GT CANADA MEDICAL PROPERTIES REAL ESTATE INVESTMENT TRUST

Consolidated Financial Statements

For the Years Ended December 31, 2011 and 2010

Tel: 905 946 1066
Fax: 905 946 9524
www.bdo.ca

BDO Canada LLP
60 Columbia Way, Suite 300
Markham ON L3R 0C9 Canada

Independent Auditor's Report

To the Unitholders of GT Canada Medical Properties Real Estate Investment Trust

We have audited the accompanying consolidated financial statements of GT Canada Medical Properties Real Estate Investment Trust, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of operations and comprehensive income (loss), unitholders' equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GT Canada Medical Properties Real Estate Investment Trust as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
April 24, 2012

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GT Canada Medical Properties Real Estate Investment Trust
Consolidated Statements of Financial Position
Audited (Canadian dollars)

As at	December 31, 2011	December 31, 2010 (note 22)	January 1, 2010 (note 22)
Assets			
Investment properties (note 5)	**$ 61,332,333**	$ 44,676,320	$ -
Prepaid expenses and deposits	**34,285**	24,852	164,467
Accounts receivable	**152,968**	4,436	-
Other assets (note 6)	**490,311**	161,251	-
Investments (note 7)	**-**	400,000	-
Cash	**1,700,067**	1,188,992	307,415
Total assets	**$ 63,709,964**	$ 46,455,851	$ 471,882
Liabilities			
Mortgages payable (note 8)	**$ 32,398,102**	$ 18,874,856	$ -
Accounts payable and accrued liabilities	**1,349,213**	1,600,014	328,209
Distributions payable	**75,778**	14,224	-
	33,823,093	20,489,094	328,209
Unit-based compensation liability (note 9)	**108,099**	195,476	-
Warrant liability (note 10)	**2,474,543**	6,733,837	-
Class B LP unit liability (note 11)	**960,625**	1,325,000	-
Deferred Unit Plan liability (note 12)	**287,517**	-	-
Total liabilities	**37,653,877**	28,743,407	$ 328,209
Unitholders' Equity			
Unitholders' equity (note 13)	**26,056,087**	17,712,444	$ 143,673
Total liabilities and unitholders' equity	**$ 63,709,964**	$ 46,455,851	$ 471,882

The accompanying notes are an integral part of these consolidated financial statements

GT Canada Medical Properties Real Estate Investment Trust
Consolidated Statements of Operations and Comprehensive Income (Loss)
Audited (Canadian dollars)

For the year ended December 31,	**2011**	2010 (note 22)
Net Operating Income		
Revenue from investment properties	**$ 6,019,760**	$ 548,349
Property operating costs	**2,525,876**	272,421
	3,493,884	275,928
Other Income		
Interest and other income	**12,027**	3,598
	3,505,911	279,526
Expenses		
Mortgage interest expense	**1,148,892**	111,382
General and administrative expenses	**1,686,225**	1,211,110
Finance costs (notes 8(b)(f), 11 and 22)	**89,601**	-
	2,924,718	1,322,492
Income (loss) before the undernoted items	**581,193**	(1,042,966)
Fair value gain (loss) on investment properties (note 5)	**4,047,578**	(108,067)
Other fair value gains (note 14)	**4,710,988**	-
Net income (loss) and comprehensive income (loss)	**$ 9,339,759**	$ (1,151,033)

The accompanying notes are an integral part of these consolidated financial statements

GT Canada Medical Properties Real Estate Investment Trust
Consolidated Statements of Unitholders' Equity
Audited (Canadian dollars)

	Trust Unit Equity	Class B LP Unit Equity	Contributed Surplus	Reduction on Reclassification to Liabilities	Cumulative Distributions	Retained Earnings	Total
Balance, January 1, 2010 (note 22)	**$ 994,733**	**$ -**	**$ 158,487**	**$ -**	**$ -**	**$ (1,009,547)**	**$ 143,673**
Units issued pursuant to private placement	2,989,459	-	-	-	-	-	2,989,459
Unit issue costs - cash	(473,620)	-	-	-	-	-	(473,620)
Unit issue costs - agent warrant valuation	(101,323)	-	101,323	-	-	-	-
Units issued to vendor on closing of Qualifying Transaction	30,000	-	-	-	-	-	30,000
Units issued to directors on closing of Qualifying Transaction	20,000	-	-	-	-	-	20,000
Incentive unit option compensation	-	-	167,320	-	-	-	167,320
Units issued pursuant to public offering	25,550,000	-	-	-	-	-	25,550,000
Unit issue costs - cash	(2,619,184)	-	-	-	-	-	(2,619,184)
Unit issue costs - warrant valuation	(6,387,500)	-	6,387,500	-	-	-	-
Units issued to vendor on closing of Acquisition Transaction	-	993,750	331,250	-	-	-	1,325,000
Conversion to Real Estate Investment Trust	-	(993,750)	(7,145,880)	(114,683)	-	-	(8,254,313)
Distributions	-	-	-	-	(14,224)	-	(14,224)
Net loss for the period	-	-	-	-	-	(1,151,667)	(1,151,667)
Balance, December 31, 2010 (note 22)	**20,002,565**	**-**	**-**	**(114,683)**	**(14,224)**	**(2,161,214)**	**17,712,444**
Unit issue costs - cash	(86,150)	-	-	-	-	-	(86,150)
Distributions	-	-	-	-	(909,966)	-	(909,966)
Net income for the period	-	-	-	-	-	9,339,759	9,339,759
Balance, December 31, 2011	**$ 19,916,415**	**$ -**	**$ -**	**$ (114,683)**	**$ (924,190)**	**$ 7,178,545**	**$ 26,056,087**

The accompanying notes are an integral part of these consolidated financial statements

GT Canada Medical Properties Real Estate Investment Trust
Consolidated Statements of Cash Flows
Audited (Canadian dollars)

For the year ended December 31,	**2011**	2010
Cash provided by (used in):		
Operating activities		
Net income (loss) for the period	**$ 9,339,759**	$ (1,151,033)
Adjustment for:		
Mortgage interest expense	**1,148,892**	111,382
Finance costs	**89,601**	-
Amortization of leasing costs and tenant inducements	**14,029**	-
Write-off of software	-	4,041
Add (deduct) items not involving cash:		
Fair value gain (loss) on investment properties	**(4,047,578)**	108,067
Other fair value gains	**(4,710,988)**	-
Unit based compensation expense (note 12)	**287,460**	-
Incentive unit option compensation	**-**	167,320
	2,121,175	(760,223)
Changes in non-cash working capital balances:		
Prepaid expenses and deposits	**(9,433)**	8,955
Accounts receivable	**(148,532)**	-
Other assets	**(329,060)**	(165,687)
Accounts payable and accrued liabilities	**(361,161)**	1,271,171
Cash provided by (used in) operating activities	**1,272,989**	354,216
Interest paid	**(1,041,911)**	(111,382)
Net cash provided by (used in) operating activities	**231,078**	242,834
Investing activities		
Acquisitions of investment properties	**(2,317,664)**	(24,463,060)
Additions to investment properties	**(81,416)**	-
Acquisition of software	**-**	(4,041)
Investment	**400,000**	(400,000)
Deferred charges	**-**	130,660
Net cash provided by (used in) investing activities	**(1,999,080)**	(24,736,441)
Financing activities		
Proceeds from issue of units, net of issue costs	**(86,150)**	25,466,655
Repayment of mortgages	**(906,892)**	(91,471)
Refinancing of mortgages (note 8(b))	**4,157,726**	-
Distributions paid	**(848,412)**	-
Finance costs	**(37,195)**	-
Net cash provided by (used in) financing activities	**2,279,077**	25,375,184
Net change in cash during the period	**511,075**	881,577
Cash, beginning of period	**1,188,992**	307,415
Cash, end of period	**$ 1,700,067**	$ 1,188,992

The accompanying notes are an integral part of these consolidated financial statements

1. Organization of the Real Estate Investment Trust

GT Canada Medical Properties Inc. (the "Company") was incorporated under the Canada Business Corporations Act on March 25, 2008 as GT Canada Capital Corporation. On March 12, 2010, the Company completed its Qualifying Transaction, which was the acquisition of the Queenston Medical-Dental Centre in Hamilton, Ontario ("631 Queenston Road").

On December 24, 2010, the Company completed its conversion to a trust structure under a Plan of Arrangement (the "Arrangement"). The Arrangement resulted in shareholders of the Company transferring their shares to GT Canada Medical Properties Real Estate Investment Trust (the "REIT"), in exchange for units of the REIT. Each 10 issued shares of the Company were transferred to the REIT in exchange for 1 unit of the REIT. The REIT was formed pursuant to a Declaration of Trust dated October 13, 2010, specifically for the purposes of the Arrangement. After the Arrangement, the Company is a wholly-owned subsidiary of the REIT. Immediately after the completion of the Arrangement, the REIT completed the acquisition (the "Acquisition") of five additional medical properties.

The acquisition of the Company by the REIT was accounted for on a continuity of interest basis, and as such, comparative figures and note disclosures include those of the Company prior to December 24, 2010.

The REIT is an unincorporated open-ended real estate investment trust and trades under the symbol "MOB.UN". The REIT was created to invest in medical office buildings and related healthcare properties in Canada. The REIT's principal place of business is 161 Bay Street, Suite 2600, Toronto, Ontario in Canada.

2. Statement of Compliance

International Financial Reporting Standards ("IFRS") have replaced Canadian generally accepted accounting principles ("Canadian GAAP") for publicly accountable enterprises, including the REIT, effective for fiscal years beginning on or after January 1, 2011.

These audited annual consolidated financial statements for the year ended December 31, 2011 are the REIT's first which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). IFRS 1 First Time Adoption of IFRS ("IFRS 1") has been applied and the impact of the transition from Canadian GAAP to IFRS is explained in note 21.

The accounting policies set out below have been applied consistently to all periods presented, including the opening balance sheet at January 1, 2010 (note 21) for purposes of transition to IFRS.

These consolidated financial statements for the year ended December 31, 2011 were authorized for issuance by the Trustees of the REIT on April 24, 2012.

3. Summary of Significant Accounting Policies

(a) Basis of presentation

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the REIT's management to exercise judgement in applying the REIT's accounting policies.

These consolidated financial statements have been prepared in Canadian dollars on a historical cost basis except for:

i) Investment properties, which are measured at fair value; and
ii) Financial assets and financial liabilities classified as at fair value through profit and loss, and unit-based compensation liabilities, which are measured at fair value.

(b) Principles of consolidation

The acquisition of the Company by the REIT was accounted for on a continuity of interest basis, and as such, comparative figures and note disclosures include those of the Company prior to December 24, 2010.

The consolidated financial statements include the accounts for all the REIT's wholly-owned subsidiaries and partnerships; GT Canada Medical Properties Inc., GT Canada Operating Partnership (I) LP and GT Canada General Partner Inc. All intercompany transactions and balances have been eliminated upon consolidation.

(c) Investment properties

Investment properties include income producing properties and properties under development that are held by the REIT to earn rentals, for capital appreciation, or both. Investment properties acquired through an asset purchase are recognized at cost, which includes all costs directly related to the acquisition of the properties such as legal fees, appraisal fees and transfer taxes. Investment properties acquired through a business combination are recognized at fair value at the date of acquisition.

Investment properties are re-measured to fair value at each reporting date, determined based either on internal valuation models incorporating available market evidence, or on valuations performed by third-party appraisers. Changes in the fair value of investment properties are recorded in the consolidated statements of operations and comprehensive income (loss). Investment properties are not depreciated.

(d) Leases

A lease is classified as a finance lease if it results in a transfer of substantially all the risks and rewards incidental to ownership from the REIT to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership to the lessee. All of the leases to which the REIT is the lessor have been determined to be operating leases.

(e) Revenue recognition

Rental revenue from operating leases is recognized on a straight-line basis whereby the total amount of rental revenue to be received from the lease is accounted for on a straight-line basis over the term of the lease. The difference between rental revenue recognized and cash flows is recorded as straight line rent receivable or payable on the balance sheet.

Rental revenue includes rents earned from tenants under lease agreements, realty tax, parking income, incidental income, and operating cost recoveries. Operating cost recoveries are recognized in the period that recoverable costs are chargeable to tenants.

3. Summary of Significant Accounting Policies (continued)

(f) Financial Instruments

The REIT recognizes financial assets and financial liabilities when the REIT becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets classified as at fair value through profit or loss, are measured at fair value plus transaction costs on initial recognition. Financial assets at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred.

Measurement in subsequent periods depends on the classification of the financial instrument:

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management, or if they are derivative assets. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of comprehensive income.

The Trust's financial assets classified as FVTPL include cash. The Trust does not currently hold any derivative assets.

Available- for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such by management or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income are recorded in the consolidated statements of comprehensive income. If there is objective evidence that an asset is impaired, its recoverable amount is determined and any impairment loss is recognized in the consolidated statements of comprehensive income. Objective evidence would include a significant or prolonged decline in the fair value of an asset below its original cost.

Available-for-sale financial assets include investments.

Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method. If there is objective evidence that an asset is impaired, its recoverable amount is determined and any impairment loss is recognized in the consolidated statements of comprehensive income.

Other receivables are classified as loans and receivables.

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL if they are designated as such by management, or they are derivative liabilities. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of comprehensive income.

Management has designated the Class B LP unit liability, Deferred Unit Plan liability and Incentive unit options as FVTPL. The warrant liability is considered to be a derivative liability, and is classified as FVTPL by definition.

3. Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Trust's other financial liabilities include mortgages payable, accounts payable and accrued liabilities and distributions payable.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or disbursements (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

(g) Accounts receivable and other assets

Accounts receivable and other assets include trade receivables, commodity taxes receivable, deferred acquisition costs, deposits on investment properties under contract and straight-line rent. Straight-line rent is used to straight-line revenue from operating leases over the term of the lease. The REIT recognizes the aggregate cost or benefit of straight-line rent as a reduction or increase of rental income over the lease term, on a straight-line basis.

(h) Unit-based compensation liability

The REIT has an incentive unit option plan and records the expense associated with these awards over the vesting period, based on the fair value of the awards made. Incentive unit options are settled with the issuance of the REIT's trust units. Due to the fact that trust units are redeemable at the option of the holder, awards of incentive unit options are considered to be cash-settled. As such, the fair value of unsettled incentive unit options are recognized as a liability and re-measured to fair value each reporting date, with changes recognized in the consolidated statements of comprehensive income.

(i) Class B LP unit liability

The Class B LP units are exchangeable on demand for trust units, which in turn are a puttable financial instrument. As such, the Class B LP units are classified as a liability. Management has designated the Class B LP liability as FVTPL; the Class B LP unit liability is re-measured to fair value each reporting date with changes recorded in the consolidated statements of comprehensive income. Distributions on Class B units are included in Finance Costs.

(j) Deferred Unit Plan liability

The Deferred Unit Plan units are exchangeable for trust units, which in turn are a puttable financial instrument. As such, the Deferred Unit Plan units are classified as a liability. Management has designated the Deferred Unit Plan liability as FVTPL; the Deferred Unit Plan liability is re-measured to fair value each reporting date with changes recorded in the consolidated statements of comprehensive income.

(k) Warrant liability

The warrants are exchangeable into trust units, which in turn are a puttable financial instrument. As such, the warrants are considered a derivative instrument classified as a liability. The warrant liability is re-measured to fair value each reporting period, with changes recorded in the consolidated statements of comprehensive income.

3. Summary of Significant Accounting Policies (continued)

(l) Trust units

The trust units meet the definition of a financial liability as the redemption feature of the trust units creates an unavoidable contractual obligation to pay cash or another financial instrument. The trust units are considered to be puttable instruments because of the redemption feature. There is a very limited exemption to allow puttable instruments to be presented as equity provided certain criteria are met.

To be presented as equity, a puttable instrument must meet all of the following conditions: (i) it must entitle the holder to a pro-rata share of the entity's net assets in the event of the entity's dissolution; (ii) it must be in the class of instruments that is subordinate to all other instruments; (iii) all instruments in the class in (ii) must have identical features; (iv) other than the redemption feature, there can be no other contractual obligations that meet the definition of a liability; and (v) the expected cash flows for the instrument must be based substantially on the profit or loss of the entity or change in fair value of the instrument.

The trust units meet the criteria for this exemption, and accordingly are presented as equity in the consolidated financial statements. Trust units are recognized at the proceeds received, net of direct issue costs. The distributions on trust units are recorded as a reduction in unitholders' equity.

(m) Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation, and are re-measured each reporting date.

(n) Income taxes

The REIT is an unincorporated open-ended investment trust and is taxed as a "Mutual Fund Trust" for income tax purposes. Pursuant to the terms of the Declaration of Trust, it is the intention of the REIT's Trustees to make distributions not less than the amount necessary to ensure that the REIT will not be liable to pay income taxes. Accordingly, no provision for income taxes for the REIT is included in the consolidated financial statements.

The Company is the REIT's wholly-owned incorporated subsidiary and is subject to tax on its taxable income. Income taxes are determined using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recognized to the extent that realization is considered probable.

3. Summary of Significant Accounting Policies (continued)

(o) Critical accounting estimates

The preparation of these consolidated financial statements requires the REIT to apply judgment when making 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.

Investment properties

Investment properties are re-measured to fair value at each reporting date, determined based either on internal valuation models incorporating available market evidence, or on valuations performed by third-party appraisers. When estimating the fair value of investment properties, the REIT makes estimates and assumptions that have a significant effect on the reported value of investment properties. Estimates used in determining the fair value of the investment properties include capitalization rates, inflation rates, vacancy rates, and net operating income.

Financial Liabilities

The measurement of the warrant liability, unit-based compensation liability, Class B LP unit liability and Deferred Unit Plan liability require the REIT to make estimates and assumptions that effect the reported amount of the liabilities and the corresponding gain or loss on changes in fair value. Estimates and assumptions used in determining the fair value of these liabilities include the expected life of the instruments and the volatility of the Trust's unit prices.

(p) Critical judgments in applying accounting policies

In the preparation of these consolidated financial statements the REIT has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

Leases

The REIT makes judgments in determining whether leases in which the REIT is the lessor are operating or finance leases, and has determined that all of its leases are operating leases. The accounting treatment of leases as finance leases would have a significant effect on the measurement of transactions and balances in the financial statements.

Property acquisitions

When investment properties are acquired, the REIT is required to apply judgment as to whether or not the transaction should be accounted for as an asset acquisition or business combination. All of the REIT's property acquisitions have been accounted for as asset acquisitions. Accounting treatment of property acquisitions as business combinations could result in significant differences in the measurement of balances and transactions.

Income Tax

With the exception of subsidiaries that are subject to income tax, deferred income taxes are not recognized in the financial statements on the basis that the REIT can deduct distributions paid such that its liability for income taxes is substantially reduced or eliminated for the year. In applying this accounting policy, the REIT has made the judgment that the REIT intends to continue to distribute its taxable income and continue to qualify as a real estate investment trust for the foreseeable future.

3. Summary of Significant Accounting Policies (continued)

(q) Future accounting changes

IFRS 7 *Financial Instruments: Disclosures*

In October 2010, the IASB issued amendments to IFRS 7 regarding Disclosures – Transfer of Financial Assets, which are effective for annual periods beginning on or after July 1, 2011 with earlier application permitted. These amendments comprise additional disclosures on transfer transactions of financial assets and will not have an impact on the results of operations or financial position of the REIT as they are only disclosure requirements.

IFRS 9 *Financial Instruments*

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 Financial Instruments (IFRS 9) as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the REIT's consolidated financial statements.

IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*

In May 2011, the IASB issued IFRS 10, IFRS 11 and IFRS 12, which are all effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation Special Purpose Entities, and provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities–Non-monetary Contributions by Venturers, and established principles for the financial reporting by parties to a joint arrangement. IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. In conjunction with IFRS 10, IFRS 11 and IFRS 12, the IASB also issued amended and retitled IAS 27 - Separate Financial Statements and IAS 28 - Investments in Associates and Joint Ventures, effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. Management has not yet determined the potential impact the adoption of IFRS 10, IFRS 11, IFRS 12 and the amendments to IAS 28 will have on the REIT's consolidated financial statements.

IFRS 13 *Fair Value Measurement*

On May 12, 2011, the IASB issued IFRS 13 Fair Value Measurement (IFRS 13). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the REIT's consolidated financial statements.

4. Acquisitions of Investment Properties

(a) On March 12, 2010, the Company acquired an investment property from a related party, located at 631 Queenston Road, Hamilton, Ontario, for a total purchase cost of $3,782,781, which includes $213,781 of acquisition costs.

(b) On December 24, 2010, the REIT completed the acquisition of a portfolio of five medical office buildings from a related party, including one substantially pre-leased property under construction, which was subsequently completed (collectively, the “Acquired Properties”).

The Acquired Properties, all in Ontario, contain an aggregate gross leasable area of approximately 154,600 square feet. The Acquired Properties have a well-diversified tenant profile with 87 tenants. The tenants are a mix of family health teams, medical and diagnostic imaging clinics, medical practitioners, pharmacies and laboratories. The Acquired Properties were purchased for a total purchase price of $41,001,606, including $1,051,606 of acquisition costs.

The REIT has a contractual obligation to pay a post-closing adjustment in respect of the two Acquired Properties located in Guelph, Ontario on the second anniversary of closing (being December 24, 2012, the “Re-Adjustment Date”) to the extent that the net operating income, based on annualized revenues and expenses for the following 12-month period and parking revenues for the trailing 12-month period, implies, with a capitalization rate of 8.25%, a value in excess of the purchase price paid (note 18(a)).

Also refer to note 16, related party transactions.

(c) On September 21, 2011, the REIT acquired a 24,000 square foot medical office building, located at 240 Penetanguishene Road, Midland, Ontario (Midland), for a total purchase cost of $5,396,046, which includes $181,046 of acquisition costs.

(d) On December 6, 2011, the REIT acquired a 21,000 square foot medical office building in Orillia, Ontario for a total purchase cost of $7,163,013, which includes $213,013 of acquisition costs, from a related party (see note 15, related party transactions).

5. Investment Properties

	Year Ended December 31, 2011	Year Ended December 31, 2010
Balance, beginning of period	$ 44,676,320	$ -
Acquisitions of investment properties	12,541,048	44,784,387
Additions to investment properties	81,416	-
Fair value gain (loss)	4,192,563	(108,067)
Straight line rent receivable	(144,985)	-
Amortization of leasing costs and tenant inducements	(14,029)	-
Balance, end of period	**$ 61,332,333**	**$ 44,676,320**

Investment properties are carried at fair value. The investment properties are re-measured to fair value at each reporting date, determined either on internal valuation models incorporating available market evidence, or on valuations performed by third-party appraisers.

The fair value of the investment properties at December 31, 2011 and December 31, 2010 was determined on internal valuation models incorporating available market evidence. Estimates and assumptions used in determining the fair value of the investment properties include capitalization rates, inflation rates, vacancy rates, and property net operating income.

5. Investment Properties (continued)

The key valuation metrics for investment properties are set out in the following table:

Capitalization Rate	December 31, 2011	December 31, 2010
Minimum	6.90%	8.25%
Maximum	8.75%	8.25%
Weighted average	7.23%	8.25%

Fair values are most sensitive to changes in capitalization rates. A 0.25% increase in the weighted average capitalization rate would decrease fair value by $2,049,000 and a 0.25% decrease would increase fair value by $2,196,000.

Included in Other Assets (note 6) is the amount of straight-line rent receivable arising from the recognition of rental revenues on a straight-line basis over the lease term. The fair value of investment properties has been reduced by these amounts.

6. Other Assets

	December 31, 2011	December 31, 2010	January 1, 2010
Commodity taxes recoverable	$ 101,425	$ 161,251	$ -
Deferred acquisition costs	58,174	-	-
Deposits on investment properties under contract	185,727	-	-
Straight-line rent receivable	144,985	-	-
	$ 490,311	**$ 161,251**	$ -

Deferred acquisition costs and deposits on investment properties under contract relate to potential acquisitions undergoing due diligence. Straight-line rent receivable arises from the recognition of rental revenues on a straight-line basis over the lease term.

7. Investments

Investments consist of a guaranteed investment certificate, with a balance of $nil and $400,000 as at December 31, 2011 and December 31, 2010 respectively, bearing interest at 1.3% per annum. The certificate matured on December 2, 2011.

8. Mortgages Payable

During the period ended December 31, 2011 the following mortgages were obtained:

(a) On April 20, 2011, the REIT entered into a revolving credit facility agreement (the "Credit Facility") in the amount of $5,655,000 to be drawn on by the REIT for property acquisitions and working capital. Amounts outstanding under the Credit Facility bear interest at a rate equal to the lender's prime rate plus 200 basis points. The Credit Facility has an initial two year term, from the date of substantial completion, and is secured by a first ranking mortgage on the property located at 89 Dawson Road, in Guelph Ontario. The REIT could not access the Credit Facility until substantial completion of the property at 89 Dawson Road, Guelph, Ontario. Such substantial completion was achieved and announced on June 6, 2011. The REIT drew $3,500,000 of this facility in connection with its purchase of the Orillia property (Note 4(d)) and has included this amount in mortgages payable.

8. Mortgages Payable (continued)

(b) The REIT refinanced (the "Refinancing") four of its properties for a gross amount of $17,345,000 which generated proceeds of $4,157,726. The Refinancing reset the mortgage terms for three of the properties to five years and increased the mortgage amortizations to 25 years. The weighted average interest rate on the REIT's secured mortgage portfolio was decreased from 5.51% to 5.13% as a result of the Refinancing. The REIT incurred financing costs of $100,240 which will be deferred and amortized over the life of the underlying mortgages.

(c) As part of the Refinancing described in Note 8(b), the REIT entered into a new mortgage on the Whitby property. It established a floating rate, second mortgage which matures in August 2012, co-terminus with the maturity of the existing first mortgage on Whitby. The mortgage commitment provides for a new first mortgage to be created at that time to payout the existing first mortgage, consolidate the second mortgage and provide additional funds. The new first mortgage will total $6,955,000, with a five year term and a fixed rate of interest.

(d) On the acquisition of Midland (Note 4(c)), the REIT entered into a first mortgage loan in the amount of $3,250,000, secured by the property. The loan matures in 2016 and bears contractual interest at 4.00% per annum, with a monthly blended payment of $17,096.

(e) On the acquisition of Orillia (Note 4(d)), the REIT assumed a first mortgage loan in the amount of $3,473,385, secured by the property. The loan matures in 2016 and bears interest at 4.19% per annum, with a monthly blended payment of $18,773.

(f) In addition to the financing costs incurred in the Refinancing, the REIT incurred financing costs of $74,025 which will be deferred and amortized over the life of the underlying mortgages.

(g) The fair value of the mortgages payable at December 31, 2011 is $36,226,000 (December 31, 2010 - $18,947,000).

As at December 31, 2011, the mortgages payable are as follows:

	Maturity date	Interest rate	Monthly payment	Balance
Floating Rate				
220 Dundas Street West, Whitby, Ontario	August 2012	Prime plus 3 %	$ 11,873	$ 2,330,000
89 Dawson Road, Guelph, Ontario	December 2013	Prime plus 2%	14,583	3,500,000
				5,830,000
Fixed Rate				
220 Dundas Street West, Whitby, Ontario	August 2012	5.51 %	$ 48,859	$ 4,043,052
570 King Street, Welland, Ontario	September 2012	3.96 %	8,635	1,099,543
83 Dawson Road, Guelph, Ontario	May 2016	5.24 %	40,245	6,682,745
631 Queenston Road, Hamilton, Ontario	May 2016	4.96 %	13,556	2,312,123
65 Larch Street, Sudbury, Ontario	May 2016	5.02 %	34,469	5,845,156
100 Colborne Street, Orillia, Ontario	July 2016	4.19 %	18,773	3,473,385
240 Penetanguishene Road, Midland, Ontario	October 2016	4.00 %	17,096	3,237,336
				26,693,340
			$ 208,089	$ 32,523,340
Less: Unamortized deferred financing costs			-	125,238
			$ 208,089	$ 32,398,102

8. Mortgages Payable (continued)

As at December 31, 2010, the mortgages payable are as follows:

	Maturity date	Interest rate	Monthly payment	Balance
83 Dawson Road, Guelph, Ontario	August 2014	5.94 %	$ 39,131	$ 5,870,133
65 Larch Street, Sudbury, Ontario	December 2012	5.38 %	25,762	4,033,888
570 King Street, Welland, Ontario	September 2012	3.96 %	8,635	1,163,029
220 Dundas Street West, Whitby, Ontario	August 2012	5.51 %	48,859	4,374,463
220 Dundas Street West, Whitby, Ontario	April 2012	Prime plus 3 %	6,131	1,375,000
631 Queenston Road, Hamilton, Ontario	December 2011	5.40 %	13,603	2,058,343
			$ 142,121	$ 18,874,856

As at December 31, 2011, the estimated future principal repayments are as follows:

	Principal Installment Payment	Balance Due at Maturity	Total
2012	$ 770,468	$ 7,178,788	$ 7,949,256
2013	500,081	3,500,000	4,000,081
2014	524,042	-	524,042
2015	549,351	-	549,351
2016	299,385	19,201,225	19,500,610
Contractual obligations	**$ 2,643,327**	**$ 29,880,013**	**$ 32,523,340**

9. Unit-based Compensation Liability

The REIT's incentive unit option plan provides that the maximum number of units which may be reserved and set aside for issue under the incentive unit option plan shall not exceed 10% of the issued and outstanding units at the time of the option grant.

Incentive unit options are settled with the issuance of the REIT's trust units. Subsequent to the conversion to a trust structure on December 24, 2010, the trust units are redeemable at the option of the holder and the incentive unit options are considered to be cash-settled. As such, subsequent to December 24, 2010, the fair value of unsettled incentive unit options are recognized as a liability and re-measured each reporting date.

The fair value of the options at December 31, 2011 was estimated using the Black-Scholes Option Pricing Model based on the following assumptions: dividend yield of 0% (December 31, 2010 – 0%); risk-free interest rate of 0.88% (December 31, 2010 – 1.67%); and volatility of 100% (December 31, 2010 – 100%). The REIT has estimated a forfeiture rate of 0% (December 31, 2010 - 0%). The REIT's units have traded from a high of $2.00 to a low of $1.10 in 2011.

The amount of the unit-based compensation liability was $108,099 at December 31, 2011 ($195,476 at December 31, 2010).

9. Unit-based Compensation Liability (continued)

The following table shows the continuity of incentive unit options:

	Number of Options	Weighted Average Exercise Price
Balance, January 1, 2010	75,000	$ 2.25
Granted (i)	89,000	2.50
Balance, December 31, 2010 and 2011	164,000	$ 2.39

(i) On March 12, 2010, 89,000 incentive unit options were granted to directors and officers of the REIT exercisable at $2.50 per share. Under the plan the options vest immediately and expire five years from date of grant.

The following are the incentive unit options outstanding at December 31, 2011:

Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Options Exercisable	Expiry Date
61,875	$ 2.00	1.53	61,875	July 10, 2013
13,125	3.40	1.79	13,125	October 16, 2013
89,000	2.50	3.20	89,000	March 12, 2015
164,000	$ 2.39	2.45	164,000	

10. Warrant Liability

The warrants are exchangeable into trust units, which in turn are a puttable financial instrument. Subsequent to the conversion to a trust structure, the trust units are redeemable and the warrants are considered a derivative instrument classified as a liability. Subsequent to December 24, 2010, the warrant liability is re-measured to fair value each reporting period, with changes recorded in the consolidated statements of comprehensive income.

The fair value of the warrants at December 31, 2011 was estimated using the Black-Scholes Option Pricing Model based on the following assumptions: dividend yield of 0% (December 31, 2010 – 0%); risk-free interest rate of 0.88% (December 31, 2010 – 1.67%); and volatility of 100% (December 31, 2010 – 100%). The REIT’s units have traded from a high of $2.00 to a low of $1.10 in 2011.

The amount of the warrant liability was $2,474,543 at December 31, 2011 ($6,733,837 at December 31, 2010).

10. Warrant Liability (continued)

The following table shows the continuity of warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2010	17,500	$ 2.50
Issued - agent warrants (i)	52,460	2.50
Issued - agent warrants (ii)	3,747	2.70
Issued - warrants (iii)(iv)	6,718,750	2.25
Expired	(17,500)	(2.50)
Balance, December 31, 2010	6,774,957	2.25
Expired (ii)	(3,747)	2.70
Balance, December 31, 2011	6,771,210	$ 2.25

(i) On March 12, 2010, the REIT issued warrants to agents of the private placement to purchase 52,460 units at a price of $2.50 per unit for a period of 24 months from the date of issue.

(ii) On August 4, 2010, the REIT issued warrants to agents of the private placement to purchase 3,747 units at a price of $2.70 per unit for a period of 12 months from the date of issue.

(iii) On December 24, 2010, the REIT issued warrants to purchase 6,387,500 units at a price of $2.25 per unit for a period of 24 months from the date of issue.

(iv) On December 24, 2010, in conjunction with the closing of the Acquisition, the vendors of the Acquired Properties received 331,250 warrants as part consideration. The warrants were issued at a price of $2.25 per unit for a period of 24 months from date of issue.

The following are the warrants outstanding at December 31, 2011:

Number of Warrants	Grant Date Black-Scholes Value	Exercise Price	Expiry Date
52,460	$ 98,625	$ 2.50	March 12, 2012
6,718,750	6,718,750	$ 2.25	December 24, 2012
6,771,210	$ 6,817,375		

11. Class B LP Unit Liability

The Class B LP Units are exchangeable units of GT Canada Operating Partnership (I) L.P. ("GT LP"), a subsidiary of the REIT. Class B LP units of GT LP are exchangeable into units of the REIT on a one-for-one basis. Since the trust units are puttable financial instruments, the Class B LP units are classified as a liability. Management has designated the Class B LP liability as FVTPL; the Class B LP unit liability is re-measured to fair value at each reporting date.

As at December 31, 2011, there were 662,500 exchangeable Class B LP units of GT LP issued and outstanding with a fair value of $960,625 (December 31, 2010 – $1,325,000). These exchangeable Class B LP units are economically equivalent to REIT units and are entitled to receive distributions equal to those provided to holders of REIT units. The fair value of the Class B LP Unit Liability is determined with reference to the market price of the REIT's trust units at the reporting date.

Distributions on the Class B LP units totalled $40,574 for the year ended December 31, 2011. There were no distributions on the Class B LP units in 2010.

12. Deferred Unit Plan ("DUP") Liability

On April 21, 2011 the REIT adopted a deferred unit plan to promote a greater alignment of interests between the trustees and management of the REIT and unitholders. Under the terms of the deferred unit plan, they have the right to receive a percentage of their annual remuneration in the form of deferred units.

During the year ended December 31, 2011, the REIT issued 194,491 DUP units with a cost of $282,500.

Holders of deferred units are entitled to receive additional units equivalent to the pro-rata distributions paid on the trust units. The cost of these additional units is included in compensation expense.

As at December 31, 2011, there were 198,287 DUP units of the REIT issued and outstanding with a fair value of $287,517. The fair value of the DUP Liability is determined with reference to the market price of the REIT's trust units at the reporting date.

13. Trust Units

The REIT is authorized to issue an unlimited number of trust units. Each trust unit represents a single vote at any meeting of unitholders and entitles the unitholder to receive a pro rata share of all distributions. The unitholders have the right to require the REIT to redeem their units on demand. Upon receipt of the redemption notice by the REIT, all rights to and under the units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per unit ("Redemption Price") as determined by a market formula. The Redemption Price will be paid in accordance with the conditions provided for in the Declaration of Trust.

The REIT's trustees have discretion in declaring distributions.

The following table shows the changes in trust units:

	Shares[1]	Trust Units	Amount
Balance – January 1, 2010	**8,755,668**	**875,565**	**$ 994,733**
Units issued pursuant to private placement (i)	10,877,837	1,087,782	2,719,459
Unit issue costs - cash	-	-	(461,508)
Unit issue costs - warrant valuation	-	-	(98,625)
Units issued to directors on closing of Qualifying Transaction (ii)	80,000	8,000	20,000
Units issued to vendor on closing of Qualifying Transaction (iii)	120,000	12,000	30,000
Units issued pursuant to private placement (iv)	1,000,000	100,000	270,000
Unit issue costs - cash	-	-	(12,112)
Unit issue costs - warrant valuation	-	-	(2,698)
Conversion of shares to trust units	(20,833,505)	-	-
Units issued pursuant to public offering (v)	-	12,775,000	25,550,000
Unit issue costs - cash	-	-	(2,619,184)
Unit issue costs - warrant valuation	-	-	(6,387,500)
Balance - December 31, 2010	**-**	**14,858,347**	**20,002,565**
Unit issue costs - cash	-	-	(86,150)
Balance - December 31, 2011	**-**	**14,858,347**	**$ 19,916,415**

[1] On December 24, 2010 GT Canada Medical Properties Inc. converted to GT Canada Medical Properties Real Estate Investment Trust. As a result of this conversion all issued shares, options and warrants for GT Canada Medical Property Inc. were exchanged for units, options or warrants to purchase units in GT Canada Medical Properties Real Estate Investment Trust at a ratio of 10 shares per 1 unit. The above notes the original shares issued prior to the conversion.

(i) On March 12, 2010, the REIT completed a private placement and issued 1,087,782 units at a price of $2.50 per unit for total proceeds of $2,719,459.

    The agent received a fee of $157,380 equal to 6% of the gross proceeds of the private placement as compensation for its services and 52,460 agent warrants exercisable at $2.50 per unit for a period of two years from date of issue.

(ii) In conjunction with the closing of the Qualifying Transaction on March 12, 2010, the REIT sold 8,000 units to two new Directors at a price of $2.50 per unit.

13. Trust Units (continued)

(iii) In conjunction with the closing of the Qualifying Transaction on March 12, 2010, the vendor of 631 Queenston Road elected to receive a portion of the purchase price in units, consequently the REIT issued 12,000 units at a price of $2.50 per unit.

(iv) On August 4, 2010, the REIT completed a private placement and issued 100,000 units at a price of $2.70 per unit for total proceeds of $270,000. On closing of this private placement, 3,747 agent warrants were issued at $2.70 per unit for a period of one year from the date of issue.

(v) On December 24, 2010, the REIT completed a public offering (the "Offering") of 12,775,000 investment units (the "Investment Units") at a price of $2.00 per Investment Unit for gross proceeds of $25,550,000. Each Investment Unit consists of one trust unit ("Unit") of the REIT and one-half of a Unit purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase one Unit at any time prior to December 24, 2012 at a price of $2.25.

In connection with the Offering, the REIT granted the agent an over-allotment option to purchase that number of additional Units equal to up to 15% of the Units sold pursuant to the Offering, exercisable at any time, in whole or in part, up to 30 days from the closing of the Offering. This over-allotment option expired unexercised. In consideration for its services in connection with the Offering, the REIT paid the agent a fee equal to 6% of the aggregate gross proceeds of the Offering and from the additional sale of Units upon exercise of the over-allotment option, if any.

14. Other Fair Value Gains (Losses)

	Year Ended December 31,	
	2011	**2010**
Unit-based compensation liability (note 9)	$ 87,376	$ -
Warrant liability (note 10)	4,259,294	-
Class B LP unit liability (note 11)	364,375	-
DUP liability (note 12)	(57)	-
	$ 4,710,988	$ -

15. Income Taxes

Current income taxes

The REIT qualifies as a mutual fund trust and a real estate trust for Canadian income tax purposes. The REIT expects to distribute all of its taxable income to unitholders and is entitled to deduct such distributions for income tax purposes. Accordingly, no provision for current income tax payable is required, except for amounts incurred in its incorporated subsidiaries.

As at December 31, 2011 and December 31, 2010, none of the REIT's corporate entities have current taxes payable. Each corporate entity either has sufficient tax deductions to offset any taxable income or has operating losses from previous years to apply against any taxable income. As such, no current income taxes payable has been recorded in the REIT's corporate entities.

Deferred taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The REIT has not recognized a deferred tax asset in respect of its deductible temporary differences.

The components of the REIT's deferred tax assets (liabilities), based on the applicable statutory income tax rate, are as follows:

	2011	2010
Non-capital loss carryforwards	$ 485,123	$ 513,427
Differences in carrying value of investment property and cost for tax purposes	(46,762)	-
	$ 438,361	$ 513,427

The average combined federal and provincial statutory income tax rate applicable to the REIT's corporate subsidiaries was 25.0% for fiscal 2011 (2010: 25.0%). The change in the applicable income tax rate is primarily due to a decline in the Canadian federal income tax rate in 2011.

The non-capital losses totalling $1,940,492 at December 31, 2011 ($2,053,709 at December 31, 2010) are available to reduce taxable income in future years and, if not utilized, will expire between 2027 and 2030.

16. Related Party Transactions

(a) On March 12, 2010, the REIT acquired 631 Queenston Road for $3,569,000, excluding acquisition costs, from a related party.

The vendor was a corporation owned by Thornley Holdings Limited (an Ontario corporation that is indirectly controlled by Edward Thornley, a trustee of the REIT, and Darren Thornley, an officer of the REIT) and two individuals who are not related to the REIT. The purchase price of $3,569,000 was satisfied as follows: (i) the assumption of approximately $2,101,000 in mortgage debt (ii) the issuance of 12,000 units (with a value of $30,000), and (iii) the balance in cash.

16. Related Party Transactions (continued)

(b) On December 24, 2010, the REIT completed the acquisition (the "Acquisition") of a portfolio of five medical office buildings, including one substantially pre-leased property that was under construction (collectively, the "Acquired Properties"). The Acquired Properties were purchased for an aggregate purchase price of $39,950,000, subject to adjustments and excluding acquisition costs.

In connection with the Acquisition, the REIT retained Altus Group Ltd. (the "Appraiser") to provide an independent appraisal of the market value of the Acquired Properties. The Appraiser estimated the market value of the Acquired Properties (land and building) as at June 15, 2010 to be approximately $40,200,000.

The vendors of the Acquired Properties (the "Vendors") were: Guelph Medical Place 1 Ltd.; Guelph Medical Place 2 Ltd.; Welland Medical Developments Limited; Whitby Medical Investment Ltd.; Sudbury Medical Holdings Limited; and Ardcraig Developments Ltd. Related parties, being Thornley Holdings Limited, Douglas Friars, M.D., a trustee of the REIT, and Darren Thornley, an officer of the REIT, all held partial interests in certain of the Acquired Properties (through shareholdings in certain of the Vendors). As a result of such shareholdings, Thornley Holdings Limited, Douglas Friars, M.D. and Darren Thornley each indirectly received approximately $9,600,000, $5,200,000 and $250,000, respectively, in proceeds from the Acquisition (in the case of Thornley Holdings Limited, and Douglas Friars, M.D., $500,000 and $150,000 in Class B LP units, respectively).

The REIT has a contractual obligation to pay a post-closing adjustment in respect of the two Acquired Properties located in Guelph, Ontario on the second anniversary of closing (being December 24, 2012, the "Re-Adjustment Date") to the extent that the net operating income ,based on annualized revenues and expenses for the following 12-month period and parking revenues for the trailing 12-month period, implies, with a capitalization rate of 8.25%, a value in excess of the purchase price paid.

(c) The property acquired from Guelph Medical Place 2 Ltd (being 89 Dawson Road, Guelph, Ontario) is subject to a Development and Construction Agreement. The purchase price in respect of 89 Dawson Road, Guelph, Ontario has been placed into escrow on closing and subject to release based on an escrow agreement entered into between the REIT and the Vendor of such property. The funds were released from escrow on September 9, 2011 upon completion of the building.

A Head Lease has also been entered into between GT Canada Operating Partnership (I) L.P. (the "Operating Partnership"), a subsidiary of the REIT, and Guelph Medical Place 2 Ltd. (a related party as its' shareholders include Ed Thornley and Douglas Friars, M.D. (trustees of the REIT) and Darren Thornley (an officer of the REIT)).

Pursuant to the Head Lease, Guelph Medical Place 2 Ltd. has leased the total rentable area of the building being constructed at 89 Dawson Road, Guelph, Ontario (the "Building Head Lease"), and a portion of the property comprising and intended for use as parking facilities serving the building (The "Lot Head Lease"). The Building Head Lease will terminate on the date which is the earlier of (i) the second anniversary of the closing of the Acquisition, and (ii) the date on which the aggregate of the fully net rents payable under end user leases in respect of a particular month are equal to or exceed the Building Head Lease rent in respect of such month. Under the Lot Head Lease, the right to operate the parking facilities, and to receive parking revenues, will be assigned back to the Operating Partnership; the Lot Head Lease provides the terms upon which the benefit of such rental revenues are allocated between the parties. The Lot Head Lease will terminate on the date that is the earlier of (i) the day immediately preceding the second anniversary of the closing of the Acquisition, and (ii) the first day of a month where the aggregate gross parking revenues received by the Operating Partnership from such operations at 89 Dawson Road, Guelph, Ontario (based on the allocation of parking revenues contemplated by the Lot Head Lease) for the preceding six (6) consecutive months is equal to or greater than $397,500.

16. Related Party Transactions (continued)

(d) All of the investment properties are managed by CMD Management Limited ("CMD") which is indirectly owned by Edward Thornley and Darren Thornley.

The REIT entered into a property management agreement with CMD for a period of two years ending December 31, 2012. At the closing of the two year period, the agreement provides the offer to extend the agreement as well as the option for both the REIT and CMD to terminate the agreement under a no fault termination. Should the REIT decide to cancel the agreement at the end of the two year period or any extension thereof; it would be required to reimburse CMD for lease termination costs and penalties and any other penalties or costs relating to the termination satisfaction of any other contract or commitment that was entered into by CMD in order to fulfill its obligations as property manager. In addition, the REIT would be required to offer employment to all employees and independent contractors (excluding Darren Thornley and Ed Thornley) of CMD. Should the employees or independent contractors not accept the employment offer, the REIT would be required to reimburse CMD for any terminations or severance costs incurred by CMD as a result of the termination of the agreement, if any. The REIT has not accrued any amount with respect to costs of terminating the property management agreement.

During the year ended December 31, 2011, the REIT was charged $238,733 (year ended December 31, 2010 - $15,500) by CMD for property management fees. Such costs are recoverable from tenants as property operating costs.

In addition, during the year ended December 31, 2011, the REIT was charged $21,000 (year ended December 31, 2010 - $nil) by CMD for leasing commissions.

(e) On December 6, 2011, the REIT acquired a 21,000 square foot medical office building in Orillia, Ontario for a total purchase cost of $7,092,827, which includes $142,827 of acquisition costs, from Thornley Holdings Limited, a related party (see note 5, investment properties). The Orillia property is subject to a head lease with respect to approximately 4,000 sq. ft. of space and the parking lot, for a period of three years. The head lease is provided by the vendor, Thornley Holdings Limited. As a condition of providing the head lease, CMD, a related party to the REIT and Thornley Holdings Limited, shall remain the property manager of the Orillia property until the expiry of the head lease.

(f) For the year ended December 31, 2011, the REIT received $580,380 (December 31, 2010 - $16,896) in respect of head leases from related parties.

(g) Transactions with related parties disclosed above, are in the normal course of business and are recorded at the transaction amount, being the price agreed between the parties.

(h) Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the REIT, including trustees. Key management includes two (2010 – two) executive officers and nine (2010 – nine) non-employee trustees. Compensation for the REIT's key management personnel was as follows:

	Year Ended December 31, 2011	**Year Ended December 31, 2010**
Short-term wages, bonuses and benefits	$ 647,363	$ 390,696
Unit-based payments	389,710	334,320
Termination benefits	-	-
Total key management compensation	**$ 1,037,073**	**$ 725,016**

17. Segmented Information

Management has determined that all activities of the REIT operate in a single business segment in Canada. The REIT's investment properties are all medical office buildings and, currently, are all located in Ontario.

18. Contingent Liabilities

(a) As noted in note 4(b), the REIT has a contractual obligation to pay a post-closing adjustment in respect of the two Acquired Properties located in Guelph, Ontario on the second anniversary of closing (being December 24, 2012, the "Re-Adjustment Date") to the extent that the net operating income, based on annualized revenues and expenses for the following 12-month period and parking revenues for the trailing 12-month period, implies, with a capitalization rate of 8.25%, a value in excess of the purchase price paid.

(b) Under the terms of the by-laws of the REIT, the REIT indemnifies individuals who have acted at the REIT's request to be a trustee and/or director and/or officer of the REIT (and/or one or more of its direct and indirect subsidiaries), to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service. The claims covered by such indemnifications are subject to statutory and other legal limitation periods. The nature of the indemnification agreements prevents the REIT from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such indemnification agreements.

(c) The REIT is subject to legal and other claims in the normal course of business. Management and the REIT's legal counsel evaluate all claims. In the opinion of management these claims are generally covered by the REIT's insurance policies and any liability from such claims would not have a significant effect on the REIT's consolidated financial statements.

19. Capital Management

The REIT considers its capital to be mortgages payable and unitholders' equity. The REIT's primary objectives when managing capital are:

- to safeguard the REIT's ability to continue as a going concern so that it can continue to provide returns for unitholders; and
- to ensure that the REIT has access to sufficient funds for acquisition or development activities.

The REIT sets the amount of capital in proportion to risk. The REIT manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the REIT may adjust the amount of distributions paid to Unitholders, issue new units and debt or sell assets to reduce debt or fund acquisition or development activities.

The REIT anticipates meeting all current and future obligations as they come due. Management expects to finance future acquisitions, development and maturing debt from: (i) existing cash balances; and (ii) a mix of mortgage debt secured by income properties, operating facilities, issuance of equity and convertible/unsecured debentures. Cash flow generated from operating activities is the source of liquidity to service debt (except maturing debt), sustaining capital expenditures, leasing costs and unit distributions.

19. Capital Management (continued)

The real estate industry is capital intensive by nature. As a result, debt capital is a very important aspect in managing the business. In addition, financial leverage is used to enhance returns from purchased real estate. Part of the REIT's objectives in securing mortgages for its properties and managing its long-term debt is to stagger the maturities in order to mitigate short-term volatilities in the debt markets. The REIT's Declaration of Trust stipulates that the REIT shall not incur or assume any indebtedness (other than by the assumption of existing indebtedness and the renewal, extension or modification thereof from time to time) or renew or refinance any indebtedness under a mortgage on any of the real property (other than on raw land and/or land under development and/or assumed debt) of the REIT where (i) in the case of an individual property, the total amount of indebtedness, excluding operating lines, secured by mortgages on such property exceeds 65% of the market value of such individual property; or (ii) in the case of more than one property or a pool or portfolio of properties, the total amount of indebtedness, excluding operating lines, secured by mortgages on such properties exceeds 65% of the market value of such properties on an aggregate basis.

At December 31, 2011, the REIT is in compliance with its debt-to-gross book value ratio at 50.9% (December 31, 2010 - 40.6%), which is calculated as follows:

	2011	2010
Debt		
Gross value of secured debt [(1)]	**$ 32,398,102**	**$ 18,874,856**
Gross Book Value of Assets		
Total assets	$ 63,709,964	$ 46,455,851
Debt-to-Gross Book Value	50.9 %	40.6 %

(1) represents actual balance of mortgages

In terms of the REIT's equity capital, the REIT issues equity when it is available and appropriate to replenish cash, for acquisitions, or other uses. In accordance with the REIT's Declaration of Trust, the REIT's Trustees have discretion in declaring distributions. Pursuant to the REIT's Declaration of Trust, it is the intention of the REIT's Trustees to make distributions in an amount not less than the amount necessary to ensure that the REIT will not be liable to pay income tax under Part I of the Income Tax Act. As at December 31, 2011, the REIT accrued distributions payable of $75,777 which were paid subsequent to the end of the period.

20. Risk Factors

The REIT's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The REIT's overall financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the REIT's financial performance.

Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments resulting in the REIT incurring a financial loss. The REIT attempts to mitigate this risk by conducting credit assessments on new lessees, by ensuring that its tenant mix is diversified and by limiting its exposure to any one tenant. The REIT's credit risk is primarily attributable to cash, investments and accounts receivable. Cash and investments consist of cash on hand and term deposits with reputable financial institutions which are closely monitored by management. Financial instruments included in accounts receivable consist of rental income receivable from its commercial tenant base for monthly rental charges and interest receivable from the term deposit. Management believes that the potential loss from credit risk with respect to financial instruments included in cash, investments and accounts receivable is minimal. The REIT's accounts receivable are all current.

20. Risk Factors (continued)

Liquidity Risk

Liquidity risk arises from the possibility of not having sufficient debt and equity capital available to the REIT to fund future growth, refinance debts as they mature or meet the REIT's payment obligations as they arise. Furthermore, liquidity risk also arises from the REIT not being able to obtain financing or refinancing on favourable terms.

The REIT's main liquidity requirements arise from ongoing working capital requirements, debt servicing and repayment obligations, capital and leasing expenditures on existing properties, property acquisitions and distributions to unitholders. All of the aforementioned liquidity requirements, except for debt repayment obligations at maturity and property acquisitions, are generally funded from cash flows from operations. Debt repayment obligations are generally funded from refinancing the related debt and property acquisitions are generally funded from equity raises as well as obtaining debt financing on the related property.

The REIT's financial condition and results of operations would be adversely affected if it were unable to obtain financing/refinancing or cost-effective financing/refinancing, or if it were unable to meet its other liquidity requirements from ongoing operating cash flows.

The following table sets out the REIT's contractual cash flows:

	Carrying amount	Contractual cash flow	2012	2013	2014	2015	2016	Thereafter
Mortgages	$ 32,523,340	$ 36,392,660	$ 9,205,061	$ 4,847,816	$ 1,289,482	$ 1,289,482	$ 19,760,819	$ -
Accounts payable and accrued liabilities	1,316,940	1,316,940	1,316,940	-	-	-	-	-
Distributions payable	75,778	75,778	75,778	-	-	-	-	-
Total	$ 33,916,058	$ 37,785,378	$ 10,597,779	$ 4,847,816	$ 1,289,482	$ 1,289,482	$ 19,760,819	$ -

Interest Rate Risk

The majority of the REIT's debt is financed at fixed rates with maturities staggered over a number of years, thereby mitigating its exposure to changes in interest rates and financing risks. At December 31, 2011, approximately $2,330,000 (December 31, 2010 - $1,375,000) of the REIT's debt is financed at variable rates exposing the REIT to interest rate risk on such debt. Sensitivity to a plus or minus 1% change in the interest rate would affect net loss and comprehensive loss by approximately $23,300 annually with all other variables held constant.

Fair Value Hierarchy

Estimated fair value amounts are designed to approximate amounts at which financial instruments could be exchanged in a current transaction between willing parties who are under no compulsion to act.

The REIT uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value of financial instruments. The classifications are as follows: the use of quoted market prices for identical assets or liabilities (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3). The REIT had no Level 3 financial instruments at December 31, 2011 and there have been no transfers between levels.

20. Risk Factors (continued)

Fair Value Hierarchy (continued)

The following table illustrates the classification of the REIT's financial instruments within the fair value hierarchy as at December 31, 2011:

	Level 1	Level 2	Level 3	Total
Cash	$ 1,700,067	$ -	$ -	$ 1,700,067
Warrant liability	$ -	$ 2,474,543	$ -	$ 2,474,543
Class B LP unit liability	$ 960,625	$ -	$ -	$ 960,625
DUP liability	$ 287,517	$ -	$ -	$ 287,517

21. Subsequent Events

(a) Subsequent to December 31, 2011, the REIT declared distributions of $75,777 for the trust units, and $3,379 for the Class B LP units ($0.0051 per trust unit and Class B LP unit) for each of the months of January, February, and March 2011. The REIT declared a distribution for the month of April of $79,254 for the trust units and $3,534 for the Class B LP units ($0.005334 per trust unit and Class B LP unit).

(b) On January 6, 2012, the REIT acquired a portfolio of three medical office buildings located in Lindsay, Hamilton and St. Thomas, Ontario (the "Portfolio). The Portfolio was acquired for approximately $10.6 million. Approximately $7.8 million of the purchase price was comprised of a combination of assumed mortgage debt on the Portfolio and coterminous vendor take back financing with a combined average interest rate of 4.09%. The balance of the purchase price was funded with existing resources.

(c) On January 31, 2012, the REIT announced a 5% increase in its distribution rate to $0.005334 per unit effective April 1, 2012 to unitholders of record on April 30, 2012.

(d) On March 5, 2012, the REIT refinanced its Orillia property for a gross amount of $4,300,000, which generated net proceeds of $843,000. The refinancing shortened the maturity date to July 2016 while the interest rate was unchanged at 4.19%.

(e) On March 12, 2012, the REIT announced an offering of rights to acquire up to 3,880,212 units of the REIT to unitholders of record on March 30, 2012 at a price of $1.15 per unit. The rights expired on April 24, 2012 and investors subscribed for 3,880,212 units for proceeds of $4,462,244, before costs.

(f) On April 6, 2012, the REIT entered into an agreement to acquire a 25,000 s.f. medical office building in Port Hope, Ontario for approximately $7.5 million, subject to customary closing adjustments. The building's tenants are medical practitioners with a pharmacy, lab and x-ray facilities and it is 100% occupied. The cap rate on the transaction is 8.03%. The purchase is expected to close on May 1, 2012, subject to customary closing conditions.

(g) On April 16, 2012, the REIT announced that it had entered into a definitive agreement with NorthWest Value Partners Inc. ("NorthWest") pursuant to which NorthWest will offer to acquire all of the REIT's outstanding units for $2.05 per unit (the "Offer"). The Offer price is subject to adjustment for dilution that may result from the issuance of additional units pursuant to the rights offering noted above. The Offer is subject to a number of conditions, including acceptance of the Offer by the holders of at least 66 2/3% of the outstanding units.

22. Transition to IFRS

Overview

These audited annual consolidated financial statements for the year ended December 31, 2011 are the REIT's first to be presented in accordance with IFRS, with comparatives.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS effective at the end of an entity's first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The REIT has elected to apply the following optional exemptions in its preparation of its opening IFRS consolidated balance sheet as at January 1, 2010, (Transition Date):

- To apply IFRS 2 Share-based Payments only to equity-settled instruments that had not vested by the Transition Date and cash-settled instruments for which the liability had been settled at the transition date.
- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To designate certain existing financial liabilities as FVTPL at the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Estimates used in the preparation of the REIT's opening IFRS statement of financial position, and other comparative information restated to comply with IFRS, are consistent with those made previously under Canadian GAAP.

Changes to accounting policies

The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. Accounting policies have been changed to be consistent with IFRS as is expected to be effective on December 31, 2011.

The following summarizes the significant changes to the REIT's accounting policies on adoption of IFRS, and the effect on the REIT's consolidated statements of financial position.

<u>Investment properties</u>

IFRS defines investment property as a property held to earn rental income or for capital appreciation or both. Investment property includes all properties previously classified as income-producing properties.

Under Canadian GAAP, the REIT measured its investment properties at cost and recognized various tangible and intangible assets and liabilities related to the investment property. IFRS permits an accounting policy choice for investment property between the fair value model and the cost model. The cost model is generally consistent with Canadian GAAP.

22. Transition to IFRS (continued)

Changes to accounting policies (continued)

On adoption of IFRS, the REIT decided to adopt the fair value model for its investment properties. Under the fair value model, investment properties initially recognized at cost and then re-measured to fair value at each reporting date with changes recorded in the statement of operations and comprehensive income. Investment properties are not amortized.

The REIT held no investment properties at January 1, 2010, and as such, there was no effect of this change in accounting policy at the Transition Date. Subsequent to the transition date, this change in accounting policy resulted in significant changes to the reported values of the investment properties. The estimated fair values of the investment properties for periods included in these consolidated financial statements were determined based on internal valuation models incorporating available market evidence.

Class B LP units

Under Canadian GAAP, the Class B LP units were classified as equity. The Class B LP units are exchangeable on demand for the REIT's trust units, which in turn are a puttable financial instrument. As such, under IFRS the Class B LP units are classified as a liability.

The Class B LP units were issued on December 24, 2010. As a result of this change in accounting policy, unit holders' equity at December 31, 2010 was reduced by the Class B LP units' carrying value of $993,750. The Class B LP Units were recognized as a liability at their fair value of $1,325,000, with the difference recorded as a reduction of unitholders' equity.

The distributions paid on the Class B LP units are accounted for as a finance cost.

Incentive unit options

The awards of incentive unit options are settled in the REIT's trust units. Under Canadian GAAP, these were considered equity-settled instruments and were recorded within unitholders' equity. Due to the fact that the trust units are redeemable, the incentive unit options are considered cash-settled instruments under IFRS and classified as a liability. The liability is re-measured to fair value each reporting period with changes recognized in the statement of comprehensive income.

Effective December 24, 2010 each 10 issued shares of the Company were transferred to the REIT in exchange for 1 unit of the REIT, effectively completing the Company's conversion to a real estate investment trust. As a result of the change in accounting policy for incentive unit options, the carrying value of the incentive unit options in contributed surplus at December 24, 2010 was eliminated and the unit-based compensation liability was recognized at its estimated fair value of $195,476. The difference between the carrying value of the incentive unit options in equity under Canadian GAAP and the estimated fair value of the unit-based compensation liability under IFRS at December 24, 2010 was recorded as a reduction in unitholders' equity.

22. Transition to IFRS (continued)

Changes to accounting policies (continued)

Warrants

Under Canadian GAAP, the warrants were classified as equity. The warrants are exchangeable into trust units, which in turn are a puttable financial instrument. As such, under IFRS the warrants are considered a derivative instrument and classified as a liability. The warrant liability is re-measured to fair value each reporting period, with changes recorded in the statement of comprehensive income.

Effective December 24, 2010 each 10 issued shares of the Company were transferred to the REIT in exchange for 1 unit of the REIT, effectively completing the Company's conversion to a real estate investment trust. As a result of the change in accounting policy for warrants, the carrying value of the warrants in contributed surplus at December 24, 2010 was eliminated and the warrant liability was recognized at its estimated fair value of $6,733,837. The difference between the carrying value of the warrants in equity under Canadian GAAP and the estimated fair value of the warrants under IFRS at December 24, 2010 was recorded as a reduction in unitholders' equity.

Intangible assets and liabilities

Under Canadian GAAP when investment properties are acquired, a portion of the purchase price is allocated to intangible assets and liabilities representing in place above or below market leases. Under IFRS these intangible assets and liabilities are not recognized as separate assets and liabilities. Instead they form part of the carrying value of the investment properties.

The REIT held no investment properties at January 1, 2010, and as such, there was no effect of this change in accounting policy at the Transition Date. Subsequent to the transition date, this change in accounting policy resulted in the elimination of the intangible assets and liabilities recognized under Canadian GAAP. As at December 31, 2010, this resulted in the elimination of the carrying value of the intangible assets $(263,139) and intangible liabilities $(240,160), with a corresponding net decrease in investment properties before being re-measured to fair value.

Earnings/loss per unit

Under Canadian GAAP, the number of trust units included in the calculation of basic and diluted net income or loss per share included all Class B LP units as they were classified as equity. The number of trust units included in the determination of diluted net income per share included the units for which the warrants could be exchanged.

As a result of the change in accounting policy to classify the Class B LP units and warrants as liabilities, they may not be considered equity for the purposes of calculating net income or loss on a per unit basis. In addition, although the trust units meet the criteria to be classified as equity, they are defined as a liability and therefore are not considered equity for the purposes of calculating net income or loss on a per unit basis Accordingly, the REIT has chosen to not present net income or loss per share information.

22. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS

The following provides reconciliations of unit-holders' equity and comprehensive loss from Canadian GAAP to IFRS for the respective periods.

	Note	December 31, 2010	January 1, 2010
Unitholders' equity under Canadian GAAP		**$ 26,005,150**	$ 143,673
Reverse accumulated amortization on intangible assets / liabilities	i	(20,462)	-
Reverse accumulated depreciation on investment properties	ii	90,136	-
Re-measure investment property at fair value	iii	(108,067)	-
Recognize unit-based compensation liability	iv	(195,476)	-
Recognize Class B LP unit liability	v	(1,325,000)	-
Recognize warrant liability	vi	(6,733,837)	-
Unitholders' equity under IFRS		**$ 17,712,444**	$ 143,673

	Note	Year ended December 31, 2010
Comprehensive loss under Canadian GAAP		$ (1,112,640)
Reverse amortization on intangible assets / liabilities	i	(20,462)
Reverse depreciation on investment properties	ii	90,136
Re-measure investment property at fair value	iii	(108,067)
Comprehensive loss under IFRS		$ (1,151,033)

i) The effect of reversing the amortization of intangible assets and liabilities previously recognized under Canadian GAAP. These intangible assets and liabilities are not recognized under IFRS.

ii) The effect of reversing the depreciation of investment properties previously recognized under Canadian GAAP. Under IFRS, investment properties are re-measured to fair value and not depreciated.

iii) The effect of the change in accounting policy to re-measure investment properties at estimated fair value each reporting date. There was no significant change in the fair value of investment properties for the three and six months ended December 31, 2010.

iv) The effect of the change in accounting policy to classify the incentive unit options as a liability and re-measure at fair value each reporting date.

v) The effect of the change in accounting policy to classify the Class B LP units as a liability and re-measure at fair value each reporting date.

vi) The effect of the change in accounting policy to classify the warrants as a liability and re-measure at fair value each reporting date.

The transition to IFRS did not have a material impact on the consolidated statement of cash flows.

22. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

The following provides a reconciliation of the consolidated balance sheet from Canadian GAAP to IFRS at December 31, 2010. The IFRS adjustments are referenced to the explanatory notes directly above.

	Note	December 31, 2010 (CGAAP)	IFRS Adjustments	December 31, 2010 (IFRS)
Assets				
Investment properties	i,ii,iii	$ 44,691,734	$ (15,414)	**$ 44,676,320**
Intangible assets	i	263,139	(263,139)	**-**
Prepaid expenses and deposits		24,852	-	**24,852**
Other receivable		165,687	-	**165,687**
Cash		1,188,992	-	**1,188,992**
Investment		400,000	-	**400,000**
Total assets		$ 46,734,404	$ (278,553)	**$ 46,455,851**
Liabilities				
Mortgages payable		$ 18,874,856	$ -	**$ 18,874,856**
Accounts payable and accrued liabilities		1,599,380	634	**1,600,014**
Distributions payable		14,858	(634)	**14,224**
Intangible liabilities	i	240,160	(240,160)	**-**
Unit-based compensation liability	iv	-	195,476	**195,476**
Warrant liability	vi	-	6,733,837	**6,733,837**
Class B LP unit liability	v	-	1,325,000	**1,325,000**
Total liabilities		20,729,254	8,014,153	**28,743,407**
Unitholders' Equity				
Unitholders' equity		26,005,150	(8,292,706)	**17,712,444**
		$ 46,734,404	$ (278,553)	**$ 46,455,851**

Reconciliation of statement of cash flows from Canadian GAAP to IFRS:

Consistent with the REIT's accounting policy choice under IAS 7, Statement of Cash Flows, interest paid and interest received have moved into the body of the statements of cash flows, whereas they were previously disclosed as supplementary information. Interest expense is added back under operating activities and interest paid is deducted under operating activities. There are no other material differences between the statements of cash flows presented under IFRS and the statements of cash flows presented under previous Canadian GAAP.