NORTHWEST INTERNATIONAL HEALTHCARE PROPERTIES
REAL ESTATE INVESTMENT TRUST
(FORMERLY GT CANADA MEDICAL PROPERTIES
REAL ESTATE INVESTMENT TRUST)

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

For the three and nine months ended

SEPTEMBER 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE OF CONTENTS

This Management's Discussion and Analysis of the results of operations and financial condition ("**MD&A**") of NorthWest International Healthcare Properties Real Estate Investment Trust (formerly GT Canada Medical Properties Real Estate Investment Trust) ("**NorthWest International REIT**" or the "**REIT**") should be read in conjunction with the unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2012. All amounts are in Canadian dollars, except where otherwise stated. This MD&A should also be read in conjunction with the REIT's audited consolidated financial statements for the year ended December 31, 2011, prepared in accordance with International Financial Reporting Standards ("IFRS") and the material change report of the REIT dated April 16, 2012. This MD&A is current as of at November 29, 2012 unless otherwise stated. Additional information relating to the REIT, including its continuous disclosure documents required by the securities regulators, is filed as required on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed electronically at www.sedar.com.

FORWARD-LOOKING INFORMATION ADVISORY

This MD&A may contain forward-looking statements and information within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, statements concerning the REIT's objectives, strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can, but not always, be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "proposes", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Examples of such statements include the intention to complete future financings, acquisitions or investments. Factors that could cause such differences include: the ability of the REIT to obtain necessary financing, satisfaction of the conditions under any definitive purchase agreement to acquire future properties. This list is not exhaustive of the factors that may impact the REIT's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the REIT's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the REIT nor any other person assumes responsibility for the accuracy and completeness of these forward looking statements. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriated for purposes other than this MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Except as required by applicable law, the REIT undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Some of the specific forward–looking statements in this MD&A include, but are not limited to, statements with respect to the following:

- the intention of the REIT to pay stable and growing distributions;
- the ability of the REIT to execute its growth strategies;
- the expected tax treatment of the REIT’s distributions to Unitholders;
- the ability of the REIT to qualify as a “SIFT trust” (as discussed below); and
- the expectations regarding real estate, the healthcare industry and demographic trends.

Forward-looking statements may include statements related to acquisitions; development and capital expenditure activities; future maintenance and leasing expenditures; financing; the availability of financing sources; and income taxes.

Factors that could cause actual results, performance, or achievements to differ materially from those set forth in the forward-looking statements and information include, but are not limited to: general economic conditions; local real estate conditions, timely leasing of newly developed properties and releasing of occupied square footage upon expiration; dependence on tenants’ financial condition; changes in operating costs, government regulations and taxation; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; the ability of the REIT to maintain stable cash flow and distributions; the impact of newly adopted accounting principles on the REIT’s accounting policies and on period-to-period comparisons of financial results, including changes in accounting policies to be adopted under IFRS as issued by the International Accounting Standards Board; and other risks and factors described from time to time in the documents filed by the REIT. The REIT undertakes no obligations to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these risks and uncertainties and any corresponding plan to mitigate these risks, where possible, is contained in the REIT’s filings with securities regulators, including the REIT’s most recently filed audited consolidated financial statements for the year ended December 31, 2011, and the Management Information Circular dated October 5, 2012, which are available on SEDAR.

PART I – OVERVIEW & FINANCIAL HIGHLIGHTS

OVERVIEW

The REIT is an unincorporated, open–ended real estate investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario and trades on the TSX Venture Exchange (“TSX-V”) under the symbol “MOB.UN”.

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.

Effective November 2, 2012, the REIT changed its name to “NorthWest International Properties Real Estate Investment Trust from GT Canada Medical Properties Real Estate Investment Trust.

The objectives of the REIT are to: (i) provide Unitholders with stable and growing cash distributions from investments focused on medical office buildings and related healthcare properties, on a tax efficient basis; (ii) enhance the value of the REIT’s assets and maximize long–term Unit value; and (iii) expand the asset base of the REIT.

The REIT employs an experienced real estate management team and benefits from a broad network of relationships and commercial property and financing expertise within the medical office building and healthcare focused real estate (collectively, “Healthcare Real Estate”) industry. As described in more detail below, the REIT has repositioned itself, effective October 1, 2012, with a focus on international healthcare real estate.

As at September 30, 2012, the REIT owns a diversified mix of Healthcare Real Estate with 12 properties across Ontario containing approximately 279,100 square feet of gross leasable area (“GLA”).

NWVP ACQUISITION

On April 16, 2012, the REIT announced it had entered into a support agreement (the “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 are to be sold to NorthWest Healthcare Properties Real Estate Investment Trust (“NWHP REIT”) for $87.3 million. This sale is being completed on financial terms that are economically equivalent (to the REIT) to the terms offered (to the Unitholders) pursuant to the NWVP Offer. See “Sale of Existing Portfolio”. 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.

As a result of the issuance of all of the Units available under the Rights Offering (see Recent Developments on page 16), 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, 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 take-over 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 L.P. (a wholly-owned subsidiary of NWVP) of the remaining tendered Units, as of the date of this MD&A, NWVP indirectly owned 16,641,046 Units, representing approximately 82% of the total outstanding Units (approximately 61% of the total outstanding Units on a fully-diluted basis) (the "NWVP Acquisition").

On November 16, 2012, the REIT issued 9,878,165 Units and 55,994,444 Class B limited partnership to an affiliate of NWVP as consideration for the acquisition of the International Assets. After giving effect to the transaction, NWVP indirectly owned approximately 96% of the total outstanding Units.

BUSINESS OF THE REIT

Target Markets

Canada

To date, the REIT has targeted select secondary markets in Ontario and has built a portfolio of 12 medical office buildings in Ontario as at September 30, 2012. The REIT has been successful in establishing a strong presence in its target markets, including one property in each of Lindsay, Midland, Orillia, Port Hope, St. Thomas, Sudbury, Welland, and Whitby, and two properties in each of Guelph and Hamilton.

The strategy of seeking to establish a strong presence in certain markets within which the REIT invests has also been successful, with certain markets containing now two properties of the REIT (see above). It is in these markets that the REIT typically finds the most acquisition opportunities. This is based on the fact that the majority of medical office building owners are local investors, often the doctors that operate in the buildings, and knowledge of the REIT through its ownership in the local market is an important first step in a potential transaction. In addition, word-of-mouth in these markets also leads to opportunities for the REIT. While the REIT completes acquisitions with the assistance of traditional real estate agents, to date many of its acquisitions have been sourced directly. This is primarily the result of management's pro-active approach in targeting select properties and select markets.

International

In addition to Canada, management of the REIT believes that international markets will offer attractive healthcare real estate acquisition opportunities for the REIT in the future. To select international markets in which to expand, the REIT identifies key market characteristics that are consistent with those identified in Canada, specifically:

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

As at September 30, 2012, the REIT had no international properties. On November 16, 2012, with effect from October 1, 2012, the REIT acquired a portfolio of International Assets, described in more detail below.

PROPERTY PORTFOLIO

Quality Medical Office Facilities

The REIT's existing portfolio of properties, with 12 properties containing an aggregate GLA of approximately 279,100 square feet (the "Existing Portfolio"), represents an established and full-service healthcare real estate platform. The properties are well-located and have an attractive tenant mix that enhances their appeal to patients and other users.

The Existing Portfolio has a diversified tenant profile with approximately 188 tenants (including those that have entered into pre-lease arrangements). The tenants are a mix of institutional and non-institutional tenants, primary care networks, FHTs, medical and diagnostic imaging clinics, medical practitioners, pharmacies and laboratories.

SALE OF EXISTING PORTFOLIO

In connection with the NWVP Acquisition, the REIT has agreed to sell the Existing Portfolio to NWHP REIT in two separate transactions.

Sale of Port Hope Property

On November 14, 2012, with an effective date of October 1, 2012, the REIT completed the sale of the Port Hope Property to NWHP REIT. The purchase price was $7,875,000 (subject to customary adjustments) and was satisfied by the assumption of mortgage debt of $4,979,000, and the balance of $2,896,000 by cash. The transaction is subject to customary adjustments to finalize the purchase price, which is expected to be completed within 90 days of closing.

Sale of Balance of Existing Portfolio

On November 16, 2012, with an effective date of October 1, 2012, the REIT completed the sale of the balance of the Existing Portfolio to NWHP REIT. The purchase price was $76,245,000 (subject to customary adjustments), together with reimbursement of certain transaction costs of $3,375,000, and was satisfied by the assumption of mortgage debt of $43,316,000, a $30,000,000 promissory note (the "Promissory Note"), and the balance of $6,304,000 by cash. The transaction is subject to customary adjustments to finalize the purchase price, which is expected to be completed within 90 days of closing. The Promissory Note is payable on demand, is expected to be repaid on or before January 31, 2013, and carries an interest rate of 8% per annum. The Promissory Note is payable by an affiliate of NWHP REIT and is assignable. The REIT has been informed that NWHP REIT's obligations under the Promissory Note may be assigned by NWHP REIT to an affiliate of NWVP in settlement of other obligations owing by NWVP to NWHP REIT. In the event of such an assignment, NWHP REIT would have no further obligations owing to the REIT under the Promissory Note.

Acquisition of International Assets

On November 2, 2012, the REIT was renamed NorthWest International Healthcare Properties Real Estate Investment Trust (stock ticker symbol MOB.UN), reflecting the new strategic direction of the REIT.

On November 16, 2012, with an effective date of October 1, 2012, in a series of steps, the REIT indirectly acquired: a portfolio of medical office buildings in Berlin and Northern Bavaria, Germany (the "German MOB Portfolio"); the Sabará Children's Hospital in São Paulo, Brazil ("Sabará Children's Hospital"); an approximate 20% interest in Vital Healthcare Property Trust ("Vital"), a healthcare real estate investment fund based in Auckland, New Zealand and listed on the New Zealand Stock Exchange as well as a management fee participation and certain rights in respect of Vital (the "Vital Interest"); and the NorthWest international healthcare real estate platform (the "NWI Platform" together with the German MOB Portfolio, Sabará Children's Hospital, and the Vital Interest, the "International Assets"), from NWVP.

The acquisition values the International Assets at a gross purchase price of $170,364,013, and after the assumption of estimated assumed debt of $47,275,698, implies a net purchase price of $123,088,315. The Purchase Price shall be adjusted to the extent actual debt assumed differs from the estimated assumed debt of $47,275,698.

The consideration for the International Assets consisted of 9,878,165 trust units of the REIT and 55,944,444 Class B limited partnership units. The consideration was ascribed a value of $1.87 per trust unit and $1.87 per Class B unit for a total amount of $123,088,279.

The total indebtedness assumed at contractual amounts was $76,278,666.

The Purchase Price shall be adjusted to the extent that Working Capital (defined as cash, accounts receivable and prepaid expenses less accounts payable) for the German MOB Portfolio and the Sabara Children's Hospital is greater or less than nil.

The Purchase Price shall also be adjusted to reflect the actual number of units of Vital transferred, less the amount of any liabilities associated with such units.

On November 16, 2012, in conjunction with the acquisition of the International Assets, the REIT and its affiliates entered into a series of agreements with affiliates of NWVP, whereby such affiliates will act as Property Manager, Asset Manager and Development Manager for the REIT in respect of the International Assets.

On November 16, in conjunction with the acquisition of the International Assets, the REIT entered into a Put/Call Agreement with NWVP with respect to trust units and/or securities exchangeable into trust units of NWHP REIT (the "Option Units") owned by NWVP, to a maximum of 12,500,000 Option Units. The Put/Call Rights expire 24 months after closing if not otherwise exercised.

On November 26, 2012, the REIT filed a preliminary short form prospectus in respect to an offering of units of the REIT.

On November 27, 2012, the REIT completed the refinancing of four of its five German MOB properties. The REIT entered into a new mortgage for $22,229,000 (€17,300,000), with a five year term maturing in November 2017, a fixed interest rate of 2.50% per annum and a 40 year amortization period. The proceeds from this mortgage, along with $1,417,278 (€1,103,025) of cash, were used to pay out the existing mortgage financing. At the same time, the REIT paid down $386,250 (€300,000) of its line of credit with the original lender

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following is a summary of key financial information and statistics for the periods indicated (see Part II – Performance Measurement for a description of the key terms):

	As at September 30, 2012 (Unaudited)	As at December 31, 2011 (Unaudited)
Summary of Operational Information		
Number of properties(1)	12	8
Gross leasable area(1)	279,200	210,000
Portfolio occupancy	94.0%	96.0%
Summary of Financial Information		
Gross Book Value(2)	$ 88,473,236	$ 63,709,964
Debt(3)	$ 48,163,959	$ 32,398,102
Debt to Gross Book Value	54.4%	50.9%
Weighted average interest rate on fixed rate mortgages	4.77%	4.87%
Units outstanding - basic and fully diluted(4)	20,219,095	15,520,847

(1) Includes 89 Dawson Road, Guelph, construction of which was substantially completed in June 2011.

(2) Gross book value is comprised of total assets.

(3) Debt represents mortgages and loans payable on discontinued operations

(4) Under IFRS, the REIT's Class B LP units are treated as a financial liability rather than equity. As permitted under IFRS, the REIT has chosen to present an adjusted basic and diluted earnings per share unit measure that includes the Class B LP units in basic and diluted units outstanding/weighted average units outstanding. As a result, the adjusted basic and diluted units outstanding and the adjusted basic and diluted weighted average units outstanding include the outstanding Class B LP units.

Summary of Financial Information	**Three months ended September 30, 2012**	**Three months ended September 30, 2011**	**Nine months ended September 30, 2012**	**Nine months ended September 30, 2011**
(in $ except unit amounts)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss from continuing operations, before fair value gains (losses)	152,575	1,433,049	(1,569,351)	3,613,837
Net income from discontinued operations	804,129	1,096,319	6,354,291	5,665,608
Net income	956,704	2,529,368	4,784,940	9,279,445
NOI from Discontinued Operations(1)	1,407,008	803,411	4,152,050	2,501,403
FFO(1)	574,588	250,315	1,175,818	638,999
Per unit - basic and fully diluted(1)(2)	0.028	0.016	0.060	0.041
FFO - Excluding Strategic Transaction Costs(1)(4)	638,615	250,315	1,427,836	638,999
Per unit - basic and fully diluted(1)(2)	0.032	0.016	0.073	0.041
AFFO(1)	450,657	192,154	1,128,613	469,545
Per unit - basic and fully diluted(1)(2)	0.022	0.012	0.057	0.030
AFFO - Excluding Strategic Transaction Costs(1)(4)	514,684	192,154	1,380,631	469,545
Per unit - basic and fully diluted(1)(2)	0.025	0.012	0.070	0.030
Net income	956,704	2,529,368	4,784,940	9,279,445
Per unit - basic and fully diluted (2)	0.047	0.163	0.243	0.598
Distributions(3)	323,546	237,469	880,197	475,601
Per unit - basic and fully diluted(2)(3)	0.016	0.015	0.045	0.031
Weighted average units outstanding for the period:				
Basic and diluted(2)(3)	20,219,095	15,520,847	19,679,958	15,520,847

(1) Net operating income ("NOI"), funds from operations ("FFO") and adjusted funds from operations ("AFFO") are non-IFRS financial measures widely used in the real estate industry. See "Part II – Performance Measurement" for further details and advisories.

(2) Per unit calculations based on weighted average units outstanding for the period, including the Class B LP units.

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

(4) Costs incurred in connection with the Strategic Transaction during the three and nine months ended September 30, 2012 were $64,027 and $252,018, respectively and $nil in the comparable periods in 2011.

REAL ESTATE PORTFOLIO

In connection with the NWVP Acquisition, the REIT agreed to sell the Existing Portfolio to NWHP REIT in two separate transactions.

As at September 30, 2012, the REIT owned twelve medical office buildings in Ontario, which are classified as assets held for sale, as follows:

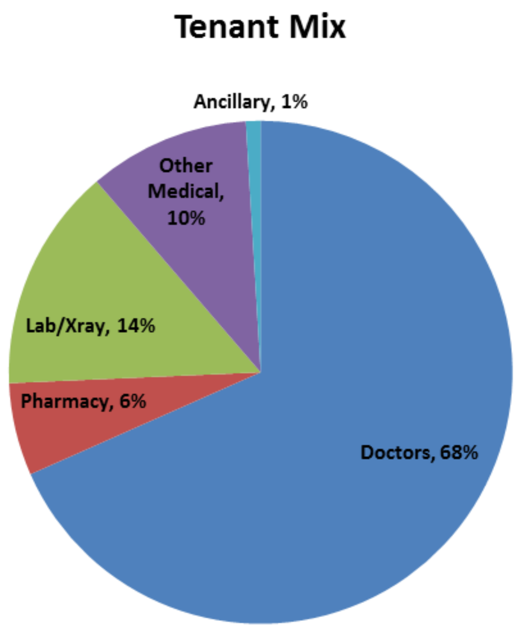
Property	Date Acquired	Year Built / Expanded	Approximate Area (sf)	Number of Tenants	Occupancy
83 Dawson Road, Guelph, Ontario	24-Dec-10	1991/2008	32,400	13	94%
89 Dawson Road, Guelph, Ontario(1)	24-Dec-10	2011	23,500	8	100%
631 Queenston Road, Hamilton, Ontario	12-Mar-10	1992	15,600	16	100%
1955 King Street, Hamilton, Ontario	06-Jan-12	1977/1978	13,200	6	89%
86 Angeline Street, Lindsay, Ontario	06-Jan-12	1990	16,500	18	97%
240 Penetanguishene, Midland, Ontario	21-Sep-11	1986	24,000	17	100%
100 Colborne, Orillia, Ontario	06-Dec-11	1982	20,800	13	100%
249 Ontario Street, Port Hope, Ontario	01-May-12	1974/1990	25,300	21	96%
230 First Avenue, St Thomas	06-Jan-12	1986	16,600	14	94%
65 Larch Street, Sudbury, Ontario	24-Dec-10	1981/1990	51,300	29	87%
570 King Street, Welland, Ontario	24-Dec-10	Mid 1960's/1989	12,200	10	66%
220 Dundas Street West, Whitby, Ontario	24-Dec-10	1987	27,800	23	100%
Totals			**279,200**	**188**	**94%(2)**

(1) Construction of the property was completed in the third quarter of 2011. The total rentable area is subject to a head lease with a related party. The building is currently 84% occupied with third party tenants.

(2) Represents weighted average occupancy calculated by taking the occupancy by property and averaging this occupancy based on the area (square feet) weightings of each property.

Tenant Profile

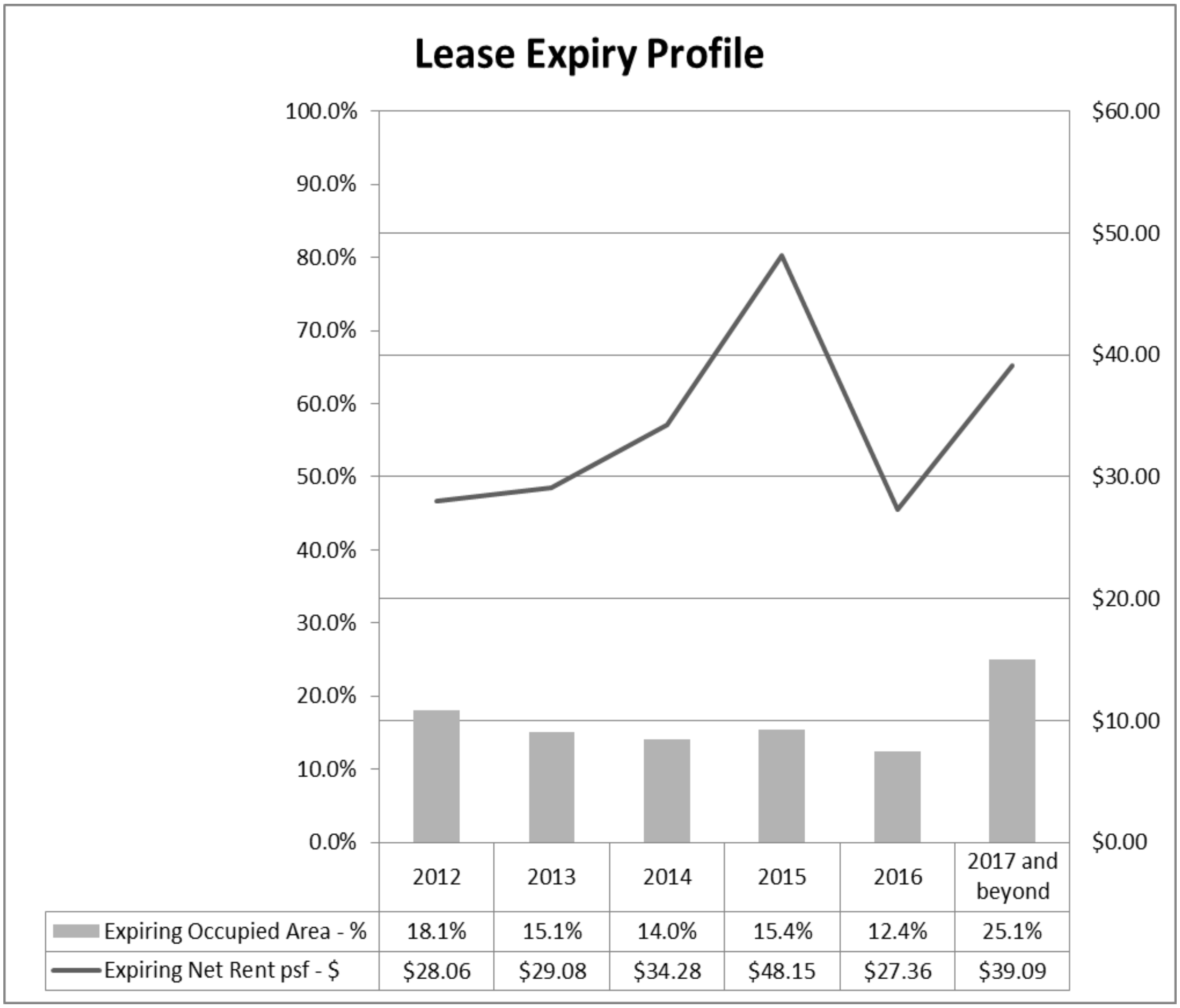
The tenant mix, excluding head leases, for the properties as at September 30, 2012 is as follows:



Leasing Profile

Current in-place net rents average $34.69 per square foot.

The following table sets out the number of leases within the REIT's property portfolio having maturities during the periods indicated (assuming tenants do not exercise renewal options or termination rights), the renewal area and the percentage of the total gross leasable area of the property portfolio represented by such maturities (excluding the property currently under construction).



Leasing Activity and Occupancy

There has been no significant leasing activity or changes to occupancy in the three and six months ending September 30, 2012.

PART II – PERFORMANCE MEASUREMENT

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

Funds from operations ("**FFO**");
Adjusted funds from operations ("**AFFO**");
Net operating income ("**NOI**");
Weighted average interest rate; and
Occupancy levels.

We have provided an analysis of NOI, FFO and AFFO under Part IV – Results of Operations.

NON-IFRS MEASURES

FFO, AFFO and NOI are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. FFO, AFFO and NOI are supplemental measures of a Canadian real estate investment trust's performance and the REIT believes that FFO, AFFO and NOI are relevant measures of its ability to earn and distribute cash returns to Unitholders. The IFRS measurement most directly comparable to FFO, AFFO and NOI is comprehensive income.

FFO is defined as comprehensive income (computed in accordance with IFRS) plus distributions on Class B LP units and adjusted for fair value adjustments on investment properties, Class B LP units, Deferred Unit Plan units, warrants and incentive unit options. The REIT's method of calculating FFO may differ from other issuers' methods and accordingly may not be directly comparable to FFO reported by other issuers.

AFFO is defined as comprehensive income (computed in accordance with IFRS), subject to certain adjustments, including: (i) adding back the following items: distributions on Class B LP units and any fair value losses on investment properties, Class B LP units, Deferred Unit Plan units, warrants and incentive unit options; (ii) deducting any fair value gains on investment properties, Class B LP units, Deferred Unit Plan units, warrants and incentive unit options; (iii) adjusting for differences, if any, resulting from recognizing rental revenues on a straight-line basis as opposed to contractual rental amounts; (iv) adjusting for differences, if any, resulting from non-cash compensation expenses; and (v) deducting reserves for tenant inducements, leasing commissions and sustaining capital expenditures, as determined by the REIT. Other adjustments may be made to AFFO as determined by the trustees in their discretion.

NOI is a non-IFRS measure of a REIT's operating performance, defined as property and property related revenue after operating expenses have been deducted, but before deducting interest expense, general and administrative expenses, income taxes, leasehold improvement and leasing costs, and unrecoverable capital costs.

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

A reconciliation of FFO, AFFO and NOI to comprehensive income is set out below on page 31 under the heading "Funds From Operations".

Weighted Average Interest Rate
The REIT's weighted average interest rate includes secured debt with fixed interest rates and excludes secured debt with floating interest rates. This calculation is a useful measure because it allows management to compare movements in interest rates period over period and to compare the average rate to the current market rates at that point in time.

Occupancy Levels
Occupancy levels are presented in different manners depending on its context. It could be presented as a weighted average portfolio occupancy, based on the area weightings, when analyzing the overall operating performance, or as a point-in-time reference when analyzing future lease expiries, or as an assessment of the performance of each property period over period. Management considers this a useful measure in assessing the overall performance of its portfolio and is an essential tool to determine which properties require further investigation if performance lags.

KEY PERFORMANCE DRIVERS

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

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

PART III – RECENT DEVELOPMENTS

The REIT paid an initial distribution to Unitholders in the amount of $0.0061 per unit in February 2011. The REIT paid monthly distributions of $0.0051 per unit in each of the remaining months of 2011 and the first six months of 2012. The REIT increased its monthly distribution rate to $0.005334 per trust unit for the April 2012 and subsequent distributions.

On September 21, 2011, the REIT completed the purchase of a 24,000 square foot medical office building in Midland, Ontario for approximately $5,200,000.

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 related parties). 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 earlier of the expiry of the head lease or December 6, 2014.

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 approximately $10.6 million. Approximately $7.8 million of the purchase price was comprised of a combination of assumed mortgage debt on the Sunder 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.

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%.

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 Offering”). The rights expired on April 24, 2012 and investors subscribed for 3,880,212 units for gross proceeds of $4,462,244.

On May 1, 2012, the REIT completed the acquisition of a 25,000 square foot medical office building located 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.

NWVP Acquisition

On April 16, 2012, the REIT announced it had entered into a support agreement (the “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 are to be sold to NorthWest Healthcare Properties Real Estate Investment Trust ("NWHP REIT") for $87.3 million. This sale is being completed on financial terms that are economically equivalent (to the REIT) to the terms offered (to the Unitholders) pursuant to the NWVP Offer. See "Sale of Existing Portfolio". 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.

As a result of the issuance of all of Units available under the Rights Offering (described below), 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, 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 take-over 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 L.P. (a wholly-owned subsidiary of NWVP) of the remaining tendered Units, as of the date of the MD&A NWVP indirectly owned 16,641,046 Units, representing approximately 82% of the total outstanding Units (approximately 61% of the total outstanding Units on a fully-diluted basis) (the "NWVP Acquisition").

Sale of Existing Portfolio

In connection with the NWVP Acquisition, the REIT has agreed to sell the Existing Portfolio to NWHP REIT in two separate transactions. See "Subsequent Events" below.

Subsequent Events

(a) On October 23, 2012, the REIT declared a distribution of $0.005334 per trust unit to unitholders of record on October 31, 2012, payable November 15, 2012. On November 22, 2012, the REIT declared a distribution of $0.0215333 per trust unit for the month of November 2012 to unitholders of record on November 30, 2012, payable December 15, 2012. This distribution reflects the regular monthly distribution of $0.01333 per unit plus an additional one-time adjustment of $0.012080, to give effect to the change in the distribution rate from October 1, 2012. This distribution reflects the previously announced change in the annual distribution rate to $0.16 per unit per unit per annum effective October 1, 2012.

(b) On November 2, 2012, the REIT was renamed NorthWest International Healthcare Properties Real Estate Investment Trust (stock ticker symbol MOB.UN), reflecting the new strategic direction of the REIT.

(c) On November 14, 2012, with an effective date of October 1, 2012, the REIT completed the sale of the Port Hope Property to NWHP REIT. The purchase price was $7,875,000 (subject to customary adjustments) and was satisfied by the assumption of mortgage debt of $4,979,000, and the balance of $2,896,000 by cash. The transaction is subject to customary adjustments at closing to finalize the purchase price, which is expected to be completed within 90 days of closing.

(d) On November 16, 2012, with an effective date of October 1, 2012, the REIT completed the sale of the balance of the Existing Portfolio to NWHP REIT. The purchase price was $79,620,000 (subject to customary adjustments), inclusive of costs and was satisfied by the assumption of mortgage debt of $43,316,000, a $30,000,000 promissory note (the "Promissory Note"), and the balance of $6,304,000 by cash. The transaction is subject to customary adjustments to finalize the purchase price, which is expected to be completed within 90 days of closing. The Promissory Note is payable on demand, is expected to be repaid on or before January 31, 2013, and carries an interest rate of 8% per annum. The Promissory Note is payable by an affiliate of NWHP REIT and is assignable. The REIT has been informed that NWHP REIT's obligations under the Promissory Note may be assigned by NWHP REIT to an affiliate of NWVP in settlement of other obligations owing by NWVP to NWHP REIT. In the event of such an assignment, NWHP REIT would have no further obligations owing to the REIT under the Promissory Note.

(e) On November 16, 2012, with an effective date of October 1, 2012, in a series of steps, the REIT indirectly acquired: a portfolio of medical office buildings in Berlin and Northern Bavaria, Germany (the "German MOB Portfolio"); the Sabará Children's Hospital in São Paulo, Brazil ("Sabará Children's Hospital"); an approximate 20% interest in Vital Healthcare Property Trust ("Vital"), a healthcare real estate investment fund based in Auckland, New Zealand and listed on the New Zealand Stock Exchange as well as a management fee participation and certain rights in respect of Vital (the "Vital Interest"); and the NorthWest international healthcare real estate platform (the "NWI Platform" together with the German MOB Portfolio, Sabará Children's Hospital, and the Vital Interest, the "International Assets"), from NWVP.

(f) The acquisition values the International Assets at a gross purchase price of $170,364,013, and after the assumption of estimated assumed debt of $47,275,698, implies a net purchase price of $123,088,315. The Purchase Price shall be adjusted to the extent actual debt assumed differs from the estimated assumed debt of $47,275,698.

The consideration for the International Assets consisted of 9,878,165 trust units of the REIT and 55,944,444 Class B limited partnership units. The consideration was ascribed a value of $1.87 per trust unit and $1.87 per Class B unit for a total amount of $123,088,279.

The total indebtedness assumed at contractual amounts was $76,278,666.

The Purchase Price shall be adjusted to the extent that Working Capital (defined as cash, accounts receivable and prepaid expenses less accounts payable) for the German MOB Portfolio and the Sabara Children's Hospital is greater or less than nil.

The Purchase Price shall also be adjusted to reflect the actual number of units of Vital transferred, less the amount of any liabilities associated with such units.

(g) On November 16, 2012, in conjunction with the acquisition of the International Assets, the REIT and its affiliates entered into a series of agreements with affiliates of NWVP, whereby such affiliates will act as Property Manager, Asset Manager and Development Manager for the REIT in respect of the International Assets.

(h) On November 16, in conjunction with the acquisition of the International Assets, the REIT entered into a Put/Call Agreement with NWVP with respect to trust units and/or securities exchangeable into trust units of NWHP REIT (the "Option Units") owned by NWVP, to a maximum of 12,500,000 Option Units. The Put/Call Rights expire 24 months after closing if not otherwise exercised.

(i) On November 26, 2012, the REIT filed a preliminary short form prospectus in respect to an offering of units of the REIT.

(j) On November 27, 2012, the REIT completed the refinancing of four of its five German MOB properties. The REIT entered into a new mortgage for $22,229,000 (€17,300,000), with a five year term maturing in November 2017, a fixed interest rate of 2.50% per annum and a 40 year amortization period. The proceeds from this mortgage, along with $1,417,278 (€1,103,025) of cash, were used to pay out the existing mortgage financing. At the same time, the REIT paid down $386,250 (€300,000) of its line of credit with the original lender

Outlook

In connection with the NWVP Acquisition, the REIT has agreed to sell the Existing Portfolio to NWHP REIT in two separate transactions. See “Sale of Existing Portfolio” for a discussion of the transactions.

Management of the REIT believes that international markets will offer attractive healthcare real estate acquisition opportunities for the REIT in the future. To select international markets in which to expand, the REIT indentifies key market characteristics that are consistent with those identified in Canada, specifically:

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

As at September 30, 2012, the REIT had no international properties.

With effect from October 1, 2012, the REIT has repositioned itself with a portfolio of International Assets, located in Australia, Brazil and Germany. Management continues to explore international real estate acquisition opportunities for the REIT.

PART IV – RESULTS OF OPERATIONS

The REIT entered into an agreement on June 19, 2012 to sell all of its existing investment properties in conjunction with the NWVP Acquisition described previously. As a result, the REIT has classified its existing investment properties and the related assets, liabilities and results from operations, as discontinued operations.

NET INCOME

The following is a summary of selected financial information from the consolidated statements of operations for the three and nine months ended September 30, 2012 and September 30, 2011.

	Three months ended		Nine months ended	
	September 30, 2012 (Unaudited)	September 30, 2011 (Unaudited)	September 30, 2012 (Unaudited)	September 30, 2011 (Unaudited)
Other Income				
Interest and other income	$ 1,204	$ 5,787	$ 6,512	$ 7,711
Expenses				
General and administrative expense	177,829	253,498	953,193	1,068,519
Transaction costs	64,027	-	323,231	-
Finance costs	22,420	7,774	79,463	31,071
	264,276	261,272	1,355,887	1,099,590
Loss before the undernoted	(263,072)	(255,485)	(1,349,375)	(1,091,879)
Other fair value gains (losses)	415,647	1,688,534	(219,976)	4,705,716
Net income (loss) from continuing operations	152,575	1,433,049	(1,569,351)	3,613,837
Net income from discontinued operations	804,129	1,096,319	6,354,291	5,665,608
Net income and comprehensive income	$ 956,704	$ 2,529,368	$ 4,784,940	$ 9,279,445

Interest and Other Income

Interest and other income represents primarily interest income earned on cash balances.

General and Administrative Expenses

General and administrative expenses decreased by $75,669 for the three months ended September 30, 2012 to $177,829 versus $253,498 in the comparable period in 2011. For the nine month period ended September 30, 2012, general and administrative expenses decreased by $115,326 to $953,193 from $1,068,519 in the prior period. The decrease was primarily a result of management incentive compensation and professional fees in respect of the conversion to a real estate investment trust paid in the prior period.

Transaction Costs

The REIT incurred $Nil and $71,213 of professional fees and other costs for the three and nine months ended September 30, 2012 ($Nil and $Nil – September 30, 2011) in connection with the REIT's evaluation of potential acquisitions of investment properties which have been abandoned.

The REIT incurred $3,487,991 of termination payments, professional fees and other costs in connection with the REIT's consideration of strategic alternatives and the evaluation and negotiation of the proposed strategic transaction with NorthWest (the "Strategic Transaction", also see "Subsequent Events"). Pursuant to the Portfolio Acquisition Agreement with respect to the sale of the Existing Portfolio, the REIT received $3,375,000 to reimburse the REIT for the transaction costs incurred. After recognizing the benefit of this reimbursement, the REIT incurred non-reimbursable transaction costs transaction costs of $64,027 for the three months ended September 30, 2012 ($Nil – September 2011) and $252,018 for the nine months ended September 30, 2012 ($Nil – September 2011).

Finance Costs

Under IFRS, the Class B LP unit distributions are treated as a finance cost. Class B LP units receive distributions on an equivalent per unit basis to the distributions declared on the REIT units. During the three and nine months ended September 30, 2012, the REIT made distributions of $Nil and $13,670 respectively, on the Class B LP units and $7,774 and $31,071 respectively for the comparative periods ending September 30, 2011.

Included in Finance Costs is amortization of deferred financing costs incurred to arrange mortgage or equity financing. For the three and nine months ended September 30, 2012, amortization of deferred financing costs totaled $15,284 and $54,961, respectively. For the three and six months ended September 30, 2011, amortization of deferred financing costs was $Nil.

Also included in Finance Costs is interest incurred on Promissory Notes for the three and nine months ended September 30, 2012 totaling $7,136 and $10,832 respectively. For the three and six months ended September 30, 2011, interest incurred on Promissory Notes was $Nil.

Other Fair Value Gains (Losses)

Other fair value gains and losses are comprised of gains and losses in the fair value of the incentive unit options, warrants, Class B LP units and Deferred Unit Plan liability.

Total other fair value gains (losses) for the three and nine months ended September 30, 2012 were $415,647 and $(219,976) respectively. Total other fair value gains for the three and nine months ended September 30, 2011 were $1,688,534 and $4,705,716 respectively.

Other fair value gains are significantly affected by the change in the price of the REIT's units. The trading price of the REIT's units increased from $1.45 per unit at December 31, 2011 to $1.46 per unit at March 31, 2012. The trading price of the REIT's units subsequently increased to $1.84 at June 30, 2012 and $2.00 at September 30, 2012. The trading price of the REIT's units decreased from $2.00 per unit at December 31, 2010 to $1.89 per unit at March 31, 2011, $1.60 per unit at June 30, 2011 and $1.35 per unit at September 30, 2011.

Incentive unit options

The incentive unit options, under IFRS, are carried at fair value, which is estimated using the Black Scholes Option Pricing Model. The value of the incentive unit options decreased for the three and nine month periods ended September 30, 2012 by $Nil and $108,099 respectively. This reflected the change in the trading price of the REIT units during the period. For the three and nine month periods ended September 30, 2011, the value in the incentive unit options decreased by $35,865 and $98,983 respectively. This primarily was a result of the decline in the trading price of the REIT's listed units during the period.

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. Accordingly, the value of the incentive options was reduced to $Nil.

Warrant liability

The warrant liability, under IFRS, is carried at fair value, which is estimated using the Black Scholes Option Pricing Model. The value of the warrants decreased by $415,647 and $129,521, respectively, for the three and nine months ended September 30, 2012, resulting in a fair value gain. The value of the liability decreased primarily as a result of the impending expiry date of the warrants, offset by an increase in the REIT's unit price in the second quarter of 2012. The value of the warrants decreased by $1,451,949 and $4,162,125, respectively, for the three and nine months ended September 30, 2011, resulting in a fair value gain. The decline in value was primarily a result of the decline in the REIT's unit price during the period.

Class B LP units

The Class B LP units, under IFRS, are carried at fair value. The value of the Class B LP units mirrors the trading price of the REIT's listed units. During the three and nine month periods ended September 30, 2012, the value of the Class B LP liability increased by $Nil and $278,260, reflecting the increase in the trading price of the REIT's listed units during that period. During the three and nine month periods ended September 30, 2011, the value of the Class B LP liability decreased by $165,625 and $430,625, respectively, reflecting the decline in the trading price of the REIT's listed units during the period.

As part of the NWVP Acquisition previously described, 662,500 Class B LP units were converted into REIT units, with a value of $1,238,875, and tendered to the NWVP Offer, leaving Nil Class B LP units outstanding as at September 30, 2012.

Deferred Unit Plan units

The Deferred Unit Plan units, under IFRS, are carried at fair value. The value of the Deferred

Unit Plan liability mirrors the trading price of the REIT's listed units.

The REIT issued Nil additional DUP units in the three months ended September 30, 2012 and 619,749 DUP units in the nine months ended September 30, 2012. The REIT issued 23,436 DUP units in the three months ended September 30, 2011 and 173,191 DUP units in the nine months ended September 30, 2011. On May 31, 2012, all of the outstanding DUP units were converted into REIT units and tendered to the NWVP Offer. As at September 30, 2012 there were Nil DUP units outstanding.

The fair value of the outstanding DUP units increased by $Nil and $179,346, respectively, for the three and nine month period ended September 30, 2012 reflecting the increase in the trading price of the REIT's listed units during the period. The fair value decreased by $35,095 and $13,983, respectively, for the three and nine month periods ended September 30, 2011. The increase in fair value reflected the change in the trading price of the REIT's listed units from the date of grant.

Income from Discontinued Operations

Income from discontinued operations totaled $804,129 and $6,354,291, respectively, for the three and nine months ended September 30, 2012 and $1,096,319 and $5,665,608, respectively for the three and nine months ended September 30, 2011. The REIT recognized fair value gains throughout the respective periods as capitalization rates continued to fall. Income before fair value gains increased in both periods in 2012 over 2011 as the REIT acquired an additional six properties from September 2011 through May 2012.

DISCONTINUED OPERATIONS – OPERATING RESULTS

The REIT owned six properties throughout the first six months of 2011. The REIT subsequently acquired an additional two properties in the third and fourth quarter of 2011, three properties in the first quarter of 2012 and one additional property in the second quarter of 2012. Accordingly, the results from discontinued operations for 2012 reflect the results of eleven properties for five months and twelve properties for four months, while the results for 2011 reflect six properties.

	Three months ended		Nine months ended	
	September 30, 2012 (Unaudited)	September 30, 2011 (Unaudited)	September 30, 2012 (Unaudited)	September 30, 2011 (Unaudited)
Net Operating Income				
Revenue from income producing properties	$ 2,399,028	$ 1,429,120	$ 7,011,675	$ 4,322,748
Property operating costs	992,020	625,709	2,859,625	1,821,345
	1,407,008	803,411	$ 4,152,050	$ 2,501,403
Expenses				
Mortgage and loan interest expense	569,348	305,385	1,640,527	801,596
Income before the undernoted	837,660	498,026	2,511,523	1,699,807
Fair value gain (loss) on investment properties	(33,531)	598,293	3,842,768	3,965,801
Net income from discontinued operations	$ 804,129	$ 1,096,319	$ 6,354,291	$ 5,665,608

Net Operating Income

Net operating income was $1,407,008 and $4,152,050 for the three and nine months ended September 30, 2012 respectively. The increase of $603,597 and $1,650,647, respectively, for the three and nine months ended September 30, 2012 versus the comparable period in 2011 was primarily as a result of the six properties acquired from the third quarter of 2011 through the second quarter of 2012.

Mortgage and Loan Interest Expense

The majority (78%) of the REIT’s debt has fixed interest rates. The REIT’s fixed rate mortgages and loans had a weighted average interest rate of 4.77% as at September 30, 2012.

The REIT has two, interest only, floating rate mortgages with rates of prime plus 200 basis points.

Mortgage and loan interest expense totaled $569,348 and $1,640,527 for the three and nine months ended September 30, 2012, respectively. The increase of $263,963 and $838,931 from the three and nine months ended September 30, 2011, respectively, is primarily as a result additional mortgage and loan financing in respect of the six properties acquired from the third quarter of 2011 through the second quarter of 2012.

Fair Value Gains (Losses) on Investment Properties Held for Sale

Under IFRS the REIT has elected to use the fair value model to account for its investment properties. Under the fair value model, investment properties are carried on the consolidated balance sheet at fair value. The properties are not depreciated and changes in the fair value of the properties are recognized in income in the period in which they occur. Rental revenues are recognized on a straight-line basis over the term of the lease. The fair value of investment properties is increased (reduced) by the amount of any straight-line rent amortization (receivable).

For the three month period ended September 30, 2012, the REIT recognized a fair value loss on the revaluation of the investment properties of $33,531. The fair value was adjusted by $11,796, reflecting the amortization of straight-line rent. The fair value reflects the purchase price in the Portfolio Acquisition Agreement.

During the three month period ended September 30, 2011, the fair value of the REIT's investment properties increased by $598,293. This reflected a gain on the revaluation of the investment properties of $600,000 as a consequence of a significant decline in capitalization rates from December 2010. This gain was reduced by $1,709 as a consequence of straight-line rent in the period.

During the nine month period ended September 30, 2012, the REIT recognized a fair value gain on the revaluation of the investment properties of $3,842,769. This gain was increased by $36,493 as a consequence of straight-line rent in the quarter. The fair value reflects the purchase price in the Portfolio Acquisition Agreement.

During the nine month period ended September 30, 2011, the fair value of the REIT's investment properties increased by $3,965,801. This reflected a gain on the revaluation of the investment properties of $4,123,681 as a consequence of a significant decline in capitalization rates from December 2010. This gain was reduced by $157,880 as a consequence of straight-line rent in the period.

DISCONTINUED OPERATIONS – NET OPERATING INCOME

The REIT owned six properties throughout the first six months of 2011. The REIT subsequently acquired an additional two properties in the third and fourth quarter of 2011, three properties in the first quarter of 2012 and one additional property in the second quarter of 2012. Accordingly, the results from discontinued operations for 2012 reflect the results of eleven properties for five months and twelve properties for four months, while the results for 2011 reflect six properties.

(Unaudited)	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Revenue from Investment Properties				
Base rent	$ 1,200,564	$ 714,288	$ 3,416,978	$ 2,185,707
Operating cost recoveries	865,972	515,226	2,593,017	1,573,478
Parking and other income	332,492	199,606	1,001,680	563,563
	2,399,028	1,429,120	7,011,675	4,322,748
Property Operating Costs				
Recoverable operating costs	$ 653,303	426,719	1,919,806	1,210,629
Realty taxes	310,153	164,721	848,445	459,066
Non-recoverable costs	28,564	34,269	91,374	151,650
	992,020	625,709	2,859,625	1,821,345
Net Operating Income	**$ 1,407,008**	**$ 803,411**	**$ 4,152,050**	**$ 2,501,403**

Revenue from Investment Properties Held for Sale

Base rent

Base rent totaled $1,200,564 and $3,416,978 for the three and nine months ended September 30, 2012. This compares to $714,288 and $2,185,707 for the three and nine months ended September 30, 2011. The increase in base rents primarily reflects the six additional properties acquired from the third quarter of 2011 and through the second quarter of 2012.

Operating cost recoveries

Operating cost recoveries for the three and nine months ended September 30, 2012 were $865,972 and $2,593,017, respectively, compared to $515,226 and $1,573,478, respectively, for the three and nine months ended September 30, 2011. The increases reflect the six additional properties acquired from the third quarter of 2011 and through the second quarter of 2012. Virtually all of the REIT's leases are on a net basis, providing for a recovery of most operating costs. The REIT recovered a significant portion of its recoverable operating costs as a consequence of occupancy rates of 94%.

Parking and other income

Parking and other income primarily represents revenue from parking operations. Parking revenues and other income rose to $332,492 and $1,001,680, respectively, in the three and nine months ended September 30, 2012 versus $199,606 and $563,563 in the three and nine months ended September 30, 2011. The increase in parking and other income in 2012 reflects the six additional properties acquired from the third quarter of 2011 and through the second quarter of 2012. As well, parking rates were adjusted effective January 1, 2012 on two of the REIT's properties. The REIT continues to seek growth in parking revenues of new and existing properties through adjusting parking rates to market.

Property Operating Costs

Recoverable operating costs

Recoverable operating costs totaled $653,303 and $1,919,806 for the three and nine months ended September 30, 2012, respectively, versus $426,719 and $1,210,629 for the three and nine months ended September 30, 2012. The increase in recoverable operating costs reflects the additional six properties acquired from the third quarter of 2011 and through the second quarter of 2012.

Realty taxes

Realty taxes for the three and nine months ended September 30, 2012 were $310,153 and $848,445, respectively, versus $164,721 and $459,066, respectively, in the comparable periods in 2011. The increase reflects the additional properties acquired from the third quarter of 2011 and through the second quarter of 2012.

Non-recoverable operating costs

Non-recoverable operating costs primarily relate to the costs of operating parking lots. The decline reflected conversion from manual to gated parking lots and repairs to equipment in the prior periods.

DISCONTINUED OPERATIONS - NET OPERATING INCOME – "SAME STORE"

"Same Store" properties are defined as all properties owned by the REIT continuously since December 31, 2010 and do not take into account the impact of the performance of acquisitions or dispositions completed subsequent to December 31, 2010. Accordingly, "Same Store" net operating income reflects the six properties owned for equivalent periods in 2012 and 2011.

"Same Store" Net Operating Income (Unaudited)	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Revenue from Investment Properties				
Base rent	$ 679,794	$ 714,288	$ 2,055,519	$ 2,185,707
Operating cost recoveries	484,966	515,226	1,489,878	1,573,478
Parking and other income	215,914	199,606	706,119	563,563
	1,380,674	1,429,120	4,251,516	4,322,748
Property Operating Costs				
Recoverable operating costs	356,443	426,719	1,125,750	1,210,629
Realty taxes	166,348	164,721	468,731	459,066
Non-recoverable costs	24,449	34,269	81,106	151,650
	547,240	625,709	1,675,587	1,821,345
Net Operating Income	**$ 833,434**	**$ 803,411**	**$ 2,575,929**	**$ 2,501,403**

Net operating income from investment properties held for sale increased by $30,023 and $74,526 for the three and nine months ended September 30, 2012 from the comparable periods in 2011 on a "same-store" basis. Declines in base rent and operating cost recoveries from loss of a tenant and increases in operating costs were offset by increased parking revenues and a decrease in non-recoverable costs.

Base rent and operating cost recoveries fell in the three and nine months ended September 30, 2012 compared with the three and nine months ended September 30, 2011. This reflects the loss of the lab in the Welland property late in the fourth quarter of 2011. This decrease in revenue was partially offset by increased parking income, reflecting parking rate increases introduced in the first quarter of 2012.

Recoverable operating costs were lower in the three and nine month periods ended September 30, 2012 versus the comparable period in 2011, primarily as a result of lower snow removal and repair costs.

QUARTERLY PERFORMANCE

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

Quarterly Performance	Q3-2012	Q2-2012	Q1-2012	Q4-2011	Q3-2011	Q2-2011	Q1-2011
Net Income (Loss)	956,704	2,290,406	1,537,830	60,314	2,529,368	1,990,600	4,759,477
Continuing Operations - Net Income (Loss)	152,575	(1,272,963)	(448,963)	(666,648)	1,433,049	1,487,795	692,993
Discontinued Operations:							
Net Income (Loss)	804,129	3,563,369	1,986,793	726,962	1,096,319	502,805	4,066,484
Net operating income							
Revenue from investment properties	2,399,028	2,381,889	2,230,758	1,697,012	1,429,120	1,418,613	1,475,015
Property operating costs	992,020	928,820	938,785	704,531	625,709	584,236	611,400
	1,407,008	1,453,069	1,291,973	992,481	803,411	834,377	863,615
Cash provided by (used in) operating activities	495,296	(2,718,855)	579,834	504,522	224,915	(24,687)	(483,837)
FFO	574,588	759,959	(138,606)	(17,232)	250,315	98,580	290,104
Per unit	0.0284	0.0408	(0.0089)	(0.0011)	0.0161	0.0064	0.0187
AFFO	450,657	649,873	55,717	317,313	192,154	(61,289)	120,184
Per Unit	0.0223	0.0349	0.0036	0.0204	0.0124	(0.0039)	0.0077
Total distributions(1)	323,546	319,183	237,469	237,469	237,469	237,469	238,132
Per unit - basic and diluted	0.0160	0.0171	0.0153	0.0153	0.0153	0.0153	0.0153
Distributions as percentage of AFFO (Payout ratio)	72%	49%	426%	75%	124%	n/a	198%
Total assets	88,473,236	88,517,393	75,705,892	63,709,964	56,733,443	53,043,001	49,438,980
Total mortgages payable	48,163,959	47,571,759	42,689,621	32,398,102	25,687,323	22,612,479	18,659,422
Other Data							
Debt to Gross Book Value	54.4%	53.7%	56.4%	50.9%	45.3%	42.6%	37.7%
Number of Properties	12	12	11	8	7	6	6
Gross Leaseable Area (sq. ft.)	279,200	279,100	256,300	210,000	189,200	170,200	170,200
Occupancy	94.0%	95.0%	96.0%	96.3%	96.3%	96.8%	96.0%
Weighted average units outstanding	20,219,095	18,647,389	15,520,847	15,520,847	15,520,847	15,520,847	15,520,847

(1) Includes distributions on Class B LP units

Net income

Net income was significantly impacted by changes in fair values of investment properties held for sale, as part of discontinued operations, and other fair value adjustments. The fair values of investment properties increased as a consequence of declining capitalization rates throughout 2011 and into the second quarter of 2012. The fair value adjustment for the third quarter of 2012 reflects maintaining the purchase price for the Existing Portfolio at that set in the Property Acquisition Agreement. The other fair value adjustments relate to various unit-based liabilities which declined due to a fall in the market price of the REIT's units during 2011, all of which were effectively discharged, with the exception of the warrant liability, in connection with the NWVP Offer in the second quarter.

Net income during the nine months ended September 30, 2012 was negatively affected by $252,018 of non-reimbursable costs incurred in respect of the Strategic Transaction.

Discontinued Operations - Net Operating Income

Net operating income from discontinued operations reflected seasonal variation from the first quarter through the fourth quarter of 2011. Fourth quarter net operating income increased from the previous quarters as a consequence of the addition of the two properties on September 26, 2011 and December 6, 2011. The first quarter 2012 benefited from the addition of a three building portfolio on January 6, 2012. The second quarter of 2012 saw the addition of an additional building on May 1, 2012. The third quarter of 2012 was impacted by some tenant loss, offset by improved parking revenues and higher operating costs.

Cash provided by (used in) operating activities

In 2011, cash from operations swung from a deficit in the first quarter to a surplus in the fourth quarter. This was a result of income before fair value adjustments increasing with the effect of the newly acquired properties in the third and fourth quarter of 2011 and a significant pay-down of net liabilities in the first quarter of 2011. Cash from operations continued to grow in the first quarter of 2012, reflecting acquisitions completed early in the first quarter of 2012. Cash from operations was negatively affected by the Strategic Transaction costs incurred in the first quarter of 2012. Net cash from operating activities (both continuing and discontinued operations) was negative in the second quarter of 2012. This was largely a consequence of strategic transaction costs incurred in the quarter which will be reimbursed on completion of the sale of the existing portfolio. In the third quarter of 2012, cashflow (both continuing and discontinued operations) turned positive. This reflected the non-recurrance of the Strategic Transaction costs incurred in the first two quarters, reduced general and administration with the reduction in staffing and the benefit of a full quarter of the Port Hope property acquired in May 2012.

AFFO

AFFO and AFFO per unit increased throughout fiscal 2011. This reflected a decline in general and administration expense, after adjusting for non-cash unit-based compensation expense, and the impact of the step-up in rents imbedded in certain leases. The fourth quarter was positively effected by the properties acquired in the third quarter and late in the fourth quarter.

AFFO and AFFO per unit declined in the first quarter of 2012 to $55,717 or $0.004 per unit from $317,313 or $0.020 in the fourth quarter of 2011. After adjusting for the effect of the non-reimbursable Strategic Transaction costs of $187,991, the revised AFFO would have been $243,708 or $0.016 per unit in the first quarter of 2012. The improvement in the revised AFFO in the first quarter of 2012 over the fourth quarter of 2011 was attributable to the addition of one property in December 2011 and three properties on January 6, 2012.

AFFO increased to $649,873 or $0.0349 per unit in the second quarter of 2012. This reflected a decline in general and administration expenses in the second quarter from the first quarter and the continuing growth in the portfolio with an additional building acquired late in the second quarter. Distributions as a percentage of AFFO improved to 49%.

AFFO fell in the third quarter to $450,657 from $649,873 in the second quarter of 2012. The change was largely a result of a recovery of strategic transaction costs in the second quarter of 2012 which was not repeated in the third quarter. Per unit amounts also fell in the third quarter of 2012 versus the second quarter, reflecting the decline in AFFO and the larger weighted average number of units outstanding as a consequence of the Rights Offering completed on April 24, 2012.

Payout ratio

Distributions as a percentage of AFFO (the “payout ratio”) improved in accordance with the improvement in AFFO. The payout ratio steadily declined in fiscal 2011 from 198% in the first quarter to 75% in the fourth quarter.

The payout ratio deteriorated in the first quarter of 2012 as a consequence of the Strategic Transaction costs. Excluding the effect of the Strategic Transaction costs, the payout ratio improved to 55%.

With the acquisition of an additional four properties in the first and second quarter of 2012, and a decline in general and administration expenses in the second quarter of 2012, AFFO continued to grow, resulting in the payout ratio improving to 49%.

The pay-out ratio declined to 72% in the third quarter of 2012 reflecting the drop in AFFO described above.

Debt to Gross Book Value

Debt to gross book value increased from 37.7% in the first quarter of 2011 to 50.9% in the fourth quarter. This reflected the growth in the portfolio of investment properties, both through gains in fair value and the addition of new properties in the third and fourth quarter of fiscal 2011. The increase in the asset base was offset by the refinancing of mortgages in the second quarter, additional first mortgage financing assumed with the acquisitions and the draw down on the acquisition facility to fund the acquisitions.

The first quarter of 2012 saw the debt to gross book value increase to 56.4%. This was primarily a result of the vendor take-back financing on the three property portfolio on January 6, 2012 which had a higher leverage ratio than the REIT's previous acquisitions. The ratio fell slightly to 53.7% in the second quarter of 2012 after the completion of the Rights Offering and rose to 54.4% at the end of the third quarter of 2012 reflecting the refinancing of the Whitby property.

Gross Leaseable Area

Gross leaseable area increased in fiscal 2011 with the completion of construction on 89 Dawson Rd., Guelph and the purchase of buildings in the third and fourth quarters. This continued with the acquisition of the three building portfolio in the first quarter of 2012 and one additional building in the second quarter of 2012.

Occupancy

Occupancy levels remained above 96% throughout fiscal 2011 and the first quarter of 2012, declining to 95% in the second quarter of 2012 and 94% in the third quarter of 2012. This reflects a stable tenant base with minimal movement and the acquisition of buildings with high occupancy levels.

FUNDS FROM OPERATIONS

A reconciliation of net income, as determined under IFRS, to FFO and AFFO is as follows:

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income	$ 956,704	$ 2,529,368	$ 4,784,940	$ 9,279,445
Add back / (Deduct)				
Finance cost[1]	-	7,774	13,670	31,071
Fair value (gain) loss on investment properties[1]	33,531	(598,293)	(3,842,768)	(3,965,801)
Other fair value (gains) losses	(415,647)	(1,688,534)	219,976	(4,705,716)
Funds From Operations (FFO)	**574,588**	**250,315**	**1,175,818**	**638,999**
FFO per unit - basic and fully diluted[2][3]	0.028	0.016	0.060	0.041
FFO per unit - basic and fully diluted[2][3][6] - Excluding impact of Strategic Transaction Costs	0.032	0.016	0.073	0.041
Add back / (Deduct)				
Amortization of straight-line rent	11,796	(1,709)	36,493	(157,880)
Amortization of leasing costs and tenant inducements	(7,069)	-	(15,959)	-
Amortization of deferred financing charges	15,284	-	54,961	-
Unit-based compensation expense	-	29,295	298,000	247,791
Reserve for stabilized capital expenditures[4]	(47,981)	(28,582)	(140,234)	(86,455)
Reserve for stabilized leasing commissions and tenant inducements[5]	(95,961)	(57,165)	(280,467)	(172,910)
Adjusted Funds From Operations (AFFO)	**$ 450,657**	**$ 192,154**	**$ 1,128,613**	**$ 469,545**
AFFO per unit - basic and fully diluted[2][3]	$ 0.022	$ 0.012	$ 0.057	$ 0.030
AFFO per unit - basic and fully diluted[2][3][6] - Excluding impact of Strategic Transaction Costs	$ 0.025	$ 0.012	$ 0.070	$ 0.030
Weighted average units outstanding for the period:				
Basic and diluted [2][3]	20,219,095	15,520,847	19,679,958	15,520,847

(1) Under IFRS, the distributions on the REIT's Class B LP units (Finance Cost), the fair value changes related to these units, the fair value of the warrant liability, the fair value of the incentive unit options, the fair value of the Deferred Unit Plan and the fair value changes related to the investment properties are included in the determination of net income. The impact of these amounts has been eliminated when determining FFO in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT.

(2) Under IFRS, the REIT's Class B LP units are treated as a financial liability rather than equity. As permitted under IFRS, the REIT has chosen to present an adjusted basic and diluted earnings per share unit measure that includes the Class B LP units in basic and diluted units outstanding/weighted average units outstanding. As a result, the adjusted basic and diluted units outstanding and the adjusted basic and diluted weighted average units outstanding include the outstanding Class B LP units.

(3) Weighted average basic and fully diluted units outstanding, including the Class B LP units.

(4) Based on an estimate of 2.0% of property revenue

(5) Based on an estimate of 4.0% of property revenue

(6) Costs incurred in connection with the Strategic Transaction for the three and nine months ended September 30, 2012 totalled $64,027 and $252,018 respectively and $nil in the comparative periods in 2011.

Funds From Operations ("FFO")

Funds from operations ("FFO") for the three and nine months ended September 30, 2012 were $574,588 and $1,175,818, respectively, compared to $250,315 and $638,999 for the comparable periods in 2011. Excluding non-reimbursable costs associated with the Strategic Transaction of $252,018, FFO was $1,427,836 for the nine months ended September 30, 2012.

Adjusted Funds From Operations ("AFFO")

Adjusted funds from operations ("AFFO") for the three and nine months ended September 30, 2012 was $450,657 or $0.022 per unit and $1,128,613 or $0.057 per unit, respectively, compared to $192,154 or $0.012 per unit and $469,545 or $0.030 per unit for the comparable periods in 2011.

Excluding non-reimbursable costs associated with the Strategic Transaction of $252,018, AFFO was $1,380,631 or $0.070 per unit for the nine months ended September 30, 2012.

The increase in AFFO in the third quarter of 2012 reflects the acquisition of six additional properties since the first quarter of 2011.

LIQUIDITY AND CAPITAL RESOURCES

CASH RESOURCES AND LIQUIDITY

Cash Resources and Liquidity	**September 30, 2012**	**December 31, 2011**
Cash	$ 69,409	$ 1,700,067
Unused revolving credit facility	-	1,000,000
	$ 69,409	$ 2,700,067

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

Discontinued Operations

The REIT entered into an agreement to sell all of its existing investment properties in conjunction with the NWVP Acquisition, previously described. As a result, the REIT has classified its existing portfolio of investment properties and the related assets, liabilities and results from operations, as discontinued operations. Cash flow from discontinued operations will continue to support the on-going operations of the REIT until the completion of the sale.

As a consequence of the growth in the number of investment properties from six at December 31, 2010 to twelve properties at September 30, 2012, which have been accretive acquisitions, cash flow from discontinued operations has grown. Currently, cash flow from discontinued operations is sufficient to sustain capital expenditures and leasing costs associated with the investment properties held for sale as well as funding on-going operating activities of the REIT and its unit distributions. Distributions to unitholders, as a percentage of AFFO, have fallen to 72% in the third quarter of 2012 versus 75% at the end of the fourth quarter of 2011.

On completion of the sale of the Existing Portfolio, the REIT expects that the proceeds received will provide sufficient cash flow to fund its on-going operating activities and distributions.

Credit Facility

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. Of that Credit Facility, $1.0 million may be used for working capital. As at June 30, 2012, the REIT had fully drawn on the Credit Facility.

As a consequence of the sale of the Existing Portfolio, the Credit Facility has been included in Discontinued Operations as it represents one of the liabilities associated with the assets held for sale.

Continuing Operations

The REIT assumed mortgage debt and other indebtedness as part of its acquisition of the International Assets. The REIT will continue to utilize debt collateralized by its investment properties to fund a portion of its growth. The REIT will also access capital markets to raise equity and convertible/unsecured debentures to fund operations and future growth.

The REIT received $9,200,000 in cash proceeds on the sale of the Existing Portfolio on closing on November 16, 2012. The REIT has also filed a preliminary short form prospectus in respect of an offering of units of the REIT on November 26, 2012.

Changes in cash

Liquidity risk arises from the REIT's financial obligations and in the management of its assets, liabilities and capital structure. This risk is managed by regularly evaluating the liquid financial resources to fund current and long-term obligations and to meet the REIT's capital commitments in a cost- effective manner. The REIT expects to be able to meet all of its obligations as they become due and have sufficient liquidity from the following sources: (i) cash flow from operating activities and discontinued operations; (ii) financing availability through conventional mortgage debt secured by income producing properties and its revolving credit facility; and (iii) to the extent possible, the issuance of new equity.

The REIT's contractual financial commitments consist of general and administrative (overhead) expenses, which the REIT expects to be able to finance through cash flows from discontinued operations.

The following table sets out the REIT's contractual cash flows, excluding those relating to discontinued operations:

	Carrying amount	Contractual cash flow	2012	2013	2014	2015	2016	Thereafter
Accounts payable and accrued liabilities	$ 108,021	$ 108,021	$ 108,021	$ -	$ -	$ -	$ -	$ -
Distributions payable	107,849	107,849	107,879	-	-	-	-	-
TOTAL	$ 215,870	$ 215,870	$ 215,900	$ -	$ -	$ -	$ -	$ -

The following table sets out the REIT's contractual cash flows with respect to discontinued operations:

	Carrying amount	Contractual cash flow	2012	2013	2014	2015	2016	Thereafter
Mortgages and loans payable	$ 47,718,361	$ 53,208,310	$ 8,641,708	$ 9,564,895	$ 6,924,471	$ 7,323,218	$ 20,754,019	$ -
TOTAL	$ 47,718,361	$ 53,208,310	$ 8,641,708	$ 9,564,895	$ 6,924,471	$ 7,323,218	$ 20,754,019	$ -

The REIT currently intends to distribute a high percentage of its AFFO to Unitholders. As such, the REIT will not retain a material amount of operating cash flow to finance other capital requirements, such as acquisitions and significant capital expenditures. Instead, the REIT intends to finance such initiatives through the issuance of additional equity or debt securities. From time to time, the REIT may also consider other financing initiatives, such as the refinancing of mortgages on existing properties, the entering into of additional credit facilities and/or the adoption of a distribution reinvestment plan.

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

	Three months ended September 30, 2012	**Three months ended September 30, 2011**	**Nine months ended September 30, 2012**
	(unaudited)	(unaudited)	(unaudited)
Cash provided by / (used in):			
Operating activities			
Continuing operations	$ 370,638	$ (2,320,491)	$ (4,567,301)
Discontinued operations	124,658	2,545,406	2,933,712
	495,296	224,915	(1,633,589)
Investing activities			
Continuing operations	-	(667)	-
Discontinued operations	(40,601)	(2,142,219)	(6,103,031)
	(40,601)	(2,142,886)	(6,103,031)
Financing activities			
Continuing operations	(323,012)	(235,107)	3,345,977
Discontinued operations	(127,748)	(175,156)	3,033,030
	(450,760)	(410,263)	6,379,007
Net increase (decrease) in cash during the period	$ 3,935	$ (2,328,234)	$ (1,357,613)
Net increase (decrease) in cash from:			
Continuing operations	$ 47,626	$ (2,556,265)	$ (1,221,324)
Discontinuing operations	(43,691)	228,031	(136,289)
	$ 3,935	$ (2,328,234)	$ (1,357,613)

CONTINUING OPERATIONS

Operating activities

Cash provided by (used in) operating activities totaled $495,296 and ($1,633,589) for the three and nine months ended September 30, 2012, respectively. Cash provided by (used in) operating activities totaled $224.915 and ($273,444) for the three and nine months ended September 30, 2011 respectively. Operating costs from continuing operations fell in 2012 from the comparable periods of 2011, reflecting lower staff levels and compensation. Operating costs were higher in the first half of 2012, reflecting costs associated with the Strategic Transaction and associated compensation costs. Changes in non-cash working capital balances, primarily accounts payable and accrued liabilities, was responsible for the majority of the decline in cash from operating activities in the three months ended September 30, 2011.

Investing activities

The REIT redeemed a portion of an investment certificate in the nine months ended September 30, 2011, providing an additional $195,041 of cash.

Financing activities

The REIT raised $4,193,704 of cash, after issuance costs, from a Rights Offering that was completed on April 24, 2012, increasing funds from financing activities in the nine months ended September 30, 2012.

DISCONTINUED OPERATIONS

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

Cash flow from discontinued operations	**Three months ended September 30, 2012**	**Three months ended September 30, 2011**	**Nine months ended September 30, 2012**	**Nine months ended September 30, 2011**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash provided by / (used in):				
Operating activities	$ 124,658	$ 2,545,406	$ 2,933,712	$ (916,569)
Investing activities	(40,601)	(2,142,219)	(6,103,031)	(2,142,219)
Financing activities	(127,748)	(175,156)	3,033,030	3,562,467
Net increase (decrease) in cash during the period	$ (43,691)	$ 228,031	$ (136,289)	$ 503,679

The REIT owned six properties throughout the first six months of 2011. The REIT subsequently acquired an additional two properties in the third and fourth quarter of 2011, three properties in the first quarter of 2012 and one additional property in the second quarter of 2012. Accordingly, the cash provided by (used in) discontinued operations for 2012 reflect the results of eleven properties for five months and twelve properties for four months, while the results for 2011 reflect six properties.

Operating activities

Net cash provided by operating activities from discontinued operations was $124,658 and $2,933,712 for the three and nine months ended September 30, 2012, respectively. This compares to net cash provided by (used in) operating activities of $2,545,406 and ($916,569) in the three and nine month periods ended September 30, 2011.

The increase in cash provided from operations reflected greater net operating income from investment properties from the addition of two additional properties in September and December 2011, three buildings in early January, 2012, and an additional building on May 1, 2012. The increase in net operating income was partially offset by the increase in interest paid to fund the acquisitions.

Investing activities

For the three and nine months ended September 30, 2012 the REIT invested $40,601 and $6,103,031, respectively, to acquire investment properties and make additions thereto. The REIT acquired three properties in the first quarter of 2012 and one property in the second quarter of 2012. The REIT acquired two properties in the corresponding periods in September 30, 2011 in the amount of $2,142,219.

Financing activities

The REIT expended cash on investing activities totaling $127,748 for the three months ended September 30, 2012 and generated $3,033,030 for the nine months ended September 30, 2012, respectively. The REIT expended cash on investing activities totaling $175,156 and generated $3,562,467 of additional cash from investing activities in the corresponding periods in September 30, 2011, respectively.

The REIT issued $787,127 of promissory notes to fund strategic transactions costs in the second quarter of 2012. This source of funds was offset by $120,519 in scheduled principal repayments on the REIT's outstanding mortgages. In the first quarter of 2012, the REIT generated an additional $843,000 of net funding on the refinancing of the Orillia property and drew down $2,155,000 on its Credit Facility to fund the acquisition of the three property portfolio.

In the third quarter of 2012, the REIT paid out the promissory notes.

In March 2011, the REIT completed a refinancing and restructuring of its mortgages payable, generating an additional $4,157,726 of funds and resetting interest rates and amortization periods.

CAPITAL STRUCTURE

The REIT, as is common in the real estate industry, considers its capitalization to consist of debt and equity capital. The REIT actively manages both its debt and equity capital with the objective of ensuring that the REIT can continue to grow and operate its business. Debt associated with discontinued operations has been excluded from the capital structure.

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

The following table shows the REIT's total capital as at September 30, 2012 and December 31, 2011, excluding debt associated with discontinued operations.

Capital Structure	**September 30, 2012**	**December 31, 2011**
Unit-based compensation liability	$ -	$ 108,099
Warrant liability	2,345,022	2,474,543
Class B LP unit liability	-	960,625
Deferred Unit Plan liability	-	287,517
Unitholders Equity	36,937,205	26,056,087
Total Capitalization	**$ 39,282,227**	**$ 29,886,871**

Equity

On April 24, 2012, the REIT completed a Rights Offering and issued 3,880,212 units of the REIT for gross proceeds of $4,462,244.

On May 31, 2012, as a consequence of the NWVP Acquisition:

(a) the outstanding incentive unit options were cancelled;
(b) 662,500 Class B LP units were converted into 662,500 REIT units at a cost of $1,238,875; and
(c) the number of DUP units outstanding doubled to 818,306 units and were then converted into REIT units at a cost of $1,529,727.

On November 16, 2012, the REIT issued 9,878,165 REIT units and 55,944,444 Class B LP units as consideration for the acquisition of the International Assets.

As of the date of this MD&A, the REIT had issued and outstanding 30,097,260 Units, 55,944,444Class B LP units and 6,718,750 warrants.

Discontinued Operations - Mortgages and Loans Payable

The following table sets out, as at September 30, 2012, scheduled principal payments, debt maturity amounts and weighted average interest rate of maturing mortgages and loans.

Year	Principal payments	Balance maturing	Total	Weighted average interest rate on maturing mortgages
Fixed Rate Mortgages				
2012	$ 232,071	$ 1,043,292	$ 1,275,363	3.96%
2013	881,492	1,115,414	1,996,906	6.75%
2014	905,930	-	905,930	-
2015	818,862	2,654,313	3,473,175	6.10%
2016	495,336	19,961,064	20,456,400	4.78%
2017	164,236	6,032,000	6,196,236	3.95%
	3,497,927	30,806,083	34,304,010	4.77%
Floating Rate Mortgages				
2012	8,425	-	8,425	Prime + 2.00%
2013	103,853	5,655,000	5,758,853	Prime + 2.00%
2014	44,809	4,821,913	4,866,722	Prime + 2.00%
	157,087	10,476,913	10,634,000	Prime + 2.00%
Vendor-Take-Back Mortgages and Loans				
2013	-	366,000	366,000	2.00%
2015	-	2,991,000	2,991,000	2.00%
	-	3,357,000	3,357,000	2.00%
	$ 3,655,014	$ 44,639,996	$ 48,295,010	

Set out below is the total contractually scheduled principal repayments and debt maturities by year:

	Principal Installment Payment	Balance due at maturity	Total	% of total principal
Remainder of 2012	$ 240,496	$ 1,043,292	$ 1,283,788	2.7%
2013	985,345	7,136,414	8,121,759	16.8%
2014	950,739	4,821,913	5,772,652	12.0%
2015	818,862	5,645,313	6,464,175	13.4%
2016	495,336	19,961,064	20,456,400	42.4%
2017	164,236	6,032,000	6,196,236	12.8%
	$ 3,655,014	$ 44,639,996	$ 48,295,010	100.0%

Mortgages Assumed and Vendor-Take-Back Financing

In the first quarter of 2012, the REIT assumed additional mortgages of $4,396,827 and received vendor-take-back financing of an additional $3,357,000 to fund the acquisition of the three property portfolio. The balance of funding came from an additional draw on the Credit Facility.

On May 1, the REIT incurred mortgage debt of $4,979,000 in connection with the acquisition of the Port Hope property.

Acquisition and Working Capital Facility

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 has an initial two-year term and is secured by a first ranking mortgage on the property located at 89 Dawson Road, in Guelph, Ontario. In the first quarter of 2012, the REIT drew down $2,155,000 on the Credit Facility to fund the acquisition of the three property portfolio.

Refinancing

As part of the Refinancing described above, 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. At maturity in August 2012, the existing first mortgage was paid out and with the proceeds of the new first mortgage. The new mortgage totals $6,955,000, with a five year term and a fixed rate of interest of 3.95%.

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%.

On November 27, 2012, the REIT completed the refinancing of four of its five German MOB properties. The REIT entered into a new mortgage for $22,229,000 (€17,300,000), with a five year term maturing in November 2017, a fixed interest rate of 2.50% per annum and a 40 year amortization period. The proceeds from this mortgage, along with $1,417,278 (€1,103,025) of cash, were used to pay out the existing mortgage financing. At the same time, the REIT paid down $386,250 (€300,000) of its line of credit with the original lender.

Off-Balance Sheet Arrangements

As at September 30, 2012, the Company had no off-balance sheet arrangements.

Financial Instruments

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 Company had no Level 3 financial instruments at December 31, 2011 and there have been no transfers between levels.

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.

(b) Pursuant to the Support Agreement described in Note 4, Thornley Holdings Limited tendered its units to the take over bid and Edward Thornley and Darren Thornley resigned from their offices with the REIT. As a consequence, Edward Thornley, Darren Thornley, Thornley Holdings Limited and CMD Management Limited companies are no longer related parties to the REIT.

(c) 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.

For the three and nine months ended September 30, 2012, the REIT received $226,710 and $680,130 respectively (three and nine months ended September 30, 2011 $160,703 and $336,022 respectively) in respect of head leases from related parties.

(d) 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 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 three and nine months ended September 30, 2012, the REIT was charged $93,636 and $248,837 respectively (three and nine months ended September 30, 2011 - $57,000 and $169,525 respectively) by CMD for property management fees. Such costs are recoverable from tenants as property operating costs.

On August 23, 2012, the REIT served notice to CMD that it was terminating the property management agreement effective December 31, 2012. The REIT is negotiating settlement terms with CMD and the amount of any settlement is currently not determinable.

(e) As a consequence of the acquisition of control of the REIT described in note 4, NWVP indirectly owns approximately 82% of the outstanding Units of the REIT (approximately 61% on a fully diluted basis). Paul Dalla Lana, Chairman of the Board of Trustees and Chief Executive Officer of the REIT, is the sole shareholder of NWVP. Furthermore, NWVP indirectly owns an approximately 23% interest in NWHP REIT and Mr. Dalla Lana is also Chairman of the Board of Trustees of NWHP REIT. On November 16, 2012, the REIT issued 9,878,165 Units and 55,994,444 Class B limited partnership to an affiliate of NWVP as consideration for the acquisition of the International Assets. After giving effect to the transaction, NWVP indirectly owned approximately 96% of the total outstanding Units.

(f) 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 September 30, 2012, Promissory Notes outstanding totalled $Nil (as at December 31, 2011 $Nil). Interest expense on the Promissory Notes for the three and nine months ended September 30, 2012 totalled $7,136 and $10,832 (three and nine months ended September 30, 2011 - $Nil) and was included in Finance Costs

(g) The four investment properties acquired in 2012 are now managed by NWHP REIT or its affiliate. During the three and nine months ended September 30, 2012, the REIT was charged $7,080 (three and nine months ended September 30, 2011 - $Nil) by NWHP REIT for property management fees. Such costs are recoverable from tenants as property operating costs.

(h) 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.

PART V – RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Units and in the activities of the REIT which current and prospective Unitholders should carefully consider. Additional information about these and other risks and uncertainties and any corresponding plan to mitigate these risks, where possible, is contained in the REIT's filings with securities regulators, including the REIT's most recent audited consolidated financial statements, which are available on SEDAR.

PART VI – CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 September 30, 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 except for the change in the valuation approach of the investment properties.

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.