%	2.6
34	St. Thomas Family Health Centre	St. Thomas, ON	Oct 1 2012	1986	17,980	14	100.0%	2.8
35	Canamera Medical Centre	Cambridge, ON	Sep 15 2011	2007	81,971	20	100.0%	2.0
36	Guelph Medical Place I	Guelph, ON	Oct 1 2012	1991/2008	35,154	13	100.0%	5.0
37	Guelph Medical Place II	Guelph, ON	Oct 1 2012	2011	24,066	10	89.9%	2.9
38	Chatham Professional Building	Chatham, ON	Mar 25 2010	1977/87	26,612	9	65.7%	4.1
39	Windsor Health Centre	Windsor, ON	Mar 25 2010	1970/71/88/89	176,812	63	60.3%	4.7
40	Shoppers Drug Mart	Windsor, ON	Mar 25 2010	1998/2011	20,870	1	100.0%	12.5
41	Collingwood Health Centre	Collingwood, ON	Mar 25 2010	1989/2013	26,320	16	91.0%	4.2
42	Owen Sound Medical Building	Owen Sound, ON	Feb 9 2015	2011	77,542	11	86.7%	7.4
43	Smyth Medical Centre	Ottawa, ON	Sep 10 2012	1983	18,400	14	91.0%	3.3
44	CSSS Haut-Richelieu	Richelieu, QC	Sep 1 2010	2009	54,659	1	100.0%	7.8
45	Clinique Bois-De-Boulogne	Montreal, QC	Mar 25 2010	1976/89	95,974	29	79.7%	3.0
46	Le Carrefour Medical	Laval, QC	Mar 25 2010	1990	117,957	33	84.7%	2.7
47	Clinique CAMU	Longueuil, QC	Mar 25 2010	1988	25,772	5	88.9%	6.0
48	2924 Taschereau Boulevard	Longueuil, QC	Mar 25 2010	1988/2010	24,644	1	100.0%	4.5
49	CLSC Saint-Hubert	Saint Hubert, QC	Mar 25 2010	1991	46,639	2	100.0%	0.0
50	950 Montee des Pionniers	Lachenaie, QC	Mar 25 2010	2004	64,402	15	97.0%	5.6
51	Agence Lanaudiere	Joliette, QC	Dec 20 2012	1994/2008	53,771	1	100.0%	7.3
52	CSSS Grand Littoral	Levis, QC	Sep 1 2010	2008	64,563	2	100.0%	6.7
53	Polyclinique Val-Belair	Quebec City, QC	Jul 22 2011	2009	46,053	12	99.2%	5.7
54	Centre Medicale de L'Hetriere	Quebec City, QC	Jan 19 2012	2007	36,502	7	94.5%	2.1
55	Fredericton Medical Centre	Fredericton, NB	Mar 25 2010	1985	70,569	40	88.6%	4.3
56	Moncton Medical Clinic	Moncton, NB	Jan 23 2012	1984	40,676	17	97.5%	4.5
57	Cobequid Centre	Lower Sackville, NS	Mar 25 2010	2006	30,009	1	100.0%	6.4
58	Halifax Professional Centre	Halifax, NS	Mar 25 2010	1969/74	115,499	80	90.0%	3.5
59	Gladstone Professional Centre	Halifax, NS	Mar 25 2010	1985	41,860	11	100.0%	3.6
60	Royal Bank Building	Dartmouth, NS	Mar 25 2010	1964/71	100,470	28	68.2%	4.8
61	New Glasgow Medical Centre	New Glasgow, NS	Dec 21 2011	2009	33,800	1	100.0%	8.6
					4,122,117	**1,212**	**91.4%**	**4.6**
Redevelopment Properties:								
62	490 Harwood Boulevard	Vaudreuil-Dorion, QC	Mar 25 2010	1985	24,457	n/a	n/a	n/a
	85 The East Mall [6]	Toronto, ON	Jan 16 2015	1975	47,299	n/a	n/a	n/a
	Parkwood [7]	Calgary, AB	Mar 25 2010	1956	20,271	n/a	n/a	n/a
					92,027	**n/a**	**n/a**	**n/a**
Development Land:								
	Barrie Primary Care Campus	Barrie, ON	Feb 9 2015	n/a	n/a	n/a	n/a	n/a
	St. Albert Land	St. Albert, AB	Feb 9 2015	n/a	n/a	n/a	n/a	n/a

PART XI – PROPERTY TABLE (CON'T.)

PROPERTY TABLE

	Property	Location	Date Acquired	Year Built (1)	Approximate GLA (sf)	# of Tenants	Occupancy %	WALE (2)
Brazil								
63	Sabará Children's Hospital	São Paulo	Nov 16 2012	2010	104,915	1	100.0%	8.5
	Rede D'Or Hospital Portfolio:							
64	Hospital e Maternidade Brasil ("HMB")	São Paulo	Dec 27 2012	1970 - 2007	342,000	1	100.0%	21.8
65	Hospital Santa Luzia*	Brasilia's South Wing	Dec 23 2013	2003	185,139	1	100.0%	22.8
66	Hospital Do Coracao*	Brasilia's South Wing	Dec 23 2013	2007	96,875	1	100.0%	22.8
67	Hospital Caxias*	Rio de Janeiro	Dec 23 2013	2013	290,626	1	100.0%	22.8
	* - the "**Rede D'Or Hospital Portfolio Acquistion**"				**1,019,555**	**5**	**100.0%**	**21.0**
Germany								
68	Adlershof 1	Berlin	Nov 16 2012	2004	55,292	47	95.1%	5.8
69	Adlershof 2	Berlin	Nov 16 2012	2010	46,807	39	100.0%	4.9
70	Berlin Neukölln	Berlin	Nov 16 2012	2000	33,781	15	100.0%	3.9
71	Königs Wusterhausen 1	Königs Wusterhausen	Nov 16 2012	2001	35,687	20	76.6%	1.9
72	Fulda	Fulda	Mar 31 2013	2010	110,475	33	100.0%	4.3
73	Polimedica Centre**	Berlin	Jun 25 2014	2007	113,937	32	98.2%	8.7
74	Hollis Centre**	Ingolstadt	Jun 25 2014	1996	99,651	34	95.6%	3.8
75	Leipzig am Park**	Leipzig	Jun 25 2014	1977	19,048	10	93.9%	5.8
76	Leipzig Baestlein**	Leipzig	Jun 25 2014	1975	19,163	11	93.4%	6.4
77	Leipzig Gruenauer**	Leipzig	Jun 25 2014	1980	15,932	8	83.9%	5.6
78	Leipzig Karlsruher**	Leipzig	Jun 25 2014	1982	18,990	7	67.3%	1.8
79	Leipzig Lidicestrasse**	Leipzig	Jun 25 2014	1975	19,201	12	88.4%	5.0
80	Leipzig Pfaffensteinstrasse**	Leipzig	Jun 25 2014	1985	18,277	8	79.5%	3.8
81	Leipzig Plovdiver**	Leipzig	Jun 25 2014	1975	18,217	5	100.0%	5.2
82	Leipzig Schlehenweg**	Leipzig	Jun 25 2014	1989	18,537	11	100.0%	2.0
83	Leipzig Stuttgarter**	Leipzig	Jun 25 2014	1978	18,047	9	93.9%	3.1
84	Leipzig Tauchaer Strasse**	Leipzig	Jun 25 2014	1982	18,681	10	100.0%	5.0
85	Leipzig Yorckstrasse**	Leipzig	Jun 25 2014	1975	11,624	6	91.5%	5.2
86	Hohenschonhausen	Berlin	Aug 30 2014	1996	63,410	37	93.4%	3.8
	** - the "**Core German MOB Portfolio**"				**754,757**	**354**	**94.6%**	**4.9**
	Development Land:							
	Vivantes Auguste-Viktoria Hospital land	Berlin	Apr 1 2015	n/a	n/a	n/a	n/a	n/a
Australia								
87	Allamanda Private Hospital	Southport, Queensland	Dec 22 2010	1979	318,773	1	100.0%	21.9
88	Belmont Private Hospital	Carina, Queensland	Dec 22 2010	1973/2015	94,023	1	100.0%	19.9
89	Clover Lea Residential Aged Care	Sydney, New South Wales	Mar 1 2016	1919/1960/2003	16,146	1	100.0%	19.9
90	Dubbo Private Hospital	Dubbo, New South Wales	Dec 22 2010	1994	55,972	1	100.0%	15.8
91	Epworth Eastern Hospital	Melbourne, Victoria	Mar 30 1999	2005	132,640	8	100.0%	9.0
92	Epworth Eastern Medical Centre	Melbourne, Victoria	Mar 30 1999	1986	33,237	26	100.0%	5.3
93	Epworth Rehabilitation	Melbourne, Victoria	Feb 01 1999	1971	35,489	1	100.0%	2.9
94	Fairfield Residential Aged Care	Sydney, New South Wales	Mar 1 2016	1968/2009	31,000	1	100.0%	19.9
95	Gold Coast Surgery Centre	Southport, Queensland	Dec 22 2010	1999	29,495	8	91.8%	8.5
96	Hamersley Residential Aged Care	Perth, Western Australia	Mar 1 2016	1971	20,279	1	100.0%	19.9
97	Hurstville Private Hospital	Sydney, New South Wales	Apr 30 2012	1894/2015	135,238	1	100.0%	26.1
98	Lingard Private Hospital	Merewether, New South Wales	Dec 22 2010	1975/2015	99,566	1	100.0%	24.9
99	Maitland Private Hospital	Maitland, New South Wales	Dec 22 2010	2001/2015	126,863	2	100.0%	16.8
100	Marian Centre	Perth, Western Australia	Aug 12 2014	1965	24,337	1	100.0%	18.4
101	Mayo Private Hospital	Taree, New South Wales	Dec 16 2011	1997	62,700	1	100.0%	15.7
102	North West Private Hospital	Burnie, Tasmania	Dec 22 2010	1988	87,360	2	100.0%	15.8
103	Palm Beach Currumbin Clinic	Currumbin, Queensland	Dec 22 2010	1980	53,443	1	100.0%	15.9
104	Rockingham Residential Aged Care	Perth, Western Australia	Mar 1 2016	1968/1992	14,596	1	100.0%	19.9
105	South Eastern Private Hospital	Melbourne, Victoria	Dec 22 2010	1970	59,148	1	100.0%	24.9
106	Sportsmed Private Hospital	Adelaide, South Australia	Dec 3 2012	1990/2008	56,607	2	100.0%	16.7
107	Toronto Private Hospital	Toronto, New South Wales	Dec 22 2010	1988	55,682	2	100.0%	26.8
					1,542,594	64	**99.8%**	**18.7**
	Redevelopment Properties:							
108	Melbourne Pathology Building(8)	Melbourne, Victoria	Dec 22 2010	1970	n/a	n/a	n/a	n/a
109	Sportsmed Consulting (9)	Adelaide, South Australia	Jan 20 2016	1990	n/a	n/a	n/a	n/a
110	Sportsmed Office (9)	Adelaide, South Australia	Jan 20 2016	1988	n/a	n/a	n/a	n/a
	Development Land:							
111	25 Nelson Road(10)	Box Hill, Victoria	Nov 28 2014	n/a	n/a	n/a	n/a	n/a
112	142 Brighton Avenue(11)	Toronto, New South Wales	Jul 22 2015	n/a	n/a	n/a	n/a	n/a
113	27 Hopkins Street (12)	Merewether, New South Wales	Nov 25 2015	n/a	n/a	n/a	n/a	n/a
114	6 Lingard Street (12)	Merewether, New South Wales	Dec 4 2015	n/a	n/a	n/a	n/a	n/a

PART XI – PROPERTY TABLE (CON'T.)

PROPERTY TABLE

	Property	Location	Date Acquired	Year Built (1)	Approximate GLA (sf)	# of Tenants	Occupancy %	WALE (2)
New Zealand								
115	Apollo Health and Wellness Centre	Albany, Auckland	Sep 01 2008	2005	53,237	22	88.8%	4.1
116	Ascot Central	Greenlane East, Auckland	May 1 2008	2008	51,437	18	100.0%	4.1
117	Ascot Central Car Park	Greenlane East, Auckland	ground lease	1999	4,833	17	99.1%	14.8
118	Ascot Hospital	Greenlane East, Auckland	Mar 25 1999	1999	122,496	20	99.7%	19.3
119	Kensington Hospital	Whangarei, Northland	Mar 12 2001	2001	25,371	1	100.0%	4.9
120	Napier Health Centre	Napier, Hawke's Bay	Dec 23 1999	1999	46,231	1	100.0%	3.7
					303,605	**79**	**97.9%**	**10.4**
Australasia Total - Vital Trust(3)					**1,846,199**	**143**	**99.5%**	**17.3**
	Portfolio Totals / Weighted Averages (5)				**7,834,655**	**1,714**	**94.8%**	**9.8**
	Portfolio Totals / Weighted Averages - Proportionate Consolidation (4)(5)				**6,439,400**		**93.8%**	**8.2**
	Portfolio Statistics excluding Assets Held for Sale:							
	Canada				3,779,373	1,097	93.6%	4.6
	Portfolio Totals / Weighted Averages (5)				7,491,911	1,599	96.1%	10.1
	Portfolio Totals / Weighted Averages - Proportionate Consolidation (4)(5)				6,096,656		95.3%	8.4

Notes

(1) Year built/renovated or expanded, as applicable.
(2) As at March 31, 2016. Weighted average lease expiry in years.
(3) Represents 100% of Vital Trust. The REIT has an exposure to an approximate 24% interest in Vital Trust. The property count for Vital includes four properties representing development land.
(4) Calculation is based on the REIT's proportionate interest in Vital Trust.
(5) Weighted Average Occupancy and WALE excluding Redevelopment Properties
(6) One of two buildings on a two building campus
(7) One of two buildings on a two building campus
(8) Adjacent to South Eastern Private Hospital
(9) Adjacent Sportsmed Private Hospital
(10) Adjacent to Epworth Easter Hospital
(11) Adjacent to Toronto Private Hospital
(12) Adjacent Lingard Private Hospital

PART XII – SUPPLEMENTAL DISCLOSURE

SUPPLEMENTAL DISCLOSURE

Unaudited

Expressed in thousands of Canadian dollars

	Three months ended March 31, 2016								
	Canada[4]	Brazil	Germany	Australia/New Zealand[5]				Corporate[6]	Consolidated
				Vital Trust	Vital Manager	Elimination	Total		
Net Operating Income [1][2]									
Revenue from investment properties	$ 35,992	$ 7,658	$ 3,576	$ 18,171	$ -	$ (492)	$ 17,679	$ -	$ 64,905
Property operating costs	(16,878)	-	(928)	(2,438)	-	46	(2,392)	-	$ (20,198)
	19,114	**7,658**	**2,648**	**15,733**	**-**	**(446)**	**15,287**	**-**	**$ 44,707**
Other income									
Share of profit (loss) from associates	-	-	-	-	467	(467)	-	-	$ -
Management fees	-	-	-	-	3,792	(3,792)	-	-	$ -
Interest income	2	169	-	17	2	-	19	1	$ 191
	2	**169**	**-**	**17**	**4,261**	**(4,259)**	**19**	**1**	**$ 191**
	19,116	**7,827**	**2,648**	**15,750**	**4,261**	**(4,705)**	**15,306**	**1**	**$ 44,898**
Other expenses									
Mortgage and loan interest expense	(9,171)	(1,345)	(443)	(3,621)	(18)	-	(3,639)	(4,376)	$ (18,974)
General and administrative expenses	(223)	(361)	(760)	(3,249)	(1,242)	3,272	(1,219)	(2,763)	$ (5,326)
Transaction costs	-	-	-	-	-	-	-	(2,568)	$ (2,568)
Other Finance costs	2,481	(2,973)	(76)	(90)	-	-	(90)	(19,889)	$ (20,547)
Foreign exchange gain (loss)	-	(56)	2	(370)	56	-	(314)	2,640	$ 2,272
Income / (Loss) before the undernoted items	**12,203**	**3,092**	**1,371**	**8,420**	**3,057**	**(1,433)**	**10,044**	**(26,955)**	**$ (245)**
Fair value adjustment of DUP liability	-	-	-	-	(40)	-	(40)	(773)	$ (813)
Fair value adjustment of investment properties	(4,908)	9,517	(150)	5,315	-	661	5,976	-	$ 10,435
Net loss on disposal of investment properties	(1,417)	-	-	-	-	-	-	-	$ (1,417)
Gain on business combination	-	-	-	-	-	-	-	-	$ -
Gain / (Loss) on derivative financial instruments	(682)	375	(399)	(3,022)	-	-	(3,022)	8	$ (3,720)
Income / (Loss) before taxes	**5,196**	**12,984**	**822**	**10,713**	**3,017**	**(772)**	**12,958**	**(27,720)**	**$ 4,240**
Income tax expense	-	(3,517)	(139)	(1,353)	(417)	-	(1,770)	-	$ (5,426)
Net income (loss)	**$ 5,196**	**$ 9,467**	**$ 683**	**$ 9,360**	**$ 2,600**	**$ (772)**	**$ 11,188**	**$ (27,720)**	**$ (1,186)**
Non-Controlling Interest	-	-	-	7,073	-	(210)	6,863	-	$ 6,863
Income attributable to Unitholders	**$ 5,196**	**$ 9,467**	**$ 683**	**$ 2,287**	**$ 2,600**	**$ (562)**	**$ 4,325**	**$ (27,720)**	**$ (8,049)**
Add / (Deduct):									
Fair market value losses (gains)	5,590	(9,892)	549	(2,293)	40	(661)	(2,914)	16,574	9,907
Less: Non-controlling interests' share of fair market value losses (gains)	-			1,733		498	2,231		2,231
Finance cost - Exchangeable Unit distributions	-	-	-	-	-	-	-	3,800	3,800
Revaluation of financial liabilities	-	2,473	-	-	-	-	-	-	2,473
Unrealized foreign exchange loss (gain)	-	56	(2)	370	(56)	-	314	(2,655)	(2,287)
Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	-			(280)	-		(280)		(280)
Deferred taxes	-	3,427	114	242	335	-	577	-	4,118
Less: Non-controlling interests' share of deferred taxes	-			(184)	-		(184)		(184)
Non-recurring transaction costs	-	-	-	-	-	-	-	2,568	2,568
Convertible Debenture issuance costs	-	-	-	-	-	-	-	-	-
Net adjustments for equity accounted entities	-			-			-		-
Internal Leasing Costs	341		48	-	-		-	-	389
Net loss on disposal of investment properties	1,417	-	-	-	-		-	-	1,417
Funds From Operations ("FFO") [1][3]	**$ 12,544**	**$ 5,531**	**$ 1,392**	**$ 1,875**	**$ 2,919**	**$ (725)**	**$ 4,069**	**$ (7,433)**	**$ 16,103**

PART XII – SUPPLEMENTAL DISCLOSURE (CON'T.)

SUPPLEMENTAL DISCLOSURE (CON'T)

Unaudited

Expressed in thousands of Canadian dollars

Three months ended March 31, 2016

	Canada[4]	Brazil	Germany	Australia/New Zealand[5]				Corporate[6]	Consolidated
				Vital Trust	Vital Manager	Elimination	Total		
Funds From Operations ("FFO") [1][3]	$ 12,544	$ 5,531	$ 1,392	$ 1,875	$ 2,919	$ (725)	$ 4,069	$ (7,433)	$ 16,103
Add / (Deduct):									
Amortization of marked to market adjustment	(2,552)	-	-	-	-	-	-	-	(2,552)
Amortization of deferred financing charges	71	500	76	90	-	-	90	280	1,017
Less: Non-controlling interests' share of amortization of deferred financing charges	-			(68)			(68)		(68)
Straight line revenue	(311)	(44)		190			190		(165)
Less: non-controlling interests' share of straight-line revenue	-			(144)			(144)		(144)
Leasing costs and non-recoverable maintenance capital expenditures	(2,160)	-	(215)	-			-		(2,375)
Less: non-controlling interests' share of actual capex and leasing costs	-			-			-		-
DUP Compensation Expense	-	-	-	-	224	-	224	1,637	1,861
Internalization Contribution	-			-			-	-	-
Debt repayment costs	1,997			-			-		1,997
Adjusted Funds From Operations ("AFFO") [1][3]	$ 9,589	$ 5,987	$ 1,253	$ 1,943	$ 3,143	$ (725)	$ 4,361	$ (5,516)	$ 15,674

PART XII – SUPPLEMENTAL DISCLOSURE (CON'T.)

SUPPLEMENTAL DISCLOSURE (CON'T)

Unaudited

Expressed in thousands of Canadian dollars

As at March 31, 2016

	Canada[4]	Brazil	Germany	Australia/New Zealand[5]				Corporate[6]	Consolidated
				Vital Trust	Vital Manager	Elimination	Total		
Assets									
Investment properties	$ 1,209,838	$ 368,079	$ 156,130	$ 834,626	$ -	$ 617	$ 835,243	$ -	$ 2,569,290
Intangible Asset	-	-	-	-	-	-	-	46,757	46,757
Goodwill	-	-	-	-	-	-	-	41,671	41,671
Derivative financial instruments	-	-	-	1,094	-	-	1,094	-	1,094
Assets held for sale	23,525	-	-	-	-	-	-	-	23,525
Other assets	7,094	8,616	3,573	5,452	2,183	(1,161)	6,474	3,402	29,159
	$ 1,240,457	**$ 376,695**	**$ 159,703**	**$ 841,172**	**$ 2,183**	**$ (544)**	**$ 842,811**	**$ 91,830**	**$ 2,711,496**
Liabilities									
Mortgages and loans payable	$ 684,205	$ 58,678	$ 80,241	$ 308,439	$ -	$ -	$ 308,439	$ 157,183	$ 1,288,746
Deferred Consideration	-	33,364	207	-	-	-	-	-	33,571
Convertible Debentures	-	-	-	-	-	-	-	172,414	172,414
Deferred Revenue	-	-	-	7,035	46	(5,776)	1,305	-	1,305
Deferred tax liability	-	37,777	4,432	45,115	827	-	45,942	-	88,151
Derivative financial instruments	3,475	525	1,546	20,428	-	-	20,428	4	25,978
Liabilities related to assets held for sale	20,259	-	-	-	-	-	-	-	20,259
Exchangeable Units	65,321	-	-	-	-	-	-	117,820	183,141
Other liabilities	27,495	1,649	1,048	15,016	770	(105)	15,681	25,850	71,723
	$ 800,755	**$ 131,993**	**$ 87,474**	**$ 396,033**	**$ 1,643**	**$ (5,881)**	**$ 391,795**	**$ 473,271**	**$ 1,885,288**
Net assets	**$ 439,702**	**$ 244,702**	**$ 72,229**	**$ 445,139**	**$ 540**	**$ 5,337**	**$ 451,016**	**$ (381,441)**	**$ 826,208**
Less: Non-controlling interest	-	-	-	(339,236)	-	(161)	(339,397)	-	(339,397)
Unitholders' Equity	**$ 439,702**	**$ 244,702**	**$ 72,229**	**$ 105,903**	**$ 540**	**$ 5,176**	**$ 111,619**	**$ (381,441)**	**$ 486,811**

Notes

(1) The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI.

(2) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A and analyzed in greater detail in section "Net Operating Income"

(3) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. FFO and AFFO are defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(4) Includes NWI's share of profit(loss) in the REIT prior to completion of Combination Transaction. Includes the REIT's consolidated Canadian regional operations for period following completion of Combination Transaction.

(5) Includes NWI's share of profit(loss) in Vital Trust for periods prior to consolidation of Vital Trust. On January 1, 2015 NWI acquired control of Vital Trust as a result of NWI's Internalization Transaction whereby NWI acquired the asset manager of Vital Trust ("Vital Manager"). Includes consolidated Australasian results of Vital Trust and Vital Manager for the period subsequent to acquisiton of the Vital Manager.

(6) Includes cost of corporate borrowings including the REIT's Secured Revolving Credit Facility, Convertible Debentures, NWH Margin Facilities, Vital Margin Facilities and distributions paid on Class B LP Units, treated as finance costs. Includes general and administrative costs of NWI's head office for period prior to completion of the Combination Transaction. Includes general and administrative costs of NWH's head office for the period subsequent to completion of the Combination Transaction.

PART XII – SUPPLEMENTAL DISCLOSURE (CON'T.)

SUPPLEMENTAL DISCLOSURE

Unaudited

Expressed in thousands of Canadian dollars

Three months ended March 31, 2015

	Canada[4]	Brazil	Germany	Australia/New Zealand[5]				Corporate[6]	Consolidated
				Vital Trust	Vital Manager	Elimination	Total		
Net Operating Income [1][2]									
Revenue from investment properties	$ -	$ 8,555	$ 3,166	$ 15,735	$ -	$ (523)	$ 15,212	$ -	$ 26,933
Property operating costs	-	-	(951)	(2,005)	-	-	(2,005)	-	(2,956)
	-	**8,555**	**2,215**	**13,730**	**-**	**(523)**	**13,207**	**-**	**23,977**
Other income									
Share of profit (loss) from associates	1,563	-	-	-	64	(64)	-	-	1,563
Management fees	-	-	-	-	1,343	(1,343)	-	-	-
Interest income	-	131	-	18	1	-	19	307	457
	1,563	**131**	**-**	**18**	**1,408**	**(1,407)**	**19**	**307**	**2,020**
	1,563	**8,686**	**2,215**	**13,748**	**1,408**	**(1,930)**	**13,226**	**307**	**25,997**
Other expenses									
Mortgage and loan interest expense	-	(2,980)	(447)	(2,905)	(23)	-	(2,928)	(4,159)	(10,514)
General and administrative expenses	-	(647)	(505)	(1,500)	(1,186)	1,411	(1,275)	(3,282)	(5,709)
Transaction costs	-	-	(9)	-	-	-	-	(4,366)	(4,375)
Other Finance costs	-	(7,216)	(56)	(75)	-	-	(75)	296	(7,051)
Foreign exchange gain (loss)	-	(21)	(2)	255	(7)	1	249	(2,393)	(2,167)
Income / (Loss) before the undernoted items	**1,563**	**(2,178)**	**1,196**	**9,523**	**192**	**(518)**	**9,197**	**(13,597)**	**(3,819)**
Fair value adjustment of DUP liability	-	-	-	-	(16)	-	(16)	369	353
Fair value adjustment of investment properties	-	14,032	(108)	-	-	523	523	-	14,447
Net loss on disposal of investment properties	-	-	-	-	-	-	-	-	-
Gain on business combination	-	-	-	-	-	-	-	-	-
Gain / (Loss) on derivative financial instruments	-	1,719	(123)	(2,865)	-	-	(2,865)	(8)	(1,277)
Income / (Loss) before taxes	**1,563**	**13,573**	**965**	**6,658**	**176**	**5**	**6,839**	**(13,236)**	**9,704**
Income tax expense	-	(5,726)	(123)	(821)	(140)	-	(961)	-	(6,810)
Net income (loss)	**$ 1,563**	**$ 7,847**	**$ 842**	**$ 5,837**	**$ 36**	**$ 5**	**$ 5,878**	**$ (13,236)**	**$ 2,894**
Non-Controlling Interest	-	-	-	4,435	-	-	4,435	-	4,435
Income attributable to Unitholders	**$ 1,563**	**$ 7,847**	**$ 842**	**$ 1,402**	**$ 36**	**$ 5**	**$ 1,443**	**$ (13,236)**	**$ (1,541)**
Add / (Deduct):									
Fair market value losses (gains)	-	(15,751)	231	2,865	16	(523)	2,358	(6,174)	(19,336)
Less: Non-controlling interests' share of fair market value losses (gains)	-	-	-	(1,780)	-	-	(1,780)	-	(1,780)
Finance cost - Exchangeable Unit distributions	-	-	-	-	-	-	-	5,074	5,074
Revaluation of financial liabilities	-	5,867	-	-	-	-	-	-	5,867
Unrealized foreign exchange loss (gain)	-	-	-	(255)	7	-	(248)	2,443	2,195
Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)	-	-	-	193	-	-	193	-	193
Deferred taxes	-	5,670	123	(472)	(20)	-	(492)	-	5,301
Less: Non-controlling interests' share of deferred taxes	-	-	-	359	-	-	359	-	359
Non-recurring transaction costs	-	-	9	-	-	-	-	4,366	4,375
Convertible Debenture issuance costs	-	-	-	-	-	-	-	1	1
Net adjustments for equity accounted entities	1,422	-	-	-	-	-	-	-	1,422
Internal Leasing Costs	-	-	-	-	-	-	-	-	-
Net loss on disposal of investment properties	-	-	-	-	-	-	-	-	-
Funds From Operations ("FFO") [1][3]	**$ 2,985**	**$ 3,633**	**$ 1,205**	**$ 2,312**	**$ 39**	**$ (518)**	**$ 1,833**	**$ (7,526)**	**$ 2,130**

SUPPLEMENTAL DISCLOSURE (CON'T)

Unaudited

Expressed in thousands of Canadian dollars

Three months ended March 31, 2015

	Canada[4]	Brazil	Germany	Australia/New Zealand[5]				Corporate[6]	Consolidated
				Vital Trust	Vital Manager	Elimination	Total		
Funds From Operations ("FFO") [1][3]	$ 2,985	$ 3,633	$ 1,205	$ 2,312	$ 39	$ (518)	$ 1,833	$ (7,526)	$ 2,130
Add / (Deduct):									
Amortization of marked to market adjustment	-	-	-	-	-	-	-	-	-
Amortization of deferred financing charges	-	1,349	56	75	-	-	75	442	1,922
Less: Non-controlling interests' share of amortization of deferred financing charges	-	-	-	(57)	-	-	(57)	-	(57)
Straight line revenue	-	52	-	-	-	126	126	-	178
Less: non-controlling interests' share of straight-line revenue	-			-			-		-
Leasing costs and non-recoverable maintenance capital expenditures	-	-	(17)	-	-	-	-	-	(17)
Less: non-controlling interests' share of actual capex and leasing costs	-	-	-	-	-	-	-	-	-
DUP Compensation Expense	-	-	-	-	93	-	93	2,396	2,489
Internalization Contribution	-	-	-	-	-	-	-	1,385	1,385
Debt repayment costs	-			-			-		-
Adjusted Funds From Operations ("AFFO") [1][3]	$ 3,654	$ 5,034	$ 1,244	$ 2,330	$ 132	$ (392)	$ 2,070	$ (3,303)	$ 8,699

Notes

(1) The Combination Transaction was completed on May 15, 2015 and has been accounted for as a business combination. NWI has been identified as the accounting acquirer of the REIT. Accordingly the financial results for the periods prior to completion of the Combination Transaction reflect the results of NWI.

(2) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A and analyzed in greater detail in section "Net Operating Income"

(3) FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to FFO and AFFO as reported by other such issuers. FFO and AFFO are defined in this MD&A and reconciled to the consolidated financial statements of the REIT.

(4) Includes NWI's share of profit(loss) in the REIT prior to completion of Combination Transaction. Includes the REIT's consolidated Canadian regional operations for period following completion of Combination Transaction.

(5) Includes NWI's share of profit(loss) in Vital Trust for periods prior to consolidation of Vital Trust. On January 1, 2015 NWI acquired control of Vital Trust as a result of NWI's Internalization Transaction whereby NWI acquired the asset manager of Vital Trust ("Vital Manager"). Includes consolidated Australasian results of Vital Trust and Vital Manager for the period subsequent to acquisiton of the Vital Manager.

(6) Includes cost of corporate borrowings including the REIT's Secured Revolving Credit Facility, Convertible Debentures, NWH Margin Facilities, Vital Margin Facilities and distributions paid on Class B LP Units, treated as finance costs. Includes general and administrative costs of NWI's head office for period prior to completion of the Combination Transaction. Includes general and administrative costs of NWH's head office for the period subsequent to completion of the Combination Transaction.

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Stock Exchange Listing
Toronto Stock Exchange (TSX)
Listing symbols:
- REIT Trust Units - NWH.UN
- 5.25% convertible debentures - NWH.DB
- 6.50% convertible debentures - NWH.DB.A
- 7.50% convertible debentures - NWH.DB.B
- 7.25% convertible debentures - NWH.DB.C
- 5.50% convertible debentures - NWH.DB.D

Distribution Reinvestment Plan
Participants in the REIT's distribution reinvestment plan may elect to have all cash distributions of the REIT automatically reinvested in additional Trust Units at a price per Trust Unit calculated by reference to the weighted average of the trading price for the Trust Units on the TSX for the five trading days immediately preceding the relevant distribution date. Unitholders who so elect will receive a further distribution of Trust Units equal to 3% of each distribution that was reinvested by them. To enroll individuals should contact their broker.