GT CANADA MEDICAL PROPERTIES
REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Financial Statements
Unaudited

For the Three and Six Months Ended June 30, 2012

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

As at	June 30, 2012	December 31, 2011
Assets		
Investment properties (note 7)	**$ -**	$ 61,332,333
Prepaid expenses and deposits	**16,763**	34,285
Accounts receivable	**-**	152,968
Other assets (note 8)	**193,812**	490,311
Cash	**21,783**	1,700,067
Assets classified as held for sale (note 6)	**88,285,035**	-
Total assets	**$ 88,517,393**	$ 63,709,964
Liabilities		
Mortgages and loans payable	**$ -**	$ 32,398,102
Accounts payable and accrued liabilities	**195,514**	1,349,213
Distributions payable	**107,715**	75,778
Liabilities on assets classified as held for sale (note 6)	**49,149,581**	-
	49,452,810	33,823,093
Unit-based compensation liability (note 9)	**-**	108,099
Warrant liability (note 10)	**2,760,669**	2,474,543
Class B LP unit liability (note 11)	**-**	960,625
Deferred Unit Plan liability (note 12)	**-**	287,517
Total liabilities	**52,213,479**	37,653,877
Unitholders' Equity		
Unitholders' equity (note 13)	**36,303,914**	26,056,087
Total liabilities and unitholders' equity	**$ 88,517,393**	$ 63,709,964

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

GT Canada Medical Properties Real Estate Investment Trust
Condensed Consolidated Interim Statements of Operations and Comprehensive Income
Unaudited (Canadian dollars)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Other Income				
Interest and other income	**$ 3,530**	$ 708	**$ 5,308**	$ 1,924
Expenses				
General and administrative expenses	**296,134**	479,685	**775,364**	815,021
Transaction costs (recovery) (note 14)	**(162,592)**	-	**259,204**	-
Finance costs	**23,657**	13,132	**57,043**	23,297
	157,199	492,817	**1,091,611**	838,318
Loss before the undernoted items	**(153,669)**	(492,109)	**(1,086,303)**	(836,394)
Other fair value gains (losses) (note 15)	**(1,119,294)**	1,979,904	**(635,623)**	3,017,182
Net income (loss) from continuing operations	**(1,272,963)**	1,487,795	**(1,721,926)**	2,180,788
Net income from discontinued operations (note 6)	**3,563,369**	502,805	**5,550,162**	4,569,289
Net income and comprehensive income	**$ 2,290,406**	$ 1,990,600	**$ 3,828,236**	$ 6,750,077

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

	Trust Unit Equity	Reduction on Reclassification to Liabilities	Cumulative Distributions	Retained Earnings (Deficit)	Total
Balance, December 31, 2010	**$ 20,002,565**	**$ (114,683)**	**$ (14,224)**	**$ (2,161,214)**	**$ 17,712,444**
Distributions	-	-	(455,300)	-	(455,300)
Net income for the period	-	-	-	2,180,788	2,180,788
Balance, June 30, 2011	**20,002,565**	**(114,683)**	**(469,524)**	**19,574**	**19,437,932**
Unit issue costs - cash	(86,150)	-	-	-	(86,150)
Distributions	-	-	(454,666)	-	(454,666)
Net income for the period	-	-	-	7,158,971	7,158,971
Balance, December 31, 2011	**19,916,415**	**(114,683)**	**(924,190)**	**7,178,545**	**26,056,087**
Units issued pursuant to rights offering	4,462,244	-	-	-	4,462,244
Unit issue costs - cash	(268,540)	-	-	-	(268,540)
Conversion of Class B LP units	1,238,875	-	-	-	1,238,875
Conversion of Deferred Unit Plan units	1,529,727	-	-	-	1,529,727
Distributions	-	-	(542,715)	-	(542,715)
Net income for the period	-	-	-	3,828,236	3,828,236
Balance, June 30, 2012	**$ 26,878,721**	**$ (114,683)**	**$ (1,466,905)**	**$ 11,006,781**	**$ 36,303,914**

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

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

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Cash provided by (used in):				
Operating activities				
Net income (loss) from continuing operations for the period	**$ (1,272,963)**	$ 1,487,795	**$ (1,721,926)**	$ 2,180,788
Adjustment for:				
Finance costs	**23,657**	13,132	**57,043**	23,297
Add (deduct) items not involving cash:				
Other fair value (gains) losses	**1,119,294**	(1,979,904)	**635,623**	(3,017,182)
Unit based compensation expense (note 12)	**-**	218,496	**-**	218,496
	(130,012)	(260,481)	**(1,029,260)**	(594,601)
Changes in non-cash working capital balances:				
Prepaid expenses and deposits	**(14,388)**	(11,363)	**(21,478)**	(10,468)
Accounts receivable	**-**	(80,367)	**-**	4,436
Other assets	**(151,160)**	52,467	**92,199**	(39,025)
Accounts payable and accrued liabilities	**(4,445,128)**	4,142,897	**(3,979,400)**	3,603,274
Cash provided by (used in) operating activities from continuing operations	**(4,740,688)**	3,843,153	**(4,937,939)**	2,963,616
Investing activities				
Investments	**-**	(659)	**-**	195,041
Cash provided by (used in) investing activities from continuing operations	**-**	(659)	**-**	195,041
Financing activities				
Distributions paid	**(283,444)**	(227,332)	**(510,778)**	(393,746)
Finance costs	**(3,801)**	(13,132)	**(13,937)**	(23,297)
Proceeds from units issued, net of issuance costs	**4,193,704**	-	**4,193,704**	-
Cash provided by (used in) financing activities from continuing operations	**3,906,459**	(240,464)	**3,668,989**	(417,043)
Net change in cash from continuing operations	**(834,229)**	3,602,030	**(1,268,950)**	2,741,614
Net change in cash from discontinued operations (note 6)	**(118,160)**	85,217	**(92,598)**	275,648
Net change in cash	**(952,389)**	3,687,247	**(1,361,548)**	3,017,262
Cash, beginning of period	**1,290,908**	519,007	**1,700,067**	1,188,992
Cash, end of period	**$ 338,519**	$ 4,206,254	**$ 338,519**	$ 4,206,254
Cash, end of period from continuing operations	**$ 21,783**	$ 3,836,874	**$ 21,783**	$ 3,836,874
Cash, end of period from discontinued operations	**$ 316,736**	$ 369,380	**$ 316,736**	$ 369,380

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

1. Organization of the Real Estate Investment Trust

The REIT is an unincorporated open-ended real estate investment trust and trades on the TSX Venture Exchange ("TSX-V") 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 284 King Street East, Suite 100, Toronto, Ontario, Canada.

The REIT was formed pursuant to a Declaration of Trust dated October 13, 2010. On December 24, 2010, GT Canada Medical Properties Inc. (the “Company”) completed its conversion to a trust structure under a Plan of Arrangement (the “Arrangement”). After the Arrangement, the Company is a wholly-owned subsidiary of the REIT

2. Statement of Compliance

The REIT's condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under IAS 34, Interim Financial Reporting.

These condensed consolidated interim financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore, should be read in conjunction with the audited consolidated financial statements and notes for the REIT’s year ended December 31, 2011, which are available on SEDAR at www.sedar.com.

3. Summary of Significant Accounting Policies

All significant accounting policies have been applied on a basis consistent with those followed in the most recent audited annual consolidated interim financial statements. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as at June 30, 2012. The Board of Trustees approved these condensed consolidated interim financial statements on August 14, 2012.

Accounting Judgment and Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from estimates and such differences could be material. The significant estimates and judgments made by management are the same as those discussed in the audited annual consolidated financial statements for the year ended December 31, 2011.

Accounting Standards Issued But Not Yet Applied

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee that are mandatory for fiscal periods beginning July 1, 2012 or later. The standards are described in the REIT’s annual consolidated financial statements for the year ended December 31, 2011 and there have not been any additional standards applicable to the REIT issued since December 31, 2011.

4. Acquisition of Control

On April 16, 2012, the REIT announced it had entered into a support agreement with NorthWest Value Partners Inc. (“NWVP”) whereby NWVP would offer to acquire all of the Units for $2.05 per Unit (the “NWVP Offer”) by way of a take-over bid. The NWVP Offer was subject to a number of conditions including acceptance of the NWVP Offer by the holders of at least 66 2/3% of the issued and outstanding Units. In addition, in connection with the NWVP Offer, all the REIT’s existing properties were to be sold to NorthWest Healthcare Properties Real Estate Investment Trust (“NWHP REIT”) for $87.3 million. The REIT’s Trustees unanimously resolved to recommend that Unitholders tender their units to the NWVP Offer and support of the sale of the REIT’s existing properties to NWHP REIT.

4. Acquisition of Control (continued)

As a result of the issuance of all of Units available under the Rights Offering (see note 13 (i)), the NWVP Offer was adjusted from $2.05 per unit to $1.87 per Unit. NWVP's take-over bid circular and the REIT's Trustee circular were mailed to unitholders on April 27, 2012 and April 20, 2012, respectively.

On June 11, 2012, after the extension of the initial expiry date of the NWVP Offer of May 24, 2012, 18,481,046 Units had been tendered to the NWVP Offer, representing approximately 91% of the total outstanding Units and approximately 68% of the fully diluted Units. As disclosed in the takeover bid circular mailed in connection with the NWVP Offer, and for purposes of ensuring that the REIT continued to meet the ongoing listing requirements of the TSX-V, NWVP sold 1,321,000 Units deposited under the NWVP Offer. After the take-up and payment by NWVP Acquisition LP (a wholly-owned subsidiary of NWVP) of the remaining tendered Units, NWVP currently owns 16,641,046 Units, representing approximately 82% of the total outstanding Units (approximately 61% of the total outstanding Units on a fully-diluted basis (the "NWVP Acquisition").

5. Dispositions of Investment Properties

In connection with the NWVP Acquisition, the REIT has agreed to sell all of its existing investment properties (the "Existing Portfolio") to NWHP REIT in two separate transactions. Subject to regulatory requirements, the first transaction will result in the Port Hope Property being conveyed to the NWHP REIT, with the second transaction resulting in the conveyance of the balance of the Existing Portfolio to NWHP REIT.

Sale of Port Hope Property

The sale of the Port Hope Property will be effected pursuant to an acquisition agreement dated June 19, 2012 (the "Port Hope Acquisition Agreement") between the GT Canada General Partner Inc., in its capacity as the general partner of GT Operating Partnership (I) LP ("GT LP"), and NHP Holdings Inc. ("NHP GP"), in its capacity as the general partner of NHP Holdings Limited Partnership ("NHP Partnership"); both NHP Holdings Inc. and NHP Partnership being subsidiaries of NWHP REIT. Pursuant to the Port Hope Acquisition Agreement, GT LP will sell its interest in Port Hope Limited Partnership to NHP Partnership, which will effectively result in the transfer of the Port Hope Property to NHP Partnership.

Pursuant to the Port Hope Acquisition Agreement, the purchase price for the Port Hope Property is $7,875,000 (subject to customary adjustments), and is to be satisfied by the assumption of mortgage debt on the Port Hope Property by NHP Partnership in the amount of approximately $4,979,000, with the balance satisfied by, at the REIT's option, the issuance of a promissory note, the issuance of NWHP REIT units to the REIT (subject to the approval of the Toronto Stock Exchange ("TSX")), and/or the issuance of NHP Partnership units to the REIT. The REIT is required to make an election on the form of the balance of the consideration to be paid five days prior to the closing date of the transaction. For purposes of the Port Hope Acquisition Agreement, the units of NWHP REIT or NHP Partnership, as applicable, will be valued at $12.3125 per unit.

Pursuant to the Port Hope Acquisition Agreement, the closing date of the transaction will be a date designated by GT LP, provided that such date will not occur after July 31, 2012. Each of GT LP and NHP Partnership is permitted to extend such outside date by up to 90 days if any regulatory approvals remain outstanding. Both GT LP and NHP Partnership have agreed to extend such outside date by 90 days to October 31, 2012.

Sale of Balance of Existing Portfolio

The sale of the balance of the Existing Portfolio (all of the existing properties of the REIT other than the Port Hope Property) will be effected pursuant to an acquisition agreement dated May 31, 2012 (the "Portfolio Acquisition Agreement") between the REIT, NWHP REIT and NHP GP, in its capacity as the general partner of NHP Partnership. Pursuant to the Portfolio Acquisition Agreement, the REIT will sell its interest in GT LP to NHP Partnership, which will effectively result in the transfer of the balance of the Portfolio to NHP Partnership.

5. Acquisitions of Investment Properties (continued)

Sale of Balance of Existing Portfolio (continued)

Pursuant to the Portfolio Acquisition Agreement, the purchase price for the balance of the Existing Portfolio is $76,120,000 (subject to customary adjustments), and is to be satisfied by the assumption of mortgage debt on the balance of the Existing Portfolio by NHP Partnership in the amount of approximately $42,979,000, with the balance satisfied by, at the REIT's option, the issuance of a promissory note, the issuance of NWHP REIT units to the REIT (subject to the approval of the TSX), and/or the issuance of NHP Partnership units to the REIT. The REIT is required to make an election on the form of the balance of the consideration to be paid five days prior to the closing date of the transaction. For purposes of the Portfolio Acquisition Agreement, the units of NWHP REIT or NHP Partnership, as applicable, will be valued at $12.3125 per unit.

In addition, the REIT will receive $3,300,000 from NHP Partnership by way of a cash payment or an increase in the principal amount of the promissory note (at the REIT's option) to reimburse the REIT for its transaction costs incurred in the sale of the Existing Portfolio (see note 14).

The Portfolio Acquisition Agreement is conditional on NHP Partnership and the REIT performing and complying with all of their respective covenants as set out in the agreement, along with obtaining any necessary approval from the TSX, including satisfying any conditions to such approval. Both NHP Partnership and the REIT have agreed to use reasonable commercial efforts to satisfy this latter condition by the closing date.

Pursuant to the Portfolio Acquisition Agreement, the closing date of the transaction will be a date designated by the REIT, provided that such date will not occur after July 31, 2012. Each of the REIT and NHP Partnership is permitted to extend such outside date by up to 90 days if any regulatory approvals remain outstanding. Both GT LP and NHP Partnership have agreed to extend such outside date by 90 days to October 31, 2012.

Unaudited (Canadian dollars)

6. Assets and Liabilities of Investment Properties Held for Sale and Discontinued Operations

The REIT entered into an agreement to sell all of its existing investment properties in conjunction with the NWVP Acquisition described in note 4. As a result, the REIT has classified its existing investment properties and the related assets and liabilities, as discontinued operations. Assets and liabilities classified as "assets and liabilities classified as held for held for sale" are as follows:

As at	June 30, 2012
Assets	
Investment properties (a)	**$ 83,995,000**
Prepaid expenses and deposits	**329,971**
Accounts receivable	**112,324**
Transaction costs recoverable	**3,300,000**
Other assets (b)	**231,004**
Cash	**316,736**
Total assets classified as held for sale	**$ 88,285,035**
Liabilities	
Mortgages and loans payable (c)	**$ 47,571,759**
Promissory notes (d)	**787,127**
Accounts payable and accrued liabilities	**790,695**
Total liabilities associated with assets classified as held for sale	**$ 49,149,581**

Details of income relating to discontinued operations are as follows:

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Net Operating Income				
Revenue from investment properties	**$ 2,381,889**	$ 1,418,613	**$ 4,612,647**	$ 2,893,628
Property operating costs	**928,820**	584,236	**1,867,605**	1,195,636
	1,453,069	834,377	**2,745,042**	1,697,992
Expenses				
Mortgage and loan interest expense	**563,098**	256,820	**1,071,179**	496,211
Income before the undernoted items	**889,971**	577,557	**1,673,863**	1,201,781
Fair value gain (loss) on investment properties	**2,673,398**	(74,752)	**3,876,299**	3,367,508
Net income from discontinued operations	**$ 3,563,369**	$ 502,805	**$ 5,550,162**	$ 4,569,289

Unaudited (Canadian dollars)

6. Assets and Liabilities of Investment Properties Held for Sale and Discontinued Operations (continued)

Details of cash flows relating to discontinued operations are as follows:

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Net cash provided by (used in) operating activities	**$ 2,021,833**	$ (3,854,708)	**$ 2,809,054**	$ (3,438,678)
Net cash used in investing activities	**(2,806,601)**	-	**(6,062,430)**	-
Net cash provided by financing activities	**666,608**	3,939,925	**3,160,778**	3,714,326
Net change in cash from discontinued operations	**$ (118,160)**	$ 85,217	**$ (92,598)**	$ 275,648

(a) Investment Properties Held for Sale

	Six Months Ended June 30, 2012
Balance, beginning of period	$ 61,332,333
Acquisitions of investment properties (i)	18,764,618
Additions to investment properties	30,639
Fair value gain (ii)	3,876,299
Amortization of leasing costs and tenant inducements	(8,889)
Balance, end of period	**$ 83,995,000**

(i) Acquisitions of Investment Properties

During the period, investment properties were acquired for $18,764,618. Of this amount, $12,732,827 was financed by the assumption of mortgages and vendor-take-back ("VTB") financing described in note 6 (c) with the remaining amount of $6,031,791 paid for in cash and an additional draw on the Credit Facility described in note 6 (c).

(1) On January 6, 2012, the REIT acquired a portfolio of three medical office buildings located in Lindsay, Hamilton and St. Thomas, Ontario (the "Sunder Portfolio). The transaction has been treated as an asset acquisition. The Sunder Portfolio was acquired for $10,600,000 plus customary closing costs of $394,459. The purchase price was comprised of assumed mortgage debt of $4,396,827 and co-terminus VTB financing of $3,357,000 with a combined average interest rate of 4.09%. The balance of the purchase price was funded with existing resources.

The Hamilton property is subject to a Head Lease with the vendor. The Head Lease covers space occupied by an existing tenant who is vacating the building and is for a three year term, expiring in January 2015.

(2) On May 1, 2012 the REIT acquired a 25,000 square foot medical office building in Port Hope, Ontario ("Port Hope") for a total purchase cost of $7,500,000 plus customary closing costs of $270,159. The purchase price was comprised of mortgage debt of $4,979,000 with an interest rate of prime plus 2.00%. The balance of the purchase price was funded with existing resources.

Unaudited (Canadian dollars)

6. Assets and Liabilities of Investment Properties Held for Sale and Discontinued Operations (continued)

(a) Investment Properties Held for Sale (continued)

(ii) Fair Value

Investment properties held for sale are carried at fair value. The fair value of investment properties held for sale was determined to be the aggregate of the sale prices in the Port Hope Acquisition Agreement and Portfolio Acquisition Agreement, as described in note 5. The sale price was considered by management to be a better indicator of fair value than internal valuation models or third party appraisals.

(b) Other Assets

	June 30, 2012
Realty and other escrow amounts	$ 110,716
Straight-line rent receivable	120,288
	$ 231,004

Straight-line rent receivable arises from the recognition of rental revenues on a straight-line basis over the lease term.

(c) Mortgages and Loans Payable

During the six months ended June 30, 2012 the following mortgages and credit facilities were obtained:

(i) The REIT established a revolving credit facility agreement (the "Credit Facility") in April 2011 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 matures in December 2013 and is secured by a first ranking mortgage on the property located at 89 Dawson Road, in Guelph Ontario. The REIT drew $2,155,000 of this facility in connection with its purchase of the Sunder Portfolio described in note 6 (a)(i) and has included this amount in mortgages payable.

(ii) 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%.

(iii) On the acquisition of the Sunder Portfolio (note 6(a)(i)), the REIT assumed mortgage debt on the properties in the amount of $4,396,827 and co-terminus VTB financing in the amount of $3,357,000, with the total debt in respect of the acquisition having a combined average interest rate of 4.09%. The VTB financing is in the form of $2,259,000 secured by mortgages and $1,098,000 in unsecured promissory notes, interest only, with a fixed interest rate of 2.0%. The mortgages and loans mature in May 2013 and April 2015 as noted in the table below.

(iv) On the acquisition of Port Hope (note 6(a)(ii)), the REIT incurred mortgage debt on the property in the amount of $4,979,000 with an interest rate of prime plus 2.00%. The mortgage is interest only until November 1, 2012 and then subject to amortization over 25 years. The mortgage matures in May 2014.

(v) In the six months ended June 30, 2012, the REIT incurred financing costs of $50,774 which will be deferred and amortized over the life of the underlying mortgages.

Unaudited (Canadian dollars)

6. Assets and Liabilities of Investment Properties Held for Sale and Discontinued Operations (continued)

(c) Mortgages and Loans Payable (continued)

As at June 30, 2012, the mortgages and loans payable are as follows:

	Maturity Date	Weighted Average Interest Interest Rate	Balance
Floating Rate			
	2012	Prime plus 3%	$ 2,330,000
	2013	Prime plus 2%	5,655,000
	2014	Prime plus 2%	4,979,000
			12,964,000
Fixed Rate			
	2012	5.17 %	$ 4,927,023
	2013	6.75 %	1,153,995
	2015	6.10 %	3,158,842
	2016	4.78 %	22,157,501
			31,397,361
Vendor Take-Back			
	2013	2.00 %	366,000
	2015	2.00 %	2,991,000
			3,357,000
			$ 47,718,361
Less: Unamortized deferred financing costs			146,602
			$ 47,571,759

As at June 30, 2012, the estimated future principal repayments are as follows:

	Principal Installment Payment	Balance Due at Maturity	Total
Remainder of 2012	$ 441,778	$ 7,178,788	$ 7,620,566
2013	816,362	7,136,414	7,952,776
2014	775,079	4,821,913	5,596,992
2015	636,195	5,645,313	6,281,508
2016	305,456	19,961,063	20,266,519
Contractual obligations	**$ 2,974,870**	**$ 44,743,491**	**$ 47,718,361**

Unaudited (Canadian dollars)

6. Assets and Liabilities of Investment Properties Held for Sale and Discontinued Operations (continued)

(d) Promissory Notes

As at June 30, 2012, Promissory Notes outstanding totalled $787,127 (as at December 31, 2011 - $Nil).

Pursuant to the Support Agreement described in note 4, NWVP funded certain of the strategic transaction costs in the amount of $693,128. As consideration, the REIT issued a Promissory Note for the amount to NWVP. Subsequently, NWVP received a Promissory Note in the amount of $93,999 in lieu of its share of the distribution to unitholders for the month of May 2012. The Promissory Notes are unsecured, bear interest at a rate of 6% per annum and are redeemable on demand.

7. Investment Properties

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

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 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.

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

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

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 (notes 6(b) and 8) 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.

Unaudited (Canadian dollars)

8. Other Assets

	June 30, 2012	December 31, 2011
Commodity taxes recoverable	$ 193,812	$ 101,425
Deferred acquisition costs	-	58,174
Deposits on investment properties under contract	-	185,727
Straight-line rent receivable	-	144,985
	$ 193,812	**$ 490,311**

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.

9. Unit-based Compensation Liability

On May 31, 2012, all of the outstanding incentive unit options were cancelled for nil consideration pursuant to the terms of the Support Agreement in conjunction with the NWVP Acquisition (see note 4).

The following table shows the continuity of incentive unit options and balance outstanding at June 30, 2012:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2010, June 30, 2011, December 31, 2011	**164,000**	**$ 2.39**
Cancelled	(164,000)	2.39
Balance, June 30, 2012	**Nil**	**$ Nil**

10. Warrant Liability

The fair value of the warrants at June 30, 2012 was estimated using the Black-Scholes Option Pricing Model based on the following assumptions: dividend yield of 3.48% (December 31, 2011 – 0%); risk-free interest rate of 1.03% (December 31, 2011 – 0.88%); and volatility of 100% (December 31, 2011 – 100%).

The following table shows the continuity of warrants:

	Number of Warrants	Weighted Average Exercise Price (i)
Balance, December 31, 2010 and June 30, 2011	**6,774,957**	**$ 2.06**
Expired	(3,747)	2.70
Balance, December 31, 2011	**6,771,210**	**2.06**
Expired	(52,460)	2.50
Balance, June 30, 2012	**6,718,750**	**$ 2.06**

Unaudited (Canadian dollars)

10. Warrant Liability (continued)

The following are the warrants outstanding at June 30, 2012:

Number of Warrants	Exercise Price	Expiry Date
6,718,750	$ 2.06 (i)	December 24, 2012

(i) The exercise price of the warrants expiring on December 24, 2012 was adjusted from $2.25 to $2.06 as a consequence of the Rights Offering (see note 13).

11. Class B LP Unit Liability

As at June 30, 2012, there were no exchangeable Class B LP units of GT LP issued and outstanding (December 31, 2011 – 662,500 units with a fair value of $960,625). 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.

As part of the transaction with NWVP described in note 4, 662,500 Class B LP units with a value of $1,238,875 were converted into REIT units and tendered.

Distributions declared on the Class B LP units totalled $3,801 and $13,937 respectively for the three and six months ended June 30, 2012 ($13,132 and $23,297 for the three and six months ended June 30, 2011).

The following table shows the continuity of the Class B units:

Balance, December 31, 2010, June 30, 2011 and December 31, 2011	**662,500**
Converted to REIT Units	(662,500)
Balance, June 30, 2012	**Nil**

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.

For the six months ended June 30, 2012, the REIT granted or issued 619,749 DUP units with a fair value of $1,062,864 (for the six months ended June 31, 2011, 149,755 DUP units with a cost of $218,496).

As at June 30, 2012, there were Nil DUP units (December 31, 2011 - 198,287 DUP units) of the REIT issued and outstanding with a fair value of $Nil (December 31, 2011 - $287,517) (see also note 19(d)). 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.

Unaudited (Canadian dollars)

12. Deferred Unit Plan ("DUP") Liability (continued)

The following table shows the continuity of the Deferred Unit Plan units:

Balance, December 31, 2010	**Nil**
Granted	149,755
Balance, June 30, 2011	**149,755**
Granted	48,532
Balance, December 31, 2011	**198,287**
Granted (i)	210,731
Issued as a result of the change of control (ii)	409,018
Converted to REIT Units (ii)	(818,036)
Balance, June 30, 2012	**Nil**

(i) During the period ended June 30, 2012, the REIT granted a total of 210,731 DUP units with a cost of $298,000 in respect of management and board compensation.

(ii) On May 31, 2012, as a result of the change of control resulting from the NWVP Acquisition described in note 4, the number of deferred unit plan units outstanding doubled, pursuant to the terms of the deferred unit plan. As a consequence, the REIT issued 409,108 DUP units with a cost of $764,864 for the three months ended June 30, 2012. All of the DUP units were then converted into REIT units and tendered to the NWVP Offer at the offer price of $1.87 per unit for a fair value of $1,529,727.

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:

	Trust Units	Amount
Balance - December 31, 2010 and June 30, 2011	**14,858,347**	**$ 20,002,565**
Unit issue costs - cash	-	(86,150)
Balance - December 31, 2011	**14,858,347**	**$ 19,916,415**
Units issued pursuant to rights offering (i)	3,880,212	4,462,244
Unit issue costs - cash (i)	-	(268,540)
Conversion of Class B LP units (ii)	662,500	1,238,875
Conversion of Deferred Unit Plan units (iii)	818,036	1,529,727
Balance - June 30, 2012	**20,219,095**	**$ 26,878,721**

Unaudited (Canadian dollars)

13. Trust Units (continued)

(i) On April 24, 2012, the REIT completed its' offering of rights (the "Rights Offering") 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. Pursuant to the Rights Offering, the REIT issued a total of 3,880,212 units of the REIT for gross proceeds of $4,462,244.

(ii) On May 31, 2012, the REIT converted 662,500 Class B LP units into REIT units at a cost of $1,238,875, in conjunction with the take-over bid described in note 4.

(iii) On May 31, 2012, the REIT converted 818,306 DUP units into 818,306 REIT units at a cost of $1,529,727 in conjunction with the take-over bid described in note 4.

14. Transaction Costs

The REIT incurred transaction costs in relation to the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	**2012**	2011
Strategic transaction costs (i)				
Professional advisory and other costs	473,877	-	846,877	-
Management and Trustee compensation (i)	1,876,250	-	1,876,250	-
DUP units issued (ii)	764,864	-	764,864	-
	3,114,991	-	3,487,991	-
Less portion recoverable on Existing Portfolio sale (iii)	(3,300,000)	-	(3,300,000)	-
	(185,009)	-	187,991	-
Abandoned acquisition transaction costs (ii)	$ 22,417	$ -	$ 71,213	$ -
	$ (162,592)	**$ -**	**$ 259,204**	**$ -**

(a) The REIT incurred professional advisory fees and other costs in connection with the REIT's consideration of strategic alternatives and the evaluation and negotiation of the strategic transaction with NWVP described in note 4.

(i) As a consequence of the acquisition of control arising from the NWVP Acquisition, senior management of the REIT received severance payments. The REIT also established a Special Committee of the Board to respond to the NWVP Offer. The members of the Special Committee received additional compensation for their participation.

(ii) As a result of the change of control resulting from the NWVP Acquisition, the number of deferred unit plan units outstanding doubled, pursuant to the terms of the deferred unit plan. As a consequence, the REIT issued 409,108 DUP units with a cost of $764,864 on May 31, 2012.

(iii) Pursuant to the Portfolio Acquisition Agreement described in note 5, the REIT will receive $3,300,000 from NHP Partnership to reimburse the REIT for certain transaction costs incurred as part of the sale of the Existing Portfolio.

(b) The REIT expensed professional fees and other costs in connection with the REIT's evaluation of potential acquisitions of investment properties which have been abandoned.

Unaudited (Canadian dollars)

15. Other Fair Value Gains (Losses)

	Three Months Ended June 30, **2012**	Three Months Ended June 30, 2011	Six Months Ended June 30, **2012**	Six Months Ended June 30, 2011
Unit-based compensation liability (note 9)	$ 101,944	$ 42,570	$ 108,099	$ 63,118
Warrant liability (note 10)	(781,917)	1,766,321	(286,126)	2,710,176
Class B LP unit liability (note 11)	(271,625)	192,125	(278,250)	265,000
DUP liability (note 12)	(167,696)	(21,112)	(179,346)	(21,112)
	$ (1,119,294)	**$ 1,979,904**	**$ (635,623)**	**$ 3,017,182**

16. 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 June 30, 2012 and December 31, 2011, 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 effect 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 REIT's corporate entities have non capital losses totalling $1,940,492 at December 31, 2011 ($2,053,709 at December 31, 2010) which are available to reduce taxable income in future years and, if not utilized, will expire between 2027 and 2030.

17. Related Party Transactions

(a) On December 24, 2010, the REIT completed the acquisition of a portfolio of five medical office buildings (the "Acquired Properties") from a related party, Thornley Holdings Limited (which is indirectly controlled by Edward Thornley, a director of the REIT and Darren Thornley, an officer of the REIT). 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.

17. Related Party Transactions (continued)

(b) A Head Lease was 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 (being December 24, 2012), 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.

(c) The eight investment properties acquired prior to 2012 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 or 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 termination 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 potentially terminating the property management agreement.

During the three and six months ended June 30, 2012, the REIT was charged $79,950 and $155,201 respectively (three and six months ended June 30, 2011 - $55,525 and $112,525 respectively) by CMD for property management fees. Such costs are recoverable from tenants as property operating costs.

(d) For the three and six months ended June 30, 2012, the REIT received $227,960 and $453,420 respectively (three and six months ended June 30, 2011 - $87,659 and $175,319 respectively) in respect of head leases from related parties.

(e) Pursuant to the Support Agreement described in note 4, NWVP funded certain of the strategic transaction costs in the amount of $693,128. As consideration, the REIT issued a Promissory Note for the amount to NWVP. Subsequently, NWVP received a Promissory Note in the amount of $93,999 in lieu of its share of the cash distribution to unitholders for the month of May 2012. The Promissory Notes are unsecured, bear interest at a rate of 6% per annum and are redeemable on demand. As at June 30, 2012, Promissory Notes outstanding totalled $787,127 (as at December 31, 2011 - $Nil). Interest expense on the Promissory Notes for the three and six months ended June 30, 2012 totalled $3,696 (three and six months ended June 30, 2011 - $Nil) and was included in Finance Costs.

(f) 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.

Unaudited (Canadian dollars)

18. 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.

19. Contingent Liabilities

(a) As noted in note 17(a), 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.

20. Capital Management

The REIT's capital management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended December 31, 2011.

The REIT's policy does not permit the debt-to-gross book ratio to exceed 65%. At June 30, 2012, the REIT is in compliance with its debt-to-gross book value ratio at 53.7% (December 31, 2011 - 50.9%), which is calculated as follows:

	June 30, 2012	December 31, 2011
Debt		
Gross value of secured debt (1)	$ 47,571,759	$ 32,398,102
Gross Book Value of Assets		
Total assets	$ 88,517,393	$ 63,709,964
Debt-to-Gross Book Value	53.7 %	50.9 %

(1) represents actual balance of mortgages

Unaudited (Canadian dollars)

21. 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.

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 from continuing operations:

	Carrying amount	Contractual cash flow	2012	2013	2014	2015	2016	Thereafter
Accounts payable and accrued liabilities	$ 195,514	$ 195,514	$ 195,514	$ -	$ -	$ -	$ -	$ -
Distributions payable	107,715	107,715	107,715	-	-	-	-	-
Total	$ 303,229	$ 303,229	$ 303,229	$ -	$ -	$ -	$ -	$ -

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 June 30, 2012, approximately $12,964,000 (December 31, 2011 - $5,830,000) of the REIT’s debt associated with assets held for sale 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 $129,640 annually with all other variables held constant.

22. Subsequent Events

(a) Subsequent to June 30, 2012, the REIT declared a distribution of $0.005334 per trust unit for the month of July 2012 to unitholders of record on July 31, 2012, payable August 15, 2012.

(b) Subsequent to June 30, 2012, both GT LP and NHP Partnership have agreed to extend the closing dates of both the sale of the Port Hope Property and the sale of the balance of the Existing Portfolio by 90 days to October 31, 2012.