NORTHWEST INTERNATIONAL HEALTHCARE PROPERTIES
REAL ESTATE INVESTMENT TRUST

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

For the three and six months ended

JUNE 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
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CEO's MESSAGE

During Q2-2013 NorthWest International Healthcare Properties REIT ("**NorthWest International REIT**" or the "**REIT**") solidified its position as a leading investor in international healthcare real estate as well as continued to season in the Canadian capital markets by delivering strong and stable financial and operating results for the three months ended June 30, 2013 highlighted as follows:

- NOI of $4,545,692, representing a 213% increase over the same period last year
- AFFO / unit of $0.047, consistent with the prior quarter
- AFFO to distribution payout ratio of approximately 85%, consistent with the prior quarter
- Continued near full portfolio occupancy at 93.9% (Canada = 91.6%; International = 99.2%)
- Weighted average lease term of 7.2 years (Canada = 4.9 years; International = 12.8 years)

Late in the second quarter, the REIT completed the $157 million acquisition of a long-term strategic interest in NorthWest Healthcare Properties REIT ("**NWHP REIT**"), providing unitholders with exposure to Canada's leading healthcare real estate company and the defensive characteristics of its portfolio of 77 medical office buildings and more than 1,500 tenants. With year to date acquisition activity of approximately $165 million, the REIT has grown its asset base by approximately 50% in since January 1, 2013 and continues to execute on an aggressive growth strategy while maintaining stability in each region of its international healthcare real estate portfolio.

On a regional basis, all of the REIT's investments continued to perform at or above expectations. Most significantly, on August 22, 2013 Vital Healthcare Property Trust ("**Vital Trust**") reported a 21.5% increase in net property income for the twelve months ended June 30, 2013 and a 1.7% increase in the value of its portfolio. These results were underpinned by the continued stability of Vital Trust's tenant base as well as its accretive quality and income-enhancing hospital redevelopment program.

Additional business highlights during the second quarter include:

- Successful integration of Medicum Muensterfeld ("**Fulda**") into the REIT's German medical office building portfolio, with the asset performing in line with initial expectations
- Maintenance of a conservative capital structure (42.8% LTV) and a strong liquidity profile comprising of approximately $39.2 million in cash and receivables at the end of the quarter

Subsequent to quarter end, the REIT announced and completed a $17.5 million offering of convertible debentures as well as the acquisition of an additional 15.1 million Vital Trust units, increasing its interest in Vital Trust to 22.68%. With the additional liquidity provided from the convertible debenture offering, the REIT is well placed to continue to execute on an aggressive acquisition program and is currently evaluating a series of accretive acquisition opportunities in each of its international markets.

With the broader Canadian REIT landscape facing evolving capital market conditions underpinned by expectations of rising interest rates, I believe the NorthWest International REIT is uniquely positioned to deliver accretive growth opportunities while maintaining its objective of providing unitholders with stable and growing distributions over an increasingly diverse and sizeable portfolio.

PART I - BASIS OF PRESENTATION

This Management's Discussion and Analysis of the results of operations and financial condition ("**MD&A**") of NorthWest International REIT ("**NorthWest International REIT**" or the "**REIT**") should be read in conjunction with the REIT's condensed consolidated interim financial statements and accompanying notes for the three and six months ended June 30, 2013, prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are in Canadian dollars, except where otherwise stated.

This MD&A should also be read in conjunction with the Annual Information Form of the REIT dated March 11, 2013 (the "**Annual Information Form**"). This MD&A is current as of August 29, 2013 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 contains forward-looking statements which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT. The words "plans", "expects", "does not expect", "scheduled", "estimates", "intends", "anticipates", "does not anticipate", "projects", "believes" or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "might", "occur", "be achieved" or "continue" and similar expressions identify forward-looking statements. Some of the specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the following:

- the intention of the REIT to pay stable and growing distributions;
- the ability of the REIT to execute its growth strategies;
- the expected tax treatment of the REIT's distributions to holders ("**Unitholders**") of trust units of the REIT ("**Trust Units**"); and
- the expectations regarding real estate, the healthcare industry and demographic trends.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The REIT's estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the REIT's future growth potential, results of operations, future prospects and opportunities, the demographic and industry trends remaining unchanged, future levels of indebtedness, the tax laws as currently in effect remaining unchanged, and the current economic conditions remaining unchanged.

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

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

NOTICE REGARDING INFORMATION CONCERNING OTHER PUBLIC ENTITIES

The information concerning NorthWest Healthcare Properties Real Estate Investment Trust ("NWHP REIT") and Vital Healthcare Property Trust ("Vital Trust") contained in this MD&A have been taken from, or are based upon, publicly available documents and records on file with the Canadian Securities Administrators and other regulatory bodies. Although the REIT has no knowledge that would indicate that any of such information is untrue or incomplete, the REIT was not involved in the preparation of any such publicly available documents and neither the REIT, nor any of its officers or directors, assumes any responsibility for the accuracy or completeness of such information or the failure by NWHP REIT or Vital Trust to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the REIT.

MARKET AND INDUSTRY DATA

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

Although the third-party sources believe it to be reliable, we have not independently verified any of the data from third-party sources referred to in this MD&A, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

PERFORMANCE MEASUREMENT

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

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

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

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 net income (computed in accordance with IFRS), excluding: (i) fair value adjustments on investment properties; (ii) gains (or losses) from sales of investment properties; (iii) amortization of tenant incentives; (iv) fair value adjustments and other effects of redeemable units classified as liabilities; (v) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; and (vi) deferred income tax expense, after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.

"**AFFO**" is defined as FFO, subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on mortgages acquired, amortization of deferred financing and leasing costs, and compensation expense related to deferred unit incentive plans, (ii) adjusting for differences, if any, resulting from recognizing property revenues on a straight line basis as opposed to contractual rental amounts, and (iii) deducting actual costs for tenant inducements, leasing costs, financing costs and sustaining capital expenditures, as determined by the REIT. Other adjustments may be made to AFFO as determined by the Trustees in their discretion.

"**NOI**" is defined as income from properties after operating expenses have been deducted, computed in accordance with IFRS, but before deducting interest expense, depreciation and amortization 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.

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 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 II – BUSINESS OVERVIEW

BUSINESS OVERVIEW AND STRATEGIC DIRECTION

The REIT

The REIT, previously known as "GT Canada Medical Properties Real Estate Investment Trust", is an unincorporated, open–ended real estate investment trust governed under the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated November 16, 2012 (the "**Declaration of Trust**"). The REIT's Trust Units trade on the TSX Venture Exchange ("**TSXV**") under the symbol "MOB.UN". The REIT's focus is to invest in healthcare real estate internationally.

The REIT's objectives are to:

- manage its investments to provide stable, sustainable and growing cash flows through investments in healthcare real estate internationally;
- build a diversified, growth-oriented global portfolio of healthcare properties based on an initial portfolio of investments in Australasia, Brazil, Germany and Canada;
- capitalize on internal growth and seek accretive healthcare real estate acquisition opportunities in its target international markets, with a focus primarily on Australasia, Brazil, Germany and Canada;
- grow the value of its assets and maximize the long-term value of its Trust Units through active and efficient management; and
- provide predictable and growing cash distributions per Unit, on a tax-efficient basis.

Reconfiguration of the REIT to focus on International Healthcare Real Estate

During 2012, NorthWest Value Partners ("NWVP") acquired a majority interest in the REIT and through a series of transactions, the REIT disposed of its entire portfolio of Canadian medical office buildings (the "**Former Canadian MOB Portfolio**") with effect from October 1, 2012.

In a separate series of transactions, with effect from October 1, 2012, the REIT acquired a portfolio of international assets (the "**Initial International Assets**") from NWVP. In conjunction with the acquisition of the Initial International Assets, the REIT and its affiliates entered into a series of agreements with affiliates of NWVP, whereby such affiliates have agreed to act as Property Manager, Asset Manager and Developer for the REIT in respect of the REIT's investments.

On October 30, 2012, the REIT changed its name to "NorthWest International Healthcare Properties Real Estate Investment Trust", reflecting its new strategic direction.

Strategic Direction

Market Opportunity

The REIT provides an opportunity for investors to gain exposure to healthcare real estate internationally. The REIT intends to provide sustainable monthly cash distributions, while allowing investors to diversify their real estate holdings beyond strictly the Canadian market. The REIT is the only publicly-listed real estate investment trust in Canada dedicated to investing in healthcare real estate internationally.

Over the past several years, some of Canada's largest pension funds and institutional investors have increasingly sought out investment opportunities outside of Canada in the real estate sector. These investors have increased the international component of their real estate investments for reasons that include diversification, the opportunity to enhance returns and the possibility of generating long-term, stable cash flows. Several of Canada's major pension funds reported having approximately half of their real estate assets outside of Canada, with a particular focus in Europe. Other significant markets for Canadian institutional buyers of foreign real estate include the United States, Asia, Australia, and South America. The REIT believes that it is providing a unique opportunity for Canadian retail and institutional investors to diversify their real estate investments, as large Canadian pension funds and other large Canadian institutional investors have done.

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

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

Target Markets

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

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

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

TABLE 1 - KEY MARKET DATA

	Australasia	Brazil	Germany	Canada
Population	26.3 Million	194.9 Million	81.7 Million	34.7 Million
GDP Growth (1)	2.81%	1.96%	0.90%	1.13%
Inflation (1)	2.40%	6.27%	1.92%	1.20%
5 Yr. Government Bond Yield (2)	3.04%	11.02%	0.74%	1.80%
Health Care System	Hybrid public and private healthcare systems	Hybrid public and private healthcare systems	Hybrid public and private healthcare systems	Publicly-funded healthcare system

Notes
(1) For the quarter ended June 30, 2013
(2) As at June 30, 2013

Sources: Trading Economics; Bloomberg

RELATIONSHIP WITH NWVP

Affiliates of NWVP serve as the REIT's asset manager, property manager and developer pursuant to certain management and partnership agreements that are filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. Established in 1994, Toronto-based NWVP is one of Canada's leading privately owned healthcare real estate companies. The scope of its business includes real estate development, ownership and management, in Canada and internationally with a significant focus on the healthcare sector. As at June 30, 2013, NWVP indirectly owned approximately 87% of the outstanding Trust Units (approximately 60% on a fully-diluted basis). Principals of NWVP serve as officers and a trustee of the REIT.

HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2013

Closing of Over-Allotment Option on December 2012 Equity Offering of Trust Units

On January 14, 2013, the REIT announced that pursuant to its December 20, 2012 equity offering of 12,500,000 Trust Units of the REIT, the underwriters exercised their overallotment option and completed their purchase of 850,900 additional Trust Units of the REIT at a price of $2.00 per Trust Unit for additional gross proceeds of $1,701,800

Distribution Reinvestment Plan

On January 23, 2013, the REIT implemented a distribution reinvestment plan (the "**DRIP**"). Eligible unitholders (which will include holders of Class B LP Units) that elect to participate in the DRIP will have their cash distributions used to purchase units of the REIT and will also receive a "bonus distribution" of units equal in value to 3% of each distribution. The REIT may initially issue up to 10,000,000 Trust Units under the DRIP. The REIT may increase the number of Trust Units available to be issued under the DRIP at any time in its discretion subject to (a) the approval of the REIT's board of trustees, (b) the approval of any stock exchange upon which the Trust Units trade, and (c) public disclosure of such increase.

Issuance of $22.6 million , 6.5% Convertible Debentures

On March 25, 2013, the REIT completed the issuance of $20,000,000 aggregate principal amount of unsecured convertible subordinated debentures (the "**Debentures**"). The Debentures bear interest at 6.50% per annum, payable semi-annually on September 30 and March 31 each year, and mature on March 31, 2018.

On April 3, 2013, the REIT issued an additional $2,600,000 of Debentures in connection with the exercise of the overallotment option related to the Debenture issuance.

Acquisition of Fulda

On March 31, 2013, the REIT completed the acquisition of Medicum Muensterfeld ("**Fulda**"), a newly constructed medical office complex located in Fulda, Germany for $19,680,000, subject to customary closing adjustments. The investment was partially funded by a new $11,875,500 five year mortgage at a fixed interest rate of 2.37% with a 40 year amortization period.

Acquisition of Investment in NWHP REIT

Pursuant to the exercise of a put right held by NWVP under the Put/Call Agreement, the REIT indirectly acquired an approximate 26% interest in NWHP REIT from NWVP and affiliates. The interest acquired by the REIT consists of 4,345,900 units of NWHP REIT and 7,551,546 class B limited partnership units of NHP Holdings Limited Partnership ("NHP LP"), which are exchangeable for trust units of NWHP REIT.

The purchase price for the interest in NWHP REIT was $157,284,236 ($13.22/unit). In connection with the completion of the transactions contemplated by the Put/Call Agreement, NWVP settled $15,000,000 of obligations that had previously been owing to the REIT. As a result, the net consideration payable to NWVP was $142,284,236, which was financed by (a) the issuance of 36,637,245 Class B LP Units of NWI Healthcare Properties LP, a subsidiary of the Trust, at a deemed price of $1.87 per unit ($68,511,648) and (b) the assumption of estimated existing debt ($73,772,588).

ASSETS OF THE REIT

Summary

The following table highlights certain information about the REIT's assets as at June 30, 2013:

TABLE 2 - SUMMARY OF ASSETS

Property	Date Acquired	Year Built	Approximate Area (sf)	# of Tenants	Occupancy %	WALE [1]
Brazil						
Sabará Children's Hospital	Nov 16 2012	2010	104,915	1	100.0%	11.3
Hospital e Maternedade Brasil	Dec 27 2012	1970 - 2007	342,000	1	100.0%	24.5
			446,915	**2**	**100.0%**	**21.4**
Germany						
Adlershof 1	Nov 16 2012	2004	57,603	34	100.0%	2.5
Adlershof 2	Nov 16 2012	2010	48,539	15	96.5%	6.6
Berlin Neukölln	Nov 16 2012	2000	36,371	13	94.9%	2.5
Königs Wusterhausen 1	Nov 16 2012	2001	39,429	24	87.7%	2.9
Marktredwitz	Nov 16 2012	2008	47,215	12	96.7%	5.1
Fulda	Mar 31 2013	2008	99,515	38	100.0%	6.8
			328,673	**136**	**97.0%**	**4.8**
Australiasia - Vital Interest [2]			**1,244,513**	**108**	**99.5%**	**11.8**
Canada - NWHP REIT Interest [3]			**4,602,212**	**1,563**	**91.6%**	**4.7**
Portfolio Totals / Weighted Averages [2]			**6,622,313**	**1,809**	**93.9%**	**7.2**

Notes
(1) As at June 30, 2013. Weighted average lease expiry in years.
(2) Represents 100% of Vital Trust. The REIT has an exposure to an approximate 20% interest in Vital Trust.
(3) Represents 100% of NWHP REIT. The REIT has an exposure to an approximate 26% interest in NWHP REIT.

Australasia – Exposure to Vital Trust

The REIT's investments in Australasia are held through its strategic shareholding by way of exposure to an equity interest in Vital Trust. Table 2 above highlights certain information about Vital Trust as at June 30, 2013, on a 100% basis; noting, however, that the REIT has exposure to an approximate 20% interest in Vital Trust.

Overview of Vital Trust

Vital Trust is a New Zealand Stock Exchange (**"NZSX"**) listed investment fund that invests in high-quality health and medical-related properties in New Zealand and Australia. As at June 30, 2013, Vital Trust owned a portfolio of 24 properties in New Zealand and Australia. Approximately 75% of Vital Trust's property portfolio is located in Australia with the remaining 25% located in New Zealand. Across both regions, Vital Trust's portfolio is tenanted by hospital and healthcare operators who provide a wide range of medical and health services.

On August 22, 2013 Vital Trust reported its audited results for the twelve months ended June 30, 2013. During the period Vital Trust increased its net property income by 21% to NZ$57.9 million. The increase was primarily attributable to NZ$37.0 million of accretive acquisitions and NZ$41.7 million of accretive hospital redevelopments which have enhanced the quality of Vital Trust's portfolio and are averaging annual rental yields of approximately 10%. In addition, Vital Trust completed 107 rent reviews during the 12 months ended June 30, 2013 with an average 1.7% rental rate increase. Vital Trust's portfolio occupancy increased from 99.3% to 99.5% from June 30, 2012 to June 30, 2013, respectively.

The REIT's interest in Vital Trust

During the three months ended June 30, 2013, the REIT acquired an additional 71,673 Vital Trust units on the open market, increasing its interest in Vital Trust to 61,478,485 units or approximately 20.02% as at June 30, 2013.

On April 1, 2013, the REIT announced its intention to increase its interest in Vital Trust to slightly less than 25% through the acquisition of up to 15,352,830 additional units of Vital Trust in the open market over the New Zealand Stock Exchange ("NZSX").

At June 30, 2013, a significant portion of the REIT's interest in Vital Trust (61,406,812 units) is held primarily through a global master securities lending agreement (the "Vital SLA") as described in further detail below.

Vital Management Rights

Pursuant to a service agreement entered into in connection with the acquisition of the Initial International Assets, (a) affiliates of NWVP have agreed to pay, in consideration for certain management services rendered, a subsidiary of the REIT a management fee participation equal to the difference between all management fees paid by Vital Trust to NWVP or any of its wholly-owned subsidiaries and the amount that Vital Trust would have paid had it been wholly-owned and subject to the asset management fee arrangements of the REIT, and (b) the REIT will be indirectly entitled to direct NWVP, subject to NWVP's fiduciary duties, with respect to any control or direction rights of NWVP has pursuant to agreements entered into with Vital Trust (together, the "**Vital Management Rights**").The purpose of the Vital Management Rights is to provide the REIT with any incremental economic benefit that may be associated with the current management arrangements currently in place between NWVP and Vital Trust.

Brazil – Long term net leases to private hospital operators

Sabará Children's Hospital

The Sabará Children's Hospital, located in São Paulo, is a 104,915 square foot private hospital facility. The facility is leased for 15 years (11 years remaining) and operated by a single tenant, Hospital Sabará (the "**Sabará Tenant**"), who uses the property to operate one of the region's largest private children's hospitals.

Hospital e Maternedade Brasil ("HMB")

HMB, located in a Santo Andre – a suburb of Sao Paulo, is a 342,000 square feet full-service hospital with 305 beds. The facility is leased for 25 years (24 years remaining) and operated by a single tenant, Rede D'Or Sao Luiz, a privately owned Brazilian hospital operator with 26 hospitals across the country.

Germany – Initial focus on medical office buildings

Adlershof 1

Adlershof 1 is a five storey, purpose built medical office building completed in 2004. The fully occupied building has a gross leasable area (including storage) of 57,603 square feet and offers 34 below grade parking stalls. A large atrium invites visitors to the ground floor where tenant signage identifying a wide range of medical/dental service providers and a pharmacy is located. Adlershof is a district in the Berlin borough of Treptow-Köpenik, an area commonly known as the "city of science, technology and media".

Adlershof 2

Adlershof 2 is a four storey, purpose built medical office building directly adjacent to Adlershof 1 which was completed in 2010. The 96% occupied building has a gross leasable area (including storage) of 48,539 square feet and offers 66 below grade parking stalls. A ground floor physiotherapy tenant includes a swimming pool as well as a private elevator and staircase to the second floor demise. A large atrium invites visitors to the ground floor where tenant signage reflecting a wide range of medical/dental service providers can be found.

Berlin Neukölln

Berlin Neukölln is a six storey terraced building with prominent corner location completed in 2000. The 95% occupied building has a gross leasable area (including storage) of 36,366 square feet and underground parking for 10 vehicles. Tenants include a wide range of medical service providers including a ground floor pharmacy. The property is located in Neukölln, one of the 12 boroughs of Berlin in the southeastern part of the city.

Königs Wusterhausen 1

Königs Wusterhausen 1 comprises a three storey (with additional attic space), detached, purpose built medical office building completed in 2001. The fully let building has a gross leasable area (including storage) of 39,429 square feet. An underground garage park contains 66 stalls. Tenants include a range of medical service providers as well as municipal agencies and legal practices. The property is located in Königs Wusterhausen, a town in the Dahme-Spreewald district of the state of Brandenburg.

Marktredwitz

Marktredwitz is a three storey, detached, purpose built medical office building completed in 2008. The fully occupied building has a gross leasable area (including storage) of 47,215 square feet and 13 exterior covered parking stalls. The ground floor includes retail and conference centre space, the second storey is leased to a dialysis clinic and the third storey is leased to various medical tenants. Marktredwitz is a town in the district of Wunsiedel, in Bavaria, southeast Germany.

Fulda

Fulda is a newly constructed medical office complex located in Fulda, Germany, approximately 100km northeast of Frankfurt, Germany. At approximately 98,990 square feet, Fulda is 100% occupied with a diversified tenant base focused on healthcare related users and orthapedic services which benefit from the building's close proximity to the Klinikum Fulda – one of region's leading hospitals.

Canada – Exposure to NWHP REIT

The REIT's investments in Canada are held through its strategic shareholding by way of exposure to an equity interest in NWHP REIT. Table 2 above highlights certain information about NWHP REIT as at June 30, 2013, on a 100% basis; noting, however, that the REIT has exposure to an approximate 26% interest in NWHP REIT.

Overview of NWHP REIT

NWHP REIT is a Toronto Stock Exchange (**"TSX"**) listed investment trust and is Canada's largest non-government owner and manager of medical office buildings and healthcare facilities. As at June 30, 2013, NWHP REIT owned a portfolio of 77 properties located in seven provinces of Canada. The NWHP REIT portfolio has a well-diversified tenant profile, reflecting an attractive mix of healthcare-related tenants, including regional health authorities, primary care networks, family health teams, medical and diagnostic imaging clinics, medical practitioners, pharmacies and laboratories, as well as institutional and non-healthcare tenants.

On August 14, 2013, NWHP REIT reported its interim results for the three and six months ended June 30, 2013. For the three months ended June 30, 2013, NWHP REIT reported $20.2 million of net operating income, which represents a 12.1% increase over the prior year. The increase was primarily attributable to approximately $130 million of accretive acquisitions during the period as well as a 1.1% increase in same property net operating income. NWHP REIT's portfolio occupancy increased from 91.1% to 91.6% from June 30, 2012 to June 30, 2013, respectively.

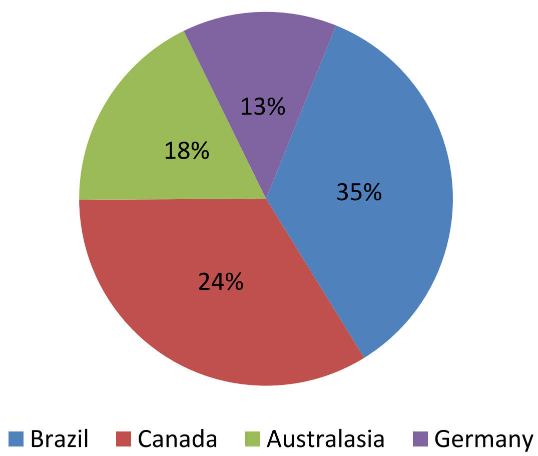
The REIT's interest in NWHP REIT

On June 21, 2013, pursuant to the exercise of a put right held by NWVP under the Put/Call Agreement, the REIT indirectly acquired an approximate 26% interest in NWHP REIT from NWVP and affiliates. The interest acquired by the REIT consists of 4,345,900 units of NWHP REIT and 7,551,546 class B limited partnership units of NHP LP, which are exchangeable for trust units of NWHP REIT.

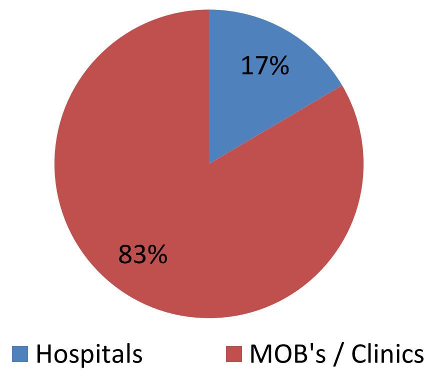
Diversification of Assets

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

Geographic Profile by Investment Value



Asset Mix by Number of Properties



Notes:

- As at June 30, 2013
- Australasia statistics represent 100% of Vital Trust. The REIT has an exposure to an approximate 20% interest in Vital Trust.
- Canada statistics represent 100% of NWHP REIT. The REIT has an exposure to an approximate 26% interest in NWHP REIT.

Geographic Diversification

The REIT aims to provide its investors with a well-diversified portfolio of healthcare real estate located in cities such as: Auckland (NZ), Berlin (Germany), Calgary (Canada), Edmonton (Canada), Halifax (Canada), Melbourne (Australia), Montreal (Canada), Quebec City (Canada), Sao Paulo (Brazil), Sydney (Australia) and Toronto (Canada).

Asset Mix

The REIT's asset mix can be broadly categorized into hospitals and medical office buildings / clinics. A brief summary of each asset type is below:

Hospitals:

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

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

Medical office buildings (“MOB”):

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

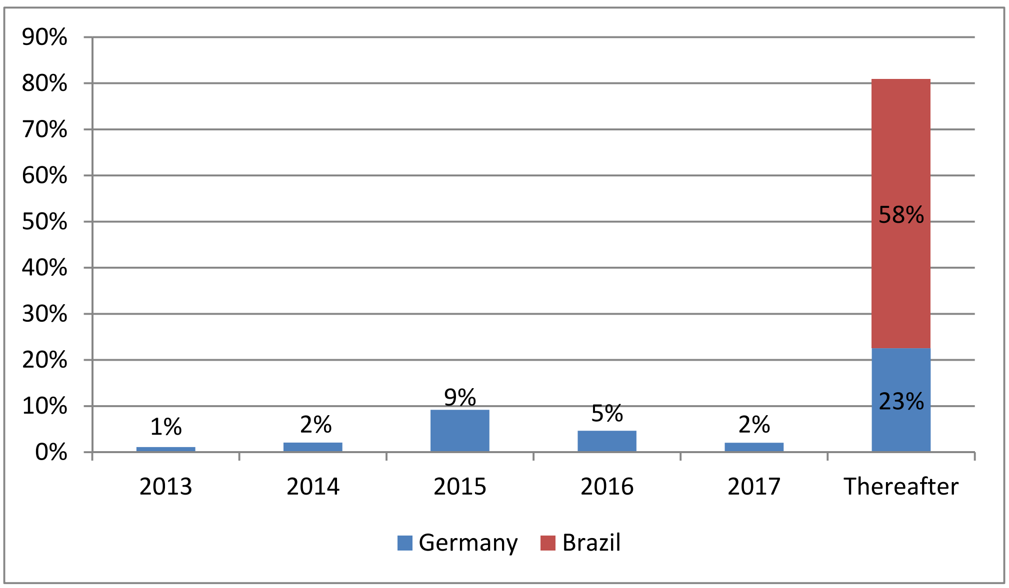
MOB’s are similar to commercial office buildings and are typically multi-tenant properties and are primarily leased to necessity based healthcare providers.

As at June 30, 2013 and including the REIT’s interest in Vital Trust and NWHP REIT on a 100% basis, the REIT has interests in 18 hospitals and 91 medical office buildings.

Lease Maturities

As at June 30, 2013 and including the REIT’s interest in Vital Trust and NWHP REIT on a 100% basis, the REIT’s asset diversification is complemented by a long term maturity profile, with a weighted average lease expiry of 7.2 years. A summary of lease expiries in respect of the REIT’s direct property holdings in Brazil and Germany is presented below:

Lease Maturities by Year (as a % of GLA)



Notes:
- As at June 30, 2013
- Excludes the REIT’s interest in Vital Trust and NWHP REIT

As illustrated above, an average of 3.8% of the GLA related to the REIT’s direct property holdings in Brazil and Germany is maturing each year, between 2013 and 2017. In addition to the strong lease profile, the REIT’s investment in Vital Trust and NWHP REIT are underpinned by weighted average lease expiries of 11.8 years and 4.7 years, respectively. In respect of Vital Trust, 1.6% of its portfolio income is subject to lease expiry over the next twelve months and an average of 2.1% expiring each year for the four years thereafter. NWHP REIT’s maturity profile reflects the shorter term nature of MOB tenants as opposed to larger hospital tenants embedded within the Vital Trust portfolio. NWHP REIT’s diverse tenant base is complemented by a balanced lease maturity profile, with an average of 13% of its GLA maturing each year between 2013 and 2017.

The REIT’s longer term lease expiries primarily relate to its two hospital properties in Brazil. The Sabará Children’s Hospital and Hospital e Maternedade Brasil, are each occupied by single tenants that are leading hospital operators and have leases expiring on September 30, 2024 and December 31, 2037, respectively.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

TABLE 5 - FINANCIAL HIGHLIGHTS

	As at Jun. 30, 2013	As at Dec. 31, 2012
Operational Information [(1)]		
Number of Properties	109	31
Gross Leasable Area ("GLA") (sf)	6,622,313	1,873,571
Occupancy %	93.9%	99.5%
Summary of Financial Information		
Gross Book Value [(2)]	$ 517,126,358	$ 349,554,285
Debt [(3)]	$ 221,559,933	$ 116,497,806
Debt to Gross Book Value	42.8%	33.3%
Percentage of Mortgages and Loans Payable at Fixed Rates	86.3%	70.9%
Weighted-Average Interest Rate on Fixed Rate Mortgages and Loans	4.93%	5.50%
Adjusted Units Outstanding - period end [(4)]		
Basic	136,541,650	98,541,704
Diluted	144,471,470	98,541,704
	For the three months ended Jun. 30, 2013	**For the six months ended Jun. 30, 2013**
Operating Results		
Net Income / (Loss)	$ 4,168,473	$ 15,770,307
NOI from Continuing Operations [(5)]	$ 4,545,692	$ 8,888,755
Funds From Operations ("FFO") [(6)]	$ 3,656,092	$ 7,352,307
Adjusted Funds From Operations ("AFFO") [(5)]	$ 4,820,943	$ 9,520,754
Distributions [(5)]	$ 4,561,054	$ 8,537,106
Per Unit Amounts [(4)]		
FFO per unit - Basic	$ 0.035	$ 0.073
FFO per unit - Adjusted fully diluted	$ 0.033	$ 0.070
AFFO per unit - Basic	$ 0.047	$ 0.094
AFFO per unit - Adjusted fully diluted	$ 0.043	$ 0.090
Distributions per unit	$ 0.040	$ 0.080
Adjusted Weighted Average Units Outstanding [(4)]		
Basic	103,506,424	101,400,822
Diluted	111,416,194	105,648,954

Notes

(1) Operational information includes 100% of Vital Trust and NWHP REIT. The REIT has an exposure to an approximate 20% interest in Vital Trust and approximate 26% interest in NWHP REIT.

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

(3) Debt is defined as mortgages and loans payable, including Debentures and excluding Class B Units and deferred financing charges.

(4) Under IFRS the REIT's Class B Exchangeable Units are treated as a financial liability rather than equity. As is permitted under IFRS the REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B Exchangeable Units in basic and diluted units outstanding/weighted average units outstanding. There were 91,068,320 Class B LP Exchangeable Units outstanding as at June 30, 2012 and 55,944,444 Class B Exchangeable LP Units outstanding at December 31, 2012.

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

(6) 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.

SUBSEQUENT EVENTS

Issuance of $17.5 million, 7.5% Convertible Debentures

On August 12, 2013, the REIT announced it reached an agreement with a syndicate of underwriters to issue $17,500,000 aggregate principal amount of 7.5% convertible unsecured subordinated debentures on a bought deal basis (the "Offering"). The Offering closed on August 29, 2013.

Increase Interest in Vital to approximately 22.68%

Subsequent to June 30, 2013, the REIT indirectly acquired 2,780,321 Vital Trust units in open market purchases for total consideration of approximately $3,200,000 (NZ$3,800,000) at an average price of $1.15 (NZ$1.38) per unit.

On August 23, 2013, Vital Trust completed a rights offering (the "Vital Rights Offering") and raised approximately $32,900,000 (NZ$39,100,000) of additional equity. Pursuant to the Vital Rights Offering, Vital Trust issued an additional 30,704,892 trust units at a price of $1.07 (NZ$1.275) per trust unit. The REIT indirectly acquired 12,357,577 Vital Trust units in conjunction with the Vital Rights Offering for total consideration of approximately $13,500,000 (NZ$16,100,000), which includes the cost of the additional 3,524,087 rights acquired on the open market.

As a consequence of the open market purchases and acquisition of Vital Trust units in conjunction with the Rights Offering, as of August 29, 2013, the REIT indirectly owns 76,616,383 Vital Trust units or 22.68% of the Vital Trust's outstanding units.

New Financing Arrangements Related to the REIT's Investment in Vital Trust

Macquarie Capital Markets Canada Ltd

On August 21, 2013, the REIT increased is borrowing facility under the Macquarie SLA. The REIT drew approximately $10,100,000 (NZ$12,000,000) against the facility to fund its acquisition of Vital Trust units under the Vital Rights Offering. The increase in the Macquarie facility matures in March 2014. As at August 29, 2013, the REIT has pledged 74,088,882 Vital Trust units as collateral for the borrowing facility.

Bank of New Zealand

On August 23, 2013, in conjunction with its participation in the Vital Rights Offering, the REIT entered into a financing arrangement with the Bank of New Zealand ("BNZ"). The BNZ lending facility provides for a maximum loan of approximately $10,500,000 (NZ$12,500,000) at the NZ benchmark rate plus 110 bps and matures in August 2018. As of August 29, 2013, the REIT has drawn approximately $1,300,000 (NZ$1,600,000) against the facility and has pledged 2,527,501 Vital Trust units as collateral against the facility.

PART III – RESULTS FROM OPERATIONS

The following discussion of the REIT's results from operations for the three and six months ended June 30, 2013 will focus primarily on its continuing operations related to the international assets.

NET INCOME

The following is a summary of selected financial information from the consolidated statements of operations for the three and six months ended June 30, 2013 and June 30, 2012.

TABLE 6 - RESULTS FROM OPERATIONS

	Three months ended		Six months ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Net Operating Income [1]				
Revenue from investment properties	$ 5,040,841	$ -	$ 9,756,059	$ -
Property operating costs	(495,149)	-	(867,304)	-
	4,545,692	**-**	**8,888,755**	**-**
Other income				
Share of profit from associates	2,420,961	-	3,777,782	-
Management fee participation	410,367	-	810,245	-
Interest income	849,834	3,530	1,177,967	5,308
	3,681,162	**3,530**	**5,765,994**	**5,308**
	8,226,854	**3,530**	**14,654,749**	**5,308**
Other expenses				
Mortgage and loan interest expense	(2,128,851)	-	(3,778,351)	-
General and administrative expense	(865,015)	(296,134)	(1,196,036)	(775,364)
Transaction costs	(389,319)	162,592	(468,182)	(259,204)
Finance costs	(17,127,168)	(275,426)	(13,170,139)	(292,187)
Foreign exchange gain	1,150,983	-	72,187	-
Amortization of intangible asset	(390,319)	-	(780,638)	-
Income / (Loss) before the undernoted items	**(11,522,835)**	**(405,438)**	**(4,666,410)**	**(1,321,447)**
Other fair value losses	(12,025)	(847,669)	(3,700)	(357,373)
Fair value adjustment of investment properties	(16,014)	-	(886,774)	-
Gain on derivative finacial instrument	16,621,050	-	23,083,107	-
Income / (Loss) before taxes	**5,070,176**	**(1,253,107)**	**17,526,223**	**(1,678,820)**
Income tax expense	(901,703)	-	(1,755,916)	-
Net Income / (Loss) from continuing operations	**4,168,473**	**(1,253,107)**	**15,770,307**	**(1,678,820)**
Net income from discontinued operations	-	3,543,513	-	5,507,056
Net Income / (Loss)	**$ 4,168,473**	**$ 2,290,406**	**$ 15,770,307**	**$ 3,828,236**

Notes

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

Revenue from investment properties

Revenue from investment properties for the three months ended June 30, 2013 was $5,040,841 and for the six months ended June 30, 2013 was $9,756,059, (for the three and six months ended June 30, 2012 – nil), which relates to the REIT's properties in Germany and Brazil.

For the three months ended June 30, 2013 revenue from investment properties from the German and Brazilian properties was $1,321,788 and $3,719,053 respectively (for the six months ended June 30, 2013 - $2,195,400 and $7,560,660). Revenue from Sabará Children's Hospital in Brazil of $549,420 for the three months ended June 30, 2013 ($1,150,066 for the six months ended June 30, 2013) includes the amortization of deferred revenue in the amount of $335,799 (for the six months ended June 30, 2013 - $712,735), which represents the securitized portion of rents recognized into income on a straight line basis. Effective April 1, 2013, the tenant at Sabará Children's

Hospital received their annual indexation adjustment notice which resulted in an increase to their annual rent by 6.31% from the prior year.

Revenue from HMB in Brazil was $3,169,633 for the three months ended June 30, 2013 ($6,410,594 for the six months ended June 30, 2013).

Property operating costs

Property operating costs for the three months ended June 30, 2013 were $495,149 and for the six months ended June 30, 2013 were $867,304 (for the three and six months ended June 30, 2012 – nil), which relates to the REIT's properties in Germany and Brazil.

For the three months ended June 30, 2013, property operating costs from the German and Brazilian properties were $359,404 and $135,745 respectively (for the six months ended June 30, 2013 - $591,340 and $275,964).

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

In Brazil, property operating costs are comprised of social taxes levied on revenues. The nature of the leases in Brazil is such that the tenant is responsible for all operating costs of the property.

Share of profit / (loss) of associates

The share of profit of associates relates to the REIT's investments in Vital Trust and NWHP REIT and represents its proportionate share of the underlying net income.

The share of profit of associates related to the REIT's investment in NWHP REIT (acquired on June 21, 2013), for the three months and six ended June 30, 2013, only reflects results for the 10 days from June 21 to June 30, 2013.

During the three months ended June 30, 2013, the REIT received cash distributions of $964,167 from Vital Trust and $793,135 from NWHP REIT. The distributions from NWHP REIT represent only 1 month of distributions for the three months ended June 30, 2013.

During the six months ended June 30, 2013, the REIT received distributions of $1,961,840 from Vital Trust, of which $964,167 were received in cash and the remaining $997,673 were taken through the Vital Trust's Distribution Reinvestment Plan ("DRP"). During the six months ended June 30, 2013, the distributions from NWHP REIT of $793,135 were received in cash. The distributions from NWHP REIT represent only 1 month of distributions for the six months ended June 30, 2013.

The REIT accounts for its approximate 20% ownership of Vital Trust and 26% ownership of NWHP REIT using the equity method. During the three months ended June 30, 2013, the REIT recorded equity income from Vital Trust of $2,020,636 and $400,326 of equity income from NWHP REIT. For the six months ended June 30, 2013, the REIT recorded income from associates of $3,377,456 and $400,326 from Vital Trust and NWHP REIT respectively.

Management fee participation

The management fee participation relates to its Vital Management Rights, which provide the REIT with any incremental economic benefit that may be associated with the management arrangements in place between affiliates of NWVP and Vital Trust.

During the three and six months ended June 30, 2013, the REIT earned $410,367 and $810,245 respectively, in respect of the incremental economic benefit related to its Vital Management Rights.

During the three months ended June 30, 2013, $344,453 ($687,419 for the six months ended June 30, 2013) of the management fee participation related to the variance in base fees paid by the REIT and those paid by Vital Trust.

The remaining $65,931 ($122,826 for the six months ended June 30, 2013) of management fee participation revenue related to activity based fees from development fees paid by Vital Trust.

Interest income

Interest income represents amounts earned on cash balances, the promissory note receivable and the instalment note receivable. For the three and six months ended June 30, 2013, the REIT recorded interest income of $849,834 and $1,177,967 respectively. For the three and six months ended June 30, 2012, the REIT recorded interest income of $3,530 and 5,308 respectively.

The increase in interest income from 2012 to 2013 is a result of the interest earned on the note receivable from a subsidiary of NWVP for the three months ended June 30, 2013 in the amount of $266,302 (for the six months ended June 30, 2013 - $562,192). In connection with the completion of the acquisition of the investment in NWHP REIT, NWVP settled the promissory note in full on June 21, 2013.

To provide the REIT with an effective economic return on the working capital and closing adjustment receivable, NWVP agreed to pay interest of $550,000, which has also been recorded in interest income for the three and six months ended June 30, 2013.

During the three months ended June 30, 2013, the REIT also recorded $15,446 (six months ended June 30, 2013 - $40,638) of accretion income on the instalment note from NWVP.

Mortgage and loan interest expense

Mortgage and loan interest expense for the three and six months ended June 30, 2013 was $2,128,851 and $3,778,351 respectively (for the three and six months ended June 30, 2012 – nil).

For the three months ended June 30, 2013 interest on the mortgages on the German properties was $254,005 (six months ended June 30, 2013 - $439,583). As at June 30, 2013, the weighted average effective interest rate on the German properties was 2.58%.

The REIT incurred interest of $339,599 on the Vital SLA and $1,011,940 on the term loan on HMB during the three months ended June 30, 2013 ($725,442 and $2,062,840 respectively for the six months ended June 30, 2013).

For the three and six months ended June 30, 2013, the REIT accrued interest of $365,318 and $390,249 on the Debentures which bear interest at 6.5% per annum, payable semi-annually on September 30 and March 31 each year.

On June 21, 2013 as a result of the acquisition of the investment in NWHP REIT, the REIT assumed debt of $73,722,588 in the form of various revolving margin facilities with two separate financial institutions. Interest on the margin facilities is calculated daily and ranges from 4.25% to 10.75% per annum, with a weighted average interest rate of 7.93% as at June 30, 2013. Interest incurred for the three and six months ended June 30, 2013 on the margin facilities associated with the investment in NWHP REIT was $160,237. As part of the acquisition of the investment in NWHP REIT, NWVP has committed, by means of a capital contribution, that the effective interest rate payable by the REIT on the assumed margin facilities shall not exceed (a) 4.25% for the balance of 2013, and (b) 6.00% for the first three months of 2014, which has been recorded as a receivable from NWVP at the date of acquisition of the investment in NWHP REIT.

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2013 were $865,015 versus $296,134 in the comparable period in 2012. The increase of $568,881 primarily related to asset management fees of $458,011 which were not incurred in 2012 and higher legal and audit fees relating to the change in the nature and size of the business of the REIT from 2012 to 2013.

For the six months ended June 30, 2013 general and administrative expenses were $1,196,036, as compared to $775,364 for the six months ended June 30, 2012. The increase of $420,672 primarily related to asset management fees of $900,295 higher legal and audit fees relating to the change in the nature and size of the business of the REIT from 2012 to 2013, however was offset by an adjustment of $500,000 in respect of travel and other out of pocket costs from the Asset Manager.

Transaction Costs

For the three and six months ended June 30, 2013 the REIT incurred $389,319 and $468,182 respectively of transaction costs primary related to the closing of the REIT's acquisition of the Initial International Assets from NWVP. The transaction costs incurred during the three months ended June 30, 2013 were a result of an adjustment for working capital related to the sale of the REIT's Former Canadian MOB Portfolio.

Transaction costs incurred in the three months ended June 30, 2012 were in a credit position as a result of a reimbursement received from NWVP related to the REIT's consideration of the proposed strategic transaction with NWVP.

Finance Costs

Finance costs for the three and six months ended June 30, 2013 and 2012 consisted of the following:

TABLE 7 - FINANCE COSTS				
	Three months ended		**Six months ended**	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Distributions on Class B LP Units	$ 2,665,873	$ 3,801	$ 4,883,583	$ 13,937
Loss on revaluation of financial liabilities	1,192,257	-	2,842,651	-
Amortization of deferred financing costs	68,139	-	135,763	-
Fair value adjustment of convertible debentures	(1,796,700)	-	(1,796,700)	-
Convertible debenture issuance costs	1,693,228	-	1,693,228	-
Class B LP Uunits – Fair value adjustment	13,304,371	271,625	5,411,614	278,250
Total Finance Costs	**$ 17,127,168**	**$ 275,426**	**$ 13,170,139**	**$ 292,187**

Distributions on Class B LP Units

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 six months ended June 30, 2013, the REIT made distributions of $2,665,873 and $4,883,583 respectively on the Class B LP units ($3,800 and $13,937 for the three and six months ended June 30, 2012).

Loss on revaluation of financial liabilities

On maturity, the principal balance of both the term loan and holdback payable (included in deferred consideration) will be adjusted by the inflation rate from the date of inception of these liabilities to their respective maturities. For the three and six months ended June 30, 2013, accretion expense of $1,192,257 and $2,842,651 respectively was recorded to account for the related inflation adjustment to the term loan and holdback payable for the period.

Amortization of deferred financing costs

Included in Finance Costs is amortization of deferred financing costs incurred to arrange mortgage or equity financing. For the three and six months ended June 30, 2013, amortization of deferred financing costs totaled $68,139 and $135,762 respectively.

Fair value adjustment of convertible debentures

Under IFRS, convertible debentures are carried at fair value. The fair value of the Debentures mirrors the trading price of the REIT's listed Debentures. From issuance on March 25, 2013 to June 30, 2013, the trading price of the Debentures decreased from $1,000 to $920.50 per debenture. For the three and six months ended June 30, 2013, this change in the trading price of the Debentures resulted in a gain of $1,796,700.

Convertible debenture issuance costs

Included in finance costs for the three and six months ended June 30, 2013 are costs related to the issuance of the Debentures which totaled $1,693,228.

Class B LP Units – Fair value adjustment

The Class B LP units, under IFRS, are carried at fair value. The fair value of the Class B LP units mirrors the trading price of the REIT's listed units. The trading price of the REIT's Trust Units decreased from $2.05 per unit at December 31, 2012 to $1.91 per unit at March 31, 2013 and then increased to $2.04 at June 30, 2013.

On June 21, 2013, there were 36,637,245 Class B LP units issued at a price of $1.87 per unit as consideration for the investment in NWHP REIT. For the three months ended June 30, 2013 value of the Class B LP liability increased by $13,304,371, reflecting the increase in the trading price of the REIT's Trust Units during the period. During the six months ended the value of the Class B LP liability increased by $5,411,614 reflecting the decrease in the trading price of the REIT's Trust units by $0.01, offset by the increase in the fair value of the Class B LP units issued at $1.87 to the trading price of the REIT's Trust units at June 30, 2013 of $2.04.

Other Fair Value Losses

Other fair value losses are comprised of losses related to the changes in the fair value of the Unit-based compensation liability associated with the Deferred Unit Plan units, incentive unit options, and warrants.

Total other fair value losses for the three months ended June 30, 2013 were $12,025 (for the three months ended June 30, 2012 $847,669). For the six months ended June 30, 2013, the total fair value losses were $3,700 ($357,373 for the six months ended June 30, 2012). The decrease during both the three months and six months ended June 30, 2013 was a result of the significant reduction in the outstanding incentive unit options, warrants and Deferred Unit Plan units as a consequence of the acquisition by NWVP in May 2012.

Fair Value Adjustment of Investment Properties

For the three months ended June 30, 2013, the REIT recorded a fair value loss of $16,014 related to its investment properties (for the six months ended June 30, 2013 - $886,774). As a result of the REIT`s acquisition of the Fulda property on March 31, 2013, the REIT incurred transaction costs, which were capitalized to investment properties and subsequently written off. For the three and six months ended June 30, 2013, the fair value losses recognized on investment properties primarily related to the transaction costs incurred on the Fulda acquisition.

Gain / (Loss) on Derivative Financial Instrument

In conjunction with the acquisition of the Initial International Assets, the REIT entered into a Put/Call Agreement with NWVP with respect to securities of NWHP REIT owned by NWVP.

At December 31, 2012 and March 31, 2013, the Put/Call Agreement was a derivative financial instrument in a net liability position on the statement of financial position. The Put/Call rights were initially measured at fair value based on the Black-Scholes option pricing model. Subsequent changes in the fair values were recognized through the consolidated statement of comprehensive income / (loss).

On June 21, 2013, the REIT's acquisition of the investment in NWHP REIT closed, and as a result, the derivative financial liability related to the Put/Call Agreement was settled. For the three months ended June 30, 2013, this resulted in a gain of $16,621,050 related to the settlement of the derivative financial instrument (for the six months ended - $23,083,107). As at June 30, 2013, 602,554 Option Units under to the Put/Call Agreement remain outstanding.

FUNDS FROM OPERATIONS ("FFO")

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

TABLE 8 - FUNDS FROM OPERATIONS

		Three months ended		Six months ended	
		June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Net Income		$ 4,168,473	$ 2,290,406	$ 15,770,307	$ 3,828,236
Add / (Deduct):					
(i)	Fair market value gains	(5,085,339)	(1,554,104)	(18,577,718)	(3,240,676)
(ii)	Finance cost - Class B exchangeable unit distributions	2,665,873	23,657	4,883,583	57,043
(iii)	Revaluation of financial liabilities	1,192,257	-	2,842,651	-
(iv)	Foreign exchange	(1,150,983)	-	(72,187)	-
(v)	Deferred taxes	492,992	-	932,992	-
(vi)	Strategic transaction costs	389,319	-	468,182	-
(vii)	Convertible debenture issuance costs	1,693,228	-	1,693,228	-
(viii)	Net adjustments for equity accounted entities	(709,729)	-	(588,731)	-
Funds From Operations ("FFO") (1)		**$ 3,656,092**	**$ 759,959**	**$ 7,352,307**	**$ 644,603**
FFO per Unit - Basic		$ 0.035	$ 0.041	$ 0.073	$ 0.033
FFO per Unit - Adjusted and fully diluted		$ 0.033	$ 0.041	$ 0.070	$ 0.033
Adjusted weighted average units outstanding: (2)					
Basic		103,506,424	18,647,389	101,400,822	19,433,242
Diluted		111,416,194	18,647,389	105,648,954	19,433,242

Notes

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

(2) Under IFRS the REIT's Class B Exchangeable Units are treated as a financial liability. As permitted under IFRS the REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B Exchangeable Units in basic and diluted units outstanding/weighted average units outstanding. There were 91,068,320 Class B LP Exchangeable Units outstanding as at June 30, 2012 and nil Class B Exchangeable LP Units outstanding at June 30, 2012.

For the three and six months ended June 30, 2013 the REIT's FFO per unit reflects the operations of the international assets and excludes any results from the REIT's Former Canadian MOB Portfolio.

FFO per unit of $0.035 for the three months ended June 30, 2013 does not include a full quarter impact of the acquisition of NWHP REIT, which occurred on June 21, 2013. Management expects the NWHP REIT acquisition will normalize as the REIT continues to (i) season its operations, (ii) deploy excess liquidity and (iii) realize the results from its recent acquisitions.

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

(i) Fair market value (gains) / losses

For the three months ended June 30, 2013 fair market value gains comprised of (a) $16,621,050 fair value gain on derivative financial instruments; (b) $13,316,396 fair value loss on Class B exchangeable units and unit based compensation liabilities; (c) $16,014 fair value loss on investment properties; and (d) $1,796,700 fair value gain on the convertible debentures.

For the six months ended June 30, 2013 fair market value gains comprised of (a) $23,083,107 fair value gain on derivative financial instruments; (b) $5,415,314 fair value loss on Class B exchangeable units and unit based compensation liabilities; (c) $886,774 fair value loss on investment properties; and (d) $1,796,700 fair value gain on the convertible debentures.

Additional details are below:

(a) Derivative financial instruments

Under IFRS certain derivative financial instruments with non-cash settlements are classified as assets or liabilities and any related unrealized fair value changes in re-measuring the derivative financial instrument impact net income. Consistent with RealPac guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to derivative financial instruments have been added back to the REIT's net income.

(b) Class B LP Units and unit based compensation liabilities

Under IFRS the REIT's Class B LP Units and unit based compensation liabilities are classified as financial liabilities and any related unrealized fair value changes in re-measuring the financial liability impact net income. Consistent with RealPac guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to Class B LP units and unit based compensation liabilities have been added back to the REIT's net income.

(c) Investment properties

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

(d) Convertible debentures

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

(ii) Finance cost – Class B LP Unit distributions

Under IFRS the REIT's Class B LP Units are classified as financial liabilities and any related distributions on the Class B Units are regarded as an interest expense. Consistent with RealPac guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, distributions related to the Class B LP Units have been added back to the REIT's net income.

(iii) Revaluation of financial liabilities

On maturity, the principal balance of both the term loan and holdback payable (included in deferred consideration) will be adjusted by the inflation rate from the date of inception of these liabilities to their respective maturities. For the three months ended June 30, 2013, accretion expense of $1,192,257 (for the six months ended June 30, 2013 - $2,842,651) was recorded to account for the related inflation adjustment to the term loan and holdback payable for the period.

(iv) Foreign exchange losses

Under IFRS, financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing balance sheet rate. The REIT's foreign exchange loss for the period relates to the revaluation of the Vital SLA which is denominated in New Zealand dollars. Consistent with RealPac guidance, the foreign exchange loss on the Vital SLA (the REIT's indebtedness on the Vital Trust Units) has been added back to the REIT's net income, as it relates to a loan that arises due to the REIT's interest in a foreign operation (Vital Trust).

(v) Deferred taxes

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

(vi) Strategic transaction costs

Under IFRS the REIT expensed non-recurring strategic transaction costs related to its reconfiguration to focus on International Assets. The strategic and non-recurring nature of these costs is akin to those of a business combination. To allow for consistent treatment of transaction costs and to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, strategic transaction costs related to the REIT's reconfiguration have been added back to net income.

(vii) Convertible debenture issuance costs

Under IFRS the REIT expensed the costs related to the issuance of the Debentures. Consistent with RealPac guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, these non-recurring finance costs related to the issuance of the Debentures, have been added back to the REIT's net income.

(viii) Net adjustments for equity accounted entities

Under IFRS the REIT's investment in associates, which currently represents an approximate 20.02% direct and indirect interest in Vital Trust and an approximate 26% interest in NWHP REIT, are accounted for using the equity method of accounting. As such, the REIT's share of its associates' post acquisition net income / (loss) is recognized in its net income / (loss), and its share of post-acquisition movements in other comprehensive income / (loss) is recognized in other comprehensive income / (loss). Consistent with RealPac guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, the REIT's share of its associates' post acquisition net income / (loss) has been added back to net income and FFO is presented after including the REIT's proportionate share of the associates' FFO.

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

TABLE 9 - NET ADJUSTMENTS FOR EQUITY ACCOUNTED ENTITIES

		Three months ended June 30, 2013		Six months ended June 30, 2013
Vital Trust - FFO [(1)(2)]	$	6,918,297	$	14,388,404
average % of Vital Trust owned during the period		20%		20%
Vital Trust Proportionate FFO	**$**	**1,384,804**	**$**	**2,862,623**
NWHP REIT - FFO [(2)(3)]	$	1,267,912	$	1,267,912
average % of NWHP REIT owned during the period		26%		26%
NWHP REIT Proportionate FFO	**$**	**326,428**	**$**	**326,428**
Funds From Operations from Associates ("FFO") [(2)]	**$**	**1,711,232**	**$**	**3,189,051**
Less: Share of income of associates		(2,420,961)		(3,777,782)
Net adjustments for equity accounted entities	**$**	**(709,729)**	**$**	**(588,731)**

Notes

(1) Represents the gross distributable income as reported by Vital Trust for the year ended June 30, 2012 as per Note 9 of Vital Trust's audited consolidated financial statements less the gross distributable income for the six months ended December 31, 2012 as reported in Vital Trust's unaudited interim consolidated financial statements, converted to CAD at an average rate of 0.84.

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

(3) Represents the FFO as reported by NWHP REIT for the three months ended June 30, 2013, in NWHP REIT's Q2 2013 MDA of $11,538,000, prorated for the 10 day period from June 21 to June 30, 2013 to represent the income attributable to the period from acquisition by the REIT.

For the three months ended June 30, 2013, the REIT has included $1,384,804 ($2,862,623 for the six months ended June 30, 2013) of FFO related to its approximate 20% proportionate direct and indirect interest in Vital Trust.

For the three and six months ended June 30, 2013, the REIT has included $326,428 of FFO related to its approximate 26% proportionate interest in NWHP REIT. This FFO adjustment represents the proportionate FFO reported by NWHP REIT, prorated for the 10 day period from June 21 to June 30, 2013.

ADJUSTED FUNDS FROM OPERATIONS (“AFFO”)

AFFO is a supplemental non-IFRS industry wide financial measure of a REIT’s operating performance. The REIT calculates AFFO as FFO, subject to certain adjustments as detailed below. Other adjustments may be made to AFFO as determined by the Trustees in their discretion.

TABLE 10 - ADJUSTED FUNDS FROM OPERATIONS

	Three months ended		Six months ended	
	June 30, 2013 (Unaudited)	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)	June 30, 2012 (Unaudited)
Funds From Operations ("FFO") [(1)]	$ 3,656,092	$ 759,959	$ 7,352,307	$ 644,603
Add / (Deduct):				
(i) Asset management fees to be paid in units	465,460	-	900,295	-
(ii) Amortization of intangible asset	390,319	-	780,638	-
(iii) Instalment note	215,480	-	421,214	-
(iv) Interest rate subsidy	74,338	-	74,338	-
(v) Amortization of deferred financing charges	68,138	16,160	135,763	29,410
(vi) Straight line revenue	(34,627)	11,796	(108,894)	24,697
(vii) Actual capex and leasing costs from continuing operations	(14,257)	(142,914)	(34,907)	(276,759)
(viii) Amortization of leasing costs and tenant inducements	-	4,872	-	8,889
(iv) Unit-based compensation expense	-	-	-	298,000
Adjusted Funds From Operations ("AFFO") [(1)]	**$ 4,820,943**	**$ 649,873**	**$ 9,520,754**	**$ 728,840**
AFFO per Unit - Basic	$ 0.047	$ 0.035	$ 0.094	$ 0.038
AFFO per Unit - Adjusted and fully diluted	$ 0.043	$ 0.035	$ 0.090	$ 0.038
Adjusted weighted average units outstanding: [(2)]				
Basic	103,506,424	18,647,389	101,400,822	19,433,242
Diluted	111,416,194	18,647,389	105,648,954	19,433,242

Notes

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

(2) Under IFRS the REIT’s Class B Exchangeable Units are treated as a financial liability. As permitted under IFRS the REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B Exchangeable Units in basic and diluted units outstanding/weighted average units outstanding. There were 91,068,320 Class B LP Exchangeable Units outstanding as at June 30, 2012 and nil Class B Exchangeable LP Units outstanding at June 30, 2012.

For the three and six months ended June 30, 2013 the REIT’s AFFO per unit reflects the operations of the international assets and excludes any results from the REIT’s Former Canadian MOB Portfolio.

AFFO per unit of $0.047 for the three months ended June 30, 2013 does not include a full quarter impact of the acquisition of NWHP REIT, which occurred on June 21, 2013. Management expects the NWHP REIT acquisition will normalize as the REIT continues to (i) season its operations, (ii) deploy excess liquidity and (iii) realize the results from its recent acquisitions.

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

(i) Asset management fees to be paid in units

As part of the REIT’s external asset management arrangements, the Asset Manager has the option to receive its fees in Trust Units. To account for the non-cash nature of the asset management fees paid in Trust Units, the REIT has included an adjustment in AFFO.

(ii) Amortization of intangible asset

Under IFRS, the REIT has recorded $390,319 for the three months ended June 30 ($780,638 for the six months ended June 30, 2013) of amortization related to Vital Management Rights. As amortization is non-cash, the REIT has included an adjustment in AFFO.

(iii) Instalment note

As part of the REIT's acquisition of the Initial International Assets, NWVP agreed to provide an effective interest rate subsidy on the securitization facility related to the Sabara Children's Hospital to reduce the in place interest rate of 9.25% plus IPCA (the consumer price inflation measure used by the Central Bank of Brazil for guiding monetary policy) to 8%.

Under IFRS, payments received in relation to the instalment note decrease the REIT's instalment note receivable. To account for the economic impact of the reduced rate on the securitization facility related to the Sabara Children's Hospital, the REIT includes an accrual of the cash received in respect of the instalment note in AFFO.

(iv) Interest rate subsidy

As part of the acquisition of the investment in NWHP REIT, NWVP has committed, by means of a capital contribution, that the effective interest rate payable by the REIT on the assumed margin facilities shall not exceed (a) 4.25% for the balance of 2013, and (b) 6.00% for the first three months of 2014.

Under IFRS, at the date of acquisition the present value of the interest rate subsidy was $1,873,898 and has been recorded as a receivable from NWVP, and subsequent cash payments by NWVP will be recorded as a reduction of the receivable balance. To account for the economic impact of the reduced rate on the margin facilities related to the investment in NWHP REIT, the REIT includes an accrual of the cash received in respect of the interest rate subsidy in AFFO.

(v) Amortization of deferred financing charges

Under IFRS, the REIT has recorded amortization of $68,138 for the three months ended June 30 ($135,763 for the six months ended June 30, 2013) of amortization related to deferred financing charged. As amortization is non-cash, the REIT has included an adjustment in AFFO.

(vi) Straight line revenue

Under IFRS, the REIT has recorded deferred revenue in respect of the securitization facility related to the Sabara Children's Hospital, which is amortized into income over the remaining term of the lease. To account for the actual revenue received and to eliminate any principal repayment components on the securitization, the REIT includes an adjustment in AFFO.

For the three months ended June 30, 2013 the REIT recorded $549,420 (six months ended June 30, 2013- $1,150,066) in deferred revenue related to Sabara Children's Hospital, while the actual rent received less interest on the securitization totaled $514,793 (for the six months ended June 30, 2013 - $1,041,172) . As such the REIT has reduced IFRS net income by $34,627 in AFFO ($108,894 for the six months ended June 30, 2013).

(vii) Actual capital expenditures and leasing costs

For the three and six months ended June 30, 2013 the REIT incurred $14,257 and $21,826 respectively of non-recoverable capital expenditures related to the parking garage at Königs Wusterhausen 1.

(viii) Amortization of leasing costs and tenant inducements

For the three and six months ended June 30, 2013 the REIT did not amortize any leasing costs or tenant inducements.

(ix) Unit-based compensation expense

For the three and six months ended June 30, 2013 the REIT did not incur any unit-based compensation expenses.

DISTRIBUTIONS

For the three months ended June 30, 2013, the REIT paid a total of $3,891,677 in distributions, reflecting an annualized distribution rate of $0.16 per unit per annum. Distributions to Unitholders over the last twelve months are summarized below:

TABLE 11 - MONTHLY DISTRIBUTIONS

	Jun-13	May-13	Apr-13	Mar-13	Feb-13	Jan-13	Dec-12	Nov-12	Oct-12	Sep-12	Aug-12	Jul-12
Monthly distribution ($)	0.0133	0.0133	0.0133	0.0133	0.0133	0.0133	0.0133	0.0254	0.0053	0.0053	0.0053	0.0053
Month-end closing price ($)	2.04	2.07	2.06	1.91	2.19	2.15	2.01	2.05	1.95	2.00	1.56	1.80
Date of Record	30-Jun-13	30-May-13	30-Apr-13	31-Mar-13	28-Feb-13	31-Jan-13	31-Dec-12	30-Nov-12	31-Oct-12	28-Sep-12	31-Aug-12	31-Jul-12
Date Paid	15-Jul-13	17-Jun-13	15-May-13	15-Apr-13	15-Mar-13	15-Feb-13	15-Jan-13	17-Dec-12	15-Nov-12	15-Oct-12	16-Sep-12	15-Aug-12

During the three and six months ended June 30, 2013, a total of 43,735 and 54,809 trust units were issued under the DRIP respectively.

QUARTERLY PERFORMANCE

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

TABLE 12 - QUARTERLY PERFORMANCE

	Q2-13	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11
Summary of Financial information								
Gross Book Value	$ 517,126,358	$ 380,465,079	$ 349,554,285	$ 88,473,236	$ 88,517,393	$ 75,705,892	$ 63,709,964	$ 56,733,443
Debt (1)	$ 221,559,933	$ 147,430,845	$ 116,497,806	$ 48,163,959	$ 47,571,759	$ 42,689,621	$ 32,398,102	$ 25,687,323
Debt to Gross Book Value (2)	42.8%	38.8%	33.3%	54.4%	53.7%	56.4%	50.9%	45.3%
Operating results								
Net income / (loss)	$ 4,168,473	$ 11,601,834	$ (33,968,406)	$ (2,343,296)	$ 2,290,406	$ 1,537,830	$ 60,314	$ 2,529,368
NOI from Continuing Operations (3)	$ 4,545,692	$ 4,343,063	$ 1,117,774	$ -	$ -	$ -	$ -	$ -
NOI from Discontinued Operations (3)	$ -	$ -	$ -	$ 1,407,008	$ 1,453,069	$ 1,291,973	$ 992,481	$ 803,411
FFO (3)	$ 3,656,092	$ 3,696,216	$ 1,636,707	$ 574,588	$ 759,959	$ (138,606)	$ (17,232)	$ 250,315
AFFO (3)	$ 4,820,943	$ 4,699,810	$ 1,959,356	$ 450,657	$ 649,873	$ 55,717	$ 317,313	$ 192,154
Distributions (4)	$ 4,561,054	$ 3,976,052	$ 3,608,382	$ 323,546	$ 319,183	$ 237,469	$ 237,469	$ 237,469
Per Unit amounts								
FFO per unit - Basic	$ 0.035	$ 0.037	$ 0.019	$ 0.028	$ 0.041	$ (0.009)	$ (0.001)	$ 0.016
FFO per unit - Adjusted and fully diluted	$ 0.033	$ 0.037	$ 0.019	$ 0.028	$ 0.041	$ (0.009)	$ (0.001)	$ 0.016
AFFO per unit - Basic	$ 0.047	$ 0.047	$ 0.022	$ 0.022	$ 0.035	$ 0.004	$ 0.020	$ 0.012
AFFO per unit - Adjusted and fully diluted	$ 0.043	$ 0.047	$ 0.022	$ 0.022	$ 0.035	$ 0.004	$ 0.020	$ 0.012
Distributions	$ 0.040	$ 0.040	$ 0.040	$ 0.016	$ 0.017	$ 0.015	$ 0.015	$ 0.015
Adjusted Weighted Average units outstanding (5)								
Basic	103,506,424	99,271,825	87,400,400	20,219,095	18,647,389	15,520,847	15,520,847	15,520,847
Diluted	111,416,194	99,817,634	87,400,400	20,219,095	18,647,389	15,520,847	15,520,847	15,520,847

Notes

(1) Excludes deferred consideration of $28,750,841 related to the HMB acquisition.
(2) Defined as total debt excluding Class B Exchangeable Units, divided by total assets
(3) NOI, FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. NOI, FFO and AFFO as computed by the REIT may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to NOI, FFO and AFFO as reported by other such issuers. These terms are defined in this MD&A and reconciled to the consolidated financial statements of the REIT.
(4) 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 and are paid on or around the 15th day of the following month.
(5) Under IFRS the REIT's Class B Exchangeable Units are treated as a financial liability. As permitted under IFRS the REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B Exchangeable Units in basic and diluted units outstanding/weighted average units outstanding. There were 91,068,320 Class B LP Exchangeable Units outstanding as at June 30, 2012 and nil Class B Exchangeable LP Units outstanding at June 30, 2012.

PART IV – CAPITALIZATION AND LIQUIDITY

INVESTMENT PROPERTIES

As at June 30, 2013 the REIT's investment properties comprised of international healthcare real estate assets. The fair value of investment properties as at June 30, 2013 was $223,284,721 representing an implied weighted average capitalization rate of 9.30% (as at Dec. 31, 2012 - 9.55%).

TABLE 13 - INVESTMENT PROPERTIES		
	Jun. 30, 2013	**Dec. 31, 2012**
Opening Balance	$ 205,502,477	$ 61,332,333
Acquisition of Initial International Assets	-	87,005,450
Acquisitions of investment properties	19,513,141	128,212,296
Addition to investment properties	36,082	-
Fair value gain / (loss)	(886,774)	(11,128,994)
Foreign currency translation	(880,205)	1,413,725
Discountinued operations	-	(61,332,333)
Closing Balance	**$ 223,284,721**	**$ 205,502,477**

On March 31, 2013 the REIT acquired the Fulda Property for $19,513,141, which included $842,216 of transaction costs. During the six months ended June 30, 2013, the value of investment properties decreased by $880,205 attributable to the strengthening of the Euro and offset by the weakening of the Brazilian Real relative to the Canadian dollar and decreased by $886,774 primarily attributable to the transaction costs capitalized on acquisition of the Fulda Property.

The fair values of the investment properties at June 30, 2013 and December 31, 2012 were determined based on internal valuation models incorporating available market evidence. Estimates and assumptions used in determining the fair value of the investment properties include capitalization rates, inflation rates, vacancy rates, and property level net operating income.

CAPITAL STRUCTURE

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

The 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 June 30, 2013 and December 31, 2012:

TABLE 14 - CAPITAL STRUCTURE		
	Jun. 30, 2013	**Dec. 31, 2012**
Mortgages and loans payable	$ 200,756,633	$ 116,497,806
Convertible debentures	20,803,300	-
Class B LP unit liability	185,779,373	114,686,110
Unit-based compensation liability	188,698	184,998
Unitholders Equity	58,291,893	42,095,940
Total Capitalization	**$ 465,819,897**	**$ 273,464,854**

Equity

For the three months ended June 30, 2013 the number of Class B LP Units outstanding increased from 54,431,075 to 91,068,320. The increase in Class B LP units was a result of 36,637,245 Class B LP units being issued as consideration for the acquisition of the investment in NWHP REIT on June 21, 2013.

For the six months ended June 30, 2013 the number of Class B LP Units outstanding increased by 35,123,876, as a result of the issuance of 36,637,245 Class B LP units as consideration for the acquisition of the investment in NWHP REIT on June 21, 2013, which was offset by the conversion of 1,513,369 Class B LP units into Trust Units at a cost of $2,830,000 on March 11, 2013.

For the three months ended June 30, 2013 the number of Trust Units outstanding increased from 44,972,603 to 45,473,330. The increase in Trust Units was a result of (i) the issuance of 456,992 Trust units in June 2013 for gross proceeds of $900,295 which were used to settle the outstanding Asset Management fees payable to a subsidiary of NWVP; and (ii) the issuance of 43,735 Trust Units under the REIT's DRIP on at a cost of $85,226.

For the six months ended June 30, 2013 the number of Trust Units outstanding increased from 42,597,260 to 45,473,330. The increase in Trust Units was a result of (i) the issuance of 850,900 Trust units on January 14, 2013 for gross proceeds of $1,701,800 before transaction costs of $304,310; (ii)1,513,396 Class B LP units being converted into 1,513,369 REIT units at a cost of $2,830,000 on March 11, 2013; (iii) the issuance of 456,992 Trust Units in June 2013 for gross proceeds of $900,295 which were used to settle the outstanding Asset Management fees payable to a subsidiary of NWVP; and (iv) the issuance of 53,809 Trust Units under the REIT's DRIP on at a cost of $106,958.

Liabilities

The following table summarizes the mortgages and loans payable by region as at June 30, 2013:

TABLE 15 - DEBT

	As at June 30, 2013	Weighted average interest rate	Maturity
Brazil - Loans	$ 61,003,074	6.60%	December 2014
Australiasia - Vital SLA	26,228,639	5.15%	November 2013
Germany - Loans & Mortgages	39,752,332	2.58%	June 2017 - March 2018
Total Mortgages and Loans Payable	**126,984,045**	**5.04%**	
Canada - Converible debentures	20,803,300	6.50%	March 2018
Canada - Margin facilities	73,772,588	7.93%	October 2013 - March 2014
Total Debt	**$ 221,559,933**	**6.14%**	

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

Brazil – Loans:

On December 27, 2012, in connection with the REIT's acquisition of HMB, the REIT entered into a new term loan facility in the amount of $60,737,500 at an effective interest rate of 6.60% for a two year term. The term loan is secured by the future rents of the HMB Property and the REIT has the right to prepay the term loan subject to yield maintenance.

On maturity, the principal balance of the term loan will be adjusted by IPCA (the consumer price inflation measure used by the Central Bank of Brazil for guiding monetary policy). For the three and six months ended June 30, 2013, accretion expense of $1,192,257 was recorded to account for the related IPCA adjustment for the period (for the six months ended June 30, 2013 - $2,842,651).

Australasia – Vital SLA:

On November 22, 2012, NWI Healthcare Properties LP ("NWI LP"), a subsidiary of the REIT, entered into a Global Master Securities Lending Agreement (the "**Vital SLA**") with a Canadian financial institution (the "**SLA Counterparty**").

The Vital SLA is due to terminate on November 15, 2013 (or any earlier date agreed by the parties). Both the NWI LP and the SLA Counterparty may, at their option, terminate the Vital SLA at any time before that date (subject, in the case of the SLA Counterparty, to giving not less than 30 days prior notice to the REIT). On termination of the Vital SLA, the SLA Counterparty is generally required to deliver to the REIT a number of units in Vital Trust equal to the number of units subject to the SLA, and the REIT is required to repay the SLA Collateral.

The obligations of the NWI LP in respect of Vital SLA have been guaranteed by the REIT pursuant to a Deed of Guarantee and Indemnity entered into by the REIT and the SLA Counterparty.

During the three months ended June 30, 2013 an additional 71,673 units of Vital Trust with a cost of $79,543 were acquired using advances from the SLA. Interest on the SLA paid using further advances from the SLA for the three months ended June 30, 2013 was $361,568.

During the six months ended June 30, 2013, the REIT repaid $5,000,000 in respect of its obligation under the SLA. During the six months ended June 30, 2013 an additional 1,094,204 units of Vital Trust with a cost of $1,295,174 were acquired using advances from the SLA. Interest on the SLA paid using further advances from the SLA for the six months ended June 30, 2013 was $764,637.

The REIT pays interest on the SLA Collateral it holds to the SLA Counterparty at a rate that fluctuates with the New Zealand dollar LIBOR rate. As at June 30, 2013 the interest rate was 5.15%

Germany – Loans & Mortgages:

Upon acquisition of Fulda, the REIT obtained new mortgage financing of $11,804,379 (net of transaction costs of $71,121) with a five year term, a fixed interest rate of 2.37% per annum and a 40 year amortization period.

As at June 30, 2013, loans and mortgages related to the REIT's investment properties in Germany comprised of (i) $35,447,337 fixed rate mortgages maturing in November 2017 with an effective interest rate of 2.46% per annum; (ii) $4,544,918 of floating maturing March 2018 with an effective interest rate of 3.50% per annum, and; (iii) $36,826 operating line of credit with an effective interest rate of 6.00% per annum.

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

Margin facilities

The debt assumed on acquisition of the interest in NWHP REIT consists of various revolving margin facilities with two separate financial institutions. The margin facilities allow the REIT to borrow funds against the market value of the units of NWHP REIT. The REIT has pledged all of the units it acquired of NWHP REIT as security for the margin facilities.

Interest on the margin facilities is calculated daily and ranges from 4.25% to 10.75% per annum. As part of the acquisition, NWVP has committed, by means of a capital contribution, that the effective interest rate payable by the REIT on the assumed margin facilities shall not exceed (a) 4.25% for the balance of 2013, and (b) 6.00% for the first three months of 2014, which has been recorded as a receivable from NWVP at the date of acquisition of the investment in NWHP REIT..

The margin facilities expire between October 18, 2013 and March 31, 2014.

LIQUIDITY AND CASH RESOURCES

Cash resources and Liquidity

TABLE 16 - CASH AND LIQUIDITY	**As at Jun. 30, 2013**	**As at Dec. 31, 2012**
Cash	$ 3,718,316	$ 3,749,911
Undrawn revolving credit facility	-	-
Total	**$ 3,718,316**	**$ 3,749,911**

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 is the source of liquidity to service debt (except maturing debt), sustain capital expenditures, leasing costs and unit distributions.

Contractual cash flows

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

The following table sets out the REIT's contractual cash flows as at June 30, 2013:

TABLE 17 - CONTRACTUAL CASH FLOWS

	Carrying amount	Contractual cash flow	2013	2014	2015	2016	2017	Thereafter
Accounts payable and accrued liabilities	$ 4,109,356	$ 4,109,356	$ 4,109,356	$ -	$ -	$ -	$ -	$ -
Distributions payable	606,341	606,341	606,341	-	-	-	-	-
Income tax payable	442,159	442,159	442,159	-	-	-	-	-
Deferred consideration	28,750,841	28,750,841	28,258,022	492,819	-	-	-	-
Convertible debenture	20,803,300	29,945,000	734,500	1,469,000	1,469,000	1,469,000	1,469,000	23,334,500
Mortgages and loans payable	200,756,633	211,025,698	29,195,866	141,118,981	1,966,342	1,953,492	33,384,670	3,406,346
Total	**$ 255,468,630**	**$ 274,879,395**	**$ 63,346,244**	**$ 143,080,800**	**$ 3,435,342**	**$ 3,422,492**	**$ 34,853,670**	**$ 26,740,846**

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 and entering into of additional credit facilities.

Changes in Cash

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

TABLE 18 - NET CHANGE IN CASH

	Three months ended		Six months ended	
	June 30, 2013 (Unaudited)	**June 30, 2012 (Unaudited)**	**June 30, 2013 (Unaudited)**	**June 30, 2012 (Unaudited)**
Cash provided by / (used in):				
Operating activities				
Continuing operations	$ (3,465,776)	$ (4,744,489)	$ (3,934,349)	$ (4,951,876)
Discontinued operations	-	2,021,833	-	2,809,054
Net cash from operating activities	**(3,465,776)**	**(2,722,656)**	**(3,934,349)**	**(2,142,822)**
Investing activities				
Continuing operations	1,581,393	-	(19,302,302)	-
Discontinued operations	-	(2,806,601)	-	(6,062,430)
Net cash from investment activities	**1,581,393**	**(2,806,601)**	**(19,302,302)**	**(6,062,430)**
Financing activities				
Continuing operations	(927,949)	3,910,260	23,184,636	3,682,926
Discontinued operations	-	666,608	-	3,160,778
Net cash from financing activities	**(927,949)**	**4,576,868**	**23,184,636**	**6,843,704**
Net increase / (decrease) in cash during the period	**(2,812,332)**	**(952,389)**	**(52,015)**	**(1,361,548)**
Net increase (decrease) in cash from:				
Continuing operations	(2,812,332)	(834,229)	(52,015)	(1,268,950)
Discontinuing operations	-	(118,160)	-	(92,598)
Effect of foreign currency translation	(66,010)	-	20,420	-
Net increase / (decrease) in cash during the period	**$ (2,878,342)**	**$ (952,389)**	**$ (31,595)**	**$ (1,361,548)**

Details on the cash used as part of continuing operations are below:

Operating activities

Cash used in operating activities totaled $3,465,776 and $2,722,656 for the three months ended June 30, 2013 and 2012 respectively. Operating cash flow from continuing operations increased in the 2013 as compared to as a result of the cash flow generated from the international assets which did not exist during in 2012. During the 2013, Class B LP distributions increased significantly as compared to the comparable period in 2012. The increase in distributions paid on Class B LP units is a result of the additional Class B LP Units issued to acquire the Initial International

Assets (October 1, 2012) and the investment in NWHP REIT (June 21, 2013).

Investing activities

Cash generated from investing activities totaled $1,581,393 for the three months ended June 30, 2013, reflecting the acquisition of the cash distributions received from Vital Trust and NWHP REIT offset by the acquisition of additional units of Vital Trust.

Cash used in investing activities totaled $19,302,302 for the six months ended June 30, 2013, reflecting acquisition of Fulda and additional units of Vital Trust, offset by the cash distributions received from Vital Trust and NWHP REIT.

Financing activities

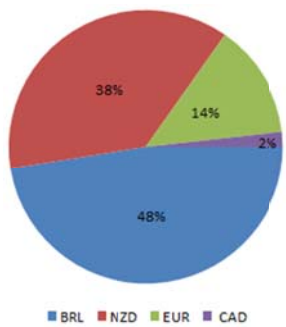
Cash used in financing activities totaled $927,949 for the three months ended June 30, 2013 as compared to cash generated from financing activities of $4,576,868 during the three months ended June 30, 2012. During the three months ended June 30, 2013 the REIT raised $5,000,378 of cash through issuing a combination of Trust Units and Debentures as compared to only $4,193,704 in the three months ended June 30, 2012. During the three months ended June 30, 2013, the REIT paid $1,764,184 of deferred consideration related to the acquisition of HMB, made net advances of $2,626,307 to NWVP and affiliates in connection with its role as Asset Manager, and paid distributions on its Trust Units of $1,714,326. During the three months ended June 30, 2012, the REIT's only other financing activity was the payment of distributions on its Trust Units of $283,444.

Cash generated from financing activities totaled $23,184,636 for the six months ended June 30, 2013 as compared to cash generated from financing activities of $6,843,704 during the six months ended June 30, 2012. During the six months ended June 30, 2013 the REIT raised $24,897,785 of cash through issuing a combination of Trust Units and Debentures as compared to only $4,193,704 in the six months ended June 30, 2012. During the six months ended June 30, 2013, the REIT obtained additional mortgage financing of $11,896,800 to fund the acquisition of Fulda, paid $2,836,293 of deferred consideration related to the acquisition of HMB, made net advances of $3,419,963 to NWVP and affiliates in connection with its role as Asset Manager, and paid distributions on its Trust Units of $3,419,262. During the six months ended June 30, 2012, the REIT's only other financing activity was the payment of distributions on its Trust Units of $510,778.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three months ended June 30, 2013, approximately 98% of the REIT's investments and operations were conducted in currencies other than Canadian dollars, while its distributions to Unitholders, certain general and administrative expenses, interest expenses and interest income were denominated in Canadian dollars. A summary of the REIT's currency exposure for the three months ended June 30, 2013 is presented below:

AFFO by Currency (1) (2)



Trading Range (1) (3)

(Against CAD)	BRL	EUR	NZD
High	0.5297	1.3772	0.8730
Low	0.4615	1.2887	0.8017
Average	0.5003	1.3346	0.8408
Balance Sheet:			
December 31, 2012	0.5037	1.3071	0.8518
June 30, 2013	0.4762	1.3676	0.8150
Profit & Loss:			
Weighted Avg.	0.5003	1.3346	0.8408

Notes:
1. For the three months ended June 30, 2013
2. Includes Canadian Dollar AFFO of $85,817 related to the REIT's proportionate share of AFFO from NWHP REIT and interest income less certain general and administrative expenses
3. Trading ranges and profit and loss rates are for the six months ended June 30, 2013. Rates are presented against the Canadian Dollar.

For the three months ended June 30, 2013, all of the AFFO generated in foreign currencies was retained in those foreign currencies to provide funds for operations, future acquisitions in those foreign jurisdictions and minimize currency conversion costs. A significant portion of the funds raised in Canadian dollars from the equity and convertible debenture offerings were converted into foreign currencies to fund acquisitions in foreign jurisdictions.

For the three months ended June 30, 2013, AFFO generated in Canadian dollars totaled $85,817, while Canadian dollar distributions paid to Unitholders totaled $3,891,677. Any deficiencies were funded from the proceeds of the equity and convertible debenture offerings.

As at June 30, 2013 the REIT held approximately $32.8 million of cash and receivables denominated in Canadian Dollars.

The REIT monitors its foreign exchange exposure and its hedging strategy on an ongoing basis. The REIT intends to maintain a hedging policy to mitigate the impact of foreign currency fluctuations and to provide more certainty regarding the payment of distributions to Unitholders if the Canadian dollar increases in value compared to foreign currencies. The REIT's hedging policy could include natural currency hedges as well as implementing specific foreign currency hedging transactions. The REIT does not currently have any specific foreign currency hedging transactions in place.

PART V – RELATED PARTY TRANSACTIONS

RELATED PARTIES TO THE CONTINUING OPERATIONS

a) As at June 30, 2013, NWVP indirectly owned approximately 87% of the outstanding Trust Units (approximately 60% 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 and the Chairman of the Board of Trustees of NWHP REIT.

b) On November 16, 2012 with an effective date of October 1, 2012 the REIT acquired the Initial International Assets from NWVP and affiliates. In conjunction with the acquisition of the Initial International Assets, the REIT entered into a Put/Call Agreement. Pursuant to the Put/Call Agreement, the REIT has granted NWVP the right (the "Put Right") to sell to the REIT any or all of up to 12,500,000 NWHP trust units and/or securities exchangeable trust units ("Option Units") held by NWVP to the REIT. NWVP has granted the REIT the right (the "Call Right") to acquire any or all of the Option Units. The Put/Call Agreement specifies the price at which the Option Units may be purchased/sold and the put/call rights expire on November 16, 2014. On June 21, 2013, the REIT acquired 11,897,446 Option Units under the Put/Call Agreement. As at June 30, 2013, there remain put/call rights in respect of 602,554 Option Units under to the Put/Call Agreement.

c) The REIT and its affiliates entered into a series of agreements with affiliates of NWVP, whereby such affiliates have agreed to act as Property Manager, Asset Manager and Development Manager for the REIT.

   The Asset Manager is entitled to receive a base annual management fee calculated and payable on a monthly basis, equal to 0.50% of the sum of (a) the historical purchase price of the REIT's assets, and (b) the cost of any capital expenditures incurred by the REIT or its affiliates in respect of the assets subject to the Asset Management Agreement. The foregoing amounts are payable, at the option of the Asset Manager, in either cash, Deferred Units (which would vest immediately), Units or securities of the REIT or its subsidiaries that may be convertible into Units.

   Pursuant to the Asset Management Agreement, the REIT must reimburse the Asset Manager for all reasonable and necessary actual out-of-pocket costs and expenses paid by the Asset Manager in connection with the performance of the services under the Asset Management Agreement, including, but without limitation, the costs and expenses incurred by the Asset Manager for travel, lodging and reasonable and necessary costs for experts and consultants reasonably required by the Asset Manager and approved by the REIT.

   The REIT also entered into an agreement whereby an affiliate of NWVP has agreed to pay the REIT, in consideration for certain management services rendered, a fee equal to the difference between all management fees paid by Vital Trust to NWVP (or any of its wholly-owned subsidiaries) and the amount that Vital Trust would have paid had it been wholly-owned and subject the REIT's Asset Management Agreement described above (the "Management Fee Participation Agreement"). NWVP's management arrangements with Vital Trust currently provide for a base management fee of 0.75% (as opposed to the 0.50% payable under the Asset Management Agreement), as well as an opportunity to earn certain transaction fees and an incentive fee.

The following table summarizes the related party transactions with NWVP and its subsidiaries related to the Asset Management Agreement, Property Management Agreement, Development Agreement and Management Fee Participation Agreement during the three and six months ended June 30, 2013:

	For the three months ended June 30, 2013	For the three months ended June 30, 2012	For the six months ended June 30, 2013	For the six months ended June 30, 2012
Base annual management fees	**$ 465,460**	**$ -**	**$ 900,295**	$ -
Property management fees	**33,629**	**-**	**64,674**	-
Management fee participation fee earned	**(410,366)**	**-**	**(810,245)**	-
Reimbursement for out-of-pocket costs - completed transactions	**-**	**-**	**54,571**	-
Reimbursement for out-of-pocket costs - in-progress transactions	**425,224**	**-**	**425,224**	-
	$ 513,947	$ -	**$ 634,519**	$ -

d) The Asset Manager has agreed to an adjustment of $500,000 for travel and other out of pocket costs for the six months ended June 30, 2013 ($nil for the three months ended June 30, 2013) and it is included as a reduction in general and administrative costs.

e) On November 16, 2012, with an effective date of October 1, 2012, the REIT sold the Existing Portfolio to NWHP REIT. As part of the post-closing adjustment, the REIT has made an accrual of an amount owing NWHP REIT of $488,167 for estimated post-closing working capital related items. During the six months ended June 30, 2013, the REIT made an advance to NWHP REIT of $150,000 to reduce the working capital balance owing. As at June 30, 2013, the remaining amount of $338,167 is included in accounts payable and accrued liabilities.

f) To provide the REIT with an effective economic return on the working capital and closing adjustment receivable, NWVP has agreed to pay interest of $550,000 for the three and six months ended June 30, 2013.

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

PART VI – RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Trust Units and in the activities of the REIT which current and prospective Unitholders should carefully consider. The REIT faces a variety of significant and diverse risks, many of which are inherent in the business conducted by the REIT. The REIT's annual information form dated March 11, 2013 (the "AIF") and audited financial statements and MD&A for the year ended December 31, 2012 (the "2012 Financial and MD&A") each contain a detailed summary of risk factors pertaining to the REIT and its business. There have been no material changes to the nature or the number of risk factors pertaining to the REIT since the issuance of the 2012 Financials and MD&A. The disclosures in this MD&A are subject to the risk factors outlined in the AIF and the 2012 Financials and MD&A, both of which are available on SEDAR at www.sedar.com.

PART VII – CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of significant accounting policies is described in note 2 of the REIT's condensed consolidated interim financial statements and accompanying notes for the three and six months ended June 30, 2013

The preparation of financial statements in conformity with IFRS requires the REIT to make judgements, estimates, and assumptions that affect the reported amounts recognized in the financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the financial statements. Actual results could differ from estimates. Please refer to note 3 in the REIT's condensed consolidated interim financial statements and accompanying notes for the three and six months ended June 30, 2013, its audited consolidated financial statements and accompanying notes for the year ended December 31, 2012.

For the three and six months ended June 30, 2013 the REIT has applied the following new accounting standards, or amendments to existing standards, for the first time:

- IFRS 7, Financial Instruments: Disclosures
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IAS 28, Investments in Associates and Joint Ventures
- IFRS 13, Fair Value Measurements
- IAS 1, Presentation of Financial Statements

The adoption of these new accounting standards, or amendments, did not have a material impact on the REIT's condensed consolidation interim financial statements. For additional information on the adoption of these standards see note 3 of the REIT's condensed consolidated interim financial statements for the three and six months ended June 30, 2013.

PART VIII – OUTLOOK

During the three and six months ended June 30, 2013, there have not been any material changes to the operating or economic environments in which the REIT operates.

Looking forward, the REIT remains committed to its key 2013 initiatives as outlined below:

1. Continue to enhance our platform and the operational performance where possible;
2. Expand the portfolio and augment its quality through reinvestment in existing assets and acquiring new assets in each of our core markets;
3. Increase investor liquidity by raising new capital and broadening our investor base; and,
4. Increase our profile through measured investor relations and communication strategies.