NORTHWEST INTERNATIONAL HEALTHCARE PROPERTIES
REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Financial Statements
Unaudited

For the Three Months Ended March 31, 2013

NorthWest International Healthcare Properties Real Estate Investment Trust
Condensed Consolidated Interim Statements of Financial Position
Unaudited (Canadian dollars)

As at	**March 31, 2013**	December 31, 2012
Assets		
Investment properties (note 6)	**$ 229,898,041**	$ 205,502,477
Investment in associate (note 7)	**83,032,927**	80,706,461
Intangible asset (note 8)	**15,222,431**	15,612,750
Due from related parties (note 9)	**43,849,149**	42,522,743
Accounts receivable	**763,207**	466,683
Other assets (note 10)	**1,102,667**	993,260
Cash	**6,596,658**	3,749,911
Total assets	**$ 380,465,080**	$ 349,554,285
Liabilities		
Mortgage and loans payable (note 11)	**$ 128,934,570**	$ 116,497,806
Deferred consideration (note 12)	**31,740,854**	30,993,246
Convertible debentures (note 13)	**18,496,275**	-
Deferred revenue (note 14)	**17,481,943**	18,263,895
Deferred tax liability	**504,997**	120,920
Derivative financial instruments (note 15)	**16,621,050**	23,083,107
Income tax payable	**480,014**	-
Accounts payable and accrued liabilities	**3,463,131**	3,060,271
Distributions payable	**599,665**	567,992
	218,322,499	192,587,237
Unit-based compensation liability (note 16)	**176,673**	184,998
Class B LP exchangeable units (note 17)	**103,963,353**	114,686,110
Total liabilities	**322,462,525**	307,458,345
Unitholders' Equity		
Unitholders' equity (note 18)	**58,002,555**	42,095,940
Total liabilities and unitholders' equity	**$ 380,465,080**	$ 349,554,285

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

NorthWest International Healthcare Properties Real Estate Investment Trust
Condensed Consolidated Interim Statements of Income and Comprehensive Income
Unaudited (Canadian dollars)

Three Months Ended March 31,	2013	2012
Net Operating Income		
Revenue from investment properties	$ 4,715,218	$ -
Property operating costs	372,155	-
	4,343,063	-
Other Income		
Interest	328,133	1,778
Management fee participation	399,878	-
Share of profit of associate (note 7)	1,356,821	-
	2,084,832	1,778
Expenses		
Mortgage and loan interest expense	1,649,500	-
General and administrative expenses	331,021	479,230
Transaction costs	78,863	421,796
Amortization of intangibles (note 8)	390,319	-
Foreign exchange loss	1,078,796	-
	3,528,499	901,026
Income (loss) before other finance costs and fair value adjustments	2,899,396	(899,248)
Finance costs:		
Amortization of financing costs	(67,624)	-
Class B LP exchangeable unit distributions	(2,217,710)	(10,136)
Fair value adjustment of Class B exchangeable units	7,892,757	(6,625)
Accretion of financial liabilities (notes 11 and 12)	(1,650,394)	-
Fair value gain on derivative financial instrument (note 15)	6,462,057	-
Fair value loss on revaluation of investment properties (note 6)	(870,760)	-
Other fair value gains (note 19)	8,325	490,296
Income (loss) before taxes and discontinued operations	12,456,047	(425,713)
Current income tax expense	414,213	-
Deferred income tax expense	440,000	-
Net income (loss) from continuing operations	11,601,834	(425,713)
Net income from discontinued operations (note 4)	-	1,963,543
Net income	11,601,834	1,537,830
Other comprehensive income:		
Items that will be reclassified subsequently to income		
Foreign currency translation adjustment	2,013,937	-
Share of other comprehensive loss of associate (note 7)	(209,443)	-
Other comprehensive income, net of tax	1,804,494	-
Total comprehensive income for the period, net of tax	$ 13,406,328	$ 1,537,830

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

NorthWest International Healthcare Properties Real Estate Investment Trust
Condensed Consolidated Interim Statements of Unitholders' Equity
Unaudited (Canadian dollars)

	Trust Unit Equity	Contributed Surplus	Reduction on Reclassification to Liabilities	Cumulative Distributions	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total
Balance, December 31, 2011	**19,916,415**	**-**	**(114,683)**	**(924,190)**	**-**	**7,178,545**	**26,056,087**
Distributions	-	-	-	(227,334)	-	-	(227,334)
Net income for the period	-	-	-	-	-	1,537,830	1,537,830
Balance, March 31, 2012	**$ 19,916,415**	**$ -**	**$ (114,683)**	**$ (1,151,524)**	**$ -**	**$ 8,716,375**	**$ 27,366,583**
Units issued pursuant to rights offering	4,462,244	-	-	-	-	-	4,462,244
Unit issue costs	(268,540)	-	-	-	-	-	(268,540)
Conversion of Class B LP units	1,238,875	-	-	-	-	-	1,238,875
Conversion of Deferred Unit Plan units	1,529,727	-	-	-	-	-	1,529,727
Expiry of warrant liability	-	2,345,022	-	-	-	-	2,345,022
Public offering of units	25,000,000	-	-	-	-	-	25,000,000
Unit issue costs	(2,295,181)	-	-	-	-	-	(2,295,181)
Units issued as consideration	18,472,169	-	-	-	-	-	18,472,169
Distributions	-	-	-	(2,079,496)	-	-	(2,079,496)
Foreign currency translation adjustment	-	-	-	-	454,571	-	454,571
Share of other comprehensive loss of associate	-	-	-	-	(108,737)	-	(108,737)
Net loss for the period	-	-	-	-	-	(34,021,297)	(34,021,297)
Balance, December 31, 2012	**$ 68,055,709**	**$ 2,345,022**	**$ (114,683)**	**$ (3,231,020)**	**$ 345,834**	**$(25,304,922)**	**$ 42,095,940**
Units issued pursuant to equity offering	1,406,897	-	-	-	-	-	1,406,897
Units issued through distribution reinvestment plan	21,732	-	-	-	-	-	21,732
Conversion of Class B LP exchangeable units	2,830,000	-	-	-	-	-	2,830,000
Distributions	-	-	-	(1,758,342)	-	-	(1,758,342)
Foreign currency translation adjustment	-	-	-	-	2,013,937	-	2,013,937
Share of other comprehensive loss of associate	-	-	-	-	(209,443)	-	(209,443)
Net income for the period	-	-	-	-	-	11,601,834	11,601,834
Balance, March 31, 2013	**$ 72,314,338**	**$ 2,345,022**	**$ (114,683)**	**$ (4,989,362)**	**$ 2,150,328**	**$(13,703,088)**	**$ 58,002,555**

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

NorthWest International Healthcare Properties Real Estate Investment Trust
Condensed Consolidated Interim Statements of Cash Flows
Unaudited (Canadian dollars)

Three Months Ended March 31,	2013	2012
Cash provided by (used in):		
Operating activities		
Net income (loss) before tax from continuing operations for the period	**$ 12,456,047**	$ (425,713)
Adjustment for:		
Amortization of intangible asset (note 8)	**390,319**	-
Mortgage and loan interest	**1,649,500**	-
Finance costs		
Amortization of financing charges	**67,624**	-
Class B LP exchangeable unit distributions	**2,217,710**	10,136
Fair value adjustment of Class B exchangeable units	**(7,892,757)**	6,625
Accretion of financial liabilities (notes 11 and 12)	**1,650,394**	-
Share of profit of associate (note 7)	**(1,356,821)**	-
Unrealized foreign exchange loss	**1,083,011**	-
Amortization of deferred revenue	**(1,482,448)**	-
Fair value loss on revaluation of investment properties (note 6)	**870,760**	-
Fair value gain on derivative financial instrument (note 15)	**(6,462,057)**	-
Other fair value gains	**(8,325)**	(490,296)
Unit based compensation expense (note 16)	**-**	298,000
Changes in non-cash working capital balances (note 20)	**(142,330)**	403,997
Cash provided by (used in) operating activities from continuing operations	**3,040,627**	(197,251)
Class B distributions paid	**(2,237,890)**	(10,136)
Income taxes refunded	**4,332**	-
Mortgage and loan interest paid	**(1,275,642)**	-
Net cash used in operating activities from continuing operations	**(468,573)**	(207,387)
Investing activities		
Acquisitions of investment properties (note 5 (a))	**(19,696,411)**	-
Additions to investment properties	**(21,826)**	-
Additions to investment in associate	**(1,165,458)**	-
Cash used in investing activities from continuing operations	**(20,883,695)**	**-**
Financing activities		
Mortgages proceeds	**11,986,800**	-
Proceeds from units issued, net of issue costs	**1,406,897**	-
Issuance of convertible debentures, net of issue costs	**18,490,510**	-
Repayment of mortgages	**(3,727,448)**	-
Payment of deferred consideration	**(1,072,109)**	-
Credit facility advances	**29,957**	-
Financing fees paid	**(113,429)**	-
Advances to related parties	**(1,183,656)**	-
Distributions paid	**(1,704,937)**	(227,334)
Cash provided by (used in) financing activities from continuing operations	**24,112,585**	(227,334)
Net change in cash from continuing operations	**2,760,317**	(434,721)
Effect of foreign currency translation	**86,430**	-
Net change in cash from discontinued operations (note 4)	**-**	25,562
Net change in cash	**2,846,747**	(409,159)
Cash, beginning of period	**3,749,911**	1,700,067
Cash, end of period	**$ 6,596,658**	$ 1,290,908

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

1. Organization of the Real Estate Investment Trust

NorthWest International Healthcare Properties Real Estate Investment Trust (the “REIT”) is an unincorporated open-ended real estate investment trust governed under the laws under 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 (the "Trust Units") trade under the symbol “MOB.UN” on the TSX Venture Exchange (the "TSXV"). The principal, registered and head office of the REIT is located at 284 King Street East, Toronto, Ontario M5A 1K4.

NorthWest Value Partners Inc. (“NWVP”) acquired a controlling interest of the REIT in mid-2012. In a series of transactions, the REIT disposed of its entire portfolio of Canadian medical office buildings to NorthWest Healthcare Properties REIT (“NWHP REIT”), a related party, effective October 1, 2012. In a separate series of transactions, effective October 1, 2012, the REIT acquired a portfolio of international assets from NWVP (the "Initial International Assets"). 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 from “GT Canada Medical Properties Real Estate Investment Trust”, reflecting its new strategic direction.

The REIT’s condensed consolidated interim financial statements for the three months ended March 31, 2013, were authorized for issue by the Board of Trustees on May 24, 2013.

2. Statement of Compliance

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

These unaudited condensed consolidated interim financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore, should be read in conjunction with the audited consolidated financial statements and notes for the REIT as at and for the year ended December 31, 2012, which are available on SEDAR at www.sedar.com.

3. Summary of Significant Accounting Policies

All significant accounting policies have been applied on a basis consistent with those followed in the most recent audited annual consolidated financial statements, except as noted below. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as at March 31, 2013.

(a) Convertible Debentures

The convertible debentures are convertible into Trust Units of the REIT. As the REIT’s Trust Units are redeemable at the option of the holder and are, therefore, considered puttable instruments in accordance with IAS 32, *Financing Instruments; Presentation*, the convertible debentures are considered a liabilitiy containing liability-classified embedded derivatives. The REIT has elected to record the full outstanding amount of each convertible debenture at its fair value with the changes being recognized in net income (loss) and other comprehensive income (loss).

(b) Accounting Judgments and Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from estimates and such differences could be material. The significant estimates and judgments made by management are the same as those discussed in the audited annual consolidated financial statements for the year ended December 31, 2012.

3. Summary of Significant Accounting Policies (continued)

(c) Changes to Accounting Standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee that are mandatory for fiscal periods beginning January 1, 2013 or later. The standards are described in the REIT's annual consolidated financial statements for the year ended December 31, 2012 and there have not been any additional standards applicable to the REIT issued since December 31, 2012.

(d) Change in Accounting Policies

(i) IFRS 7 Offsetting Financial Assets and Liabilities

In December 2011, the IASB made amendments to IFRS 7 Financial Instruments: Disclosures. The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position; or subject to master netting arrangements or similar arrangements. On January 1, 2013, the REIT adopted this pronouncement and there was no material impact on the Company's unaudited condensed consolidated interim financial statements.

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

In May 2011, the IASB issued IFRS 10, IFRS 11 and IFRS 12. IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation Special Purpose Entities, and provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities–Non-monetary Contributions by Venturers, and established principles for the financial reporting by parties to a joint arrangement. IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. In conjunction with IFRS 10, IFRS 11 and IFRS 12, the IASB also issued amended and retitled IAS 27 - Separate Financial Statements and IAS 28 - Investments in Associates and Joint Ventures. For purposes of this assessment, the REIT determines it controls an entity when:

- It is exposed, or has rights, to variable returns from its involvement with that entity; and
- It has the ability to affect those returns through its power over that entity.

On January 1, 2013, the Company adopted these pronouncements retrospectively and there was no material impact on the REIT's unaudited condensed consolidated interim financial statements.

(iii) IFRS 13 Fair Value Measurement

On May 12, 2011, the IASB issued IFRS 13 Fair Value Measurement (IFRS 13). IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. On January 1, 2013, the REIT adopted this pronouncement on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the REIT to determine fair value and did not result in any measurement adjustments as at January 1, 2013.

(iv) IAS 1 Presentation of Financial Statements

Amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1"), provide guidance on the presentation of items contained in other comprehensive income, including a requirement to separate items presented in other comprehensive income into two groups based on whether or not they may be recycled to profit or loss in the future. On January 1, 2013, the Company adopted this pronouncement and there was no material impact on the REIT's unaudited condensed consolidated interim financial statements.

Unaudited (Canadian dollars)

4. Discontinued Operations

The REIT sold all of its Canadian medical office buildings ("the Existing Portfolio") effective October 1, 2012 as part of the repositioning of the REIT to focus on international assets, as described in note 1. As a result, the REIT has classified the income, expenses and cash flows associated with the Canadian medical office buildings as discontinued operations.

Three Months Ended March 31,	2012
Net Operating Income	
Revenue from investment properties	$ 2,230,758
Property operating costs	938,785
	1,291,973
Expenses	
Mortgage and loan interest expense	508,081
Income before other finance costs and fair value adjustments	783,892
Amortization of deferred financing costs	(23,250)
Fair value gain on investment properties	1,202,901
Net income from discontinued operations	$ 1,963,543

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

Three Months Ended March 31,	2012
Net cash provided by operating activities	$ 777,085
Net cash used in investing activities	(3,255,829)
Net cash provided by financing activities	2,504,306
Net change in cash from discontinued operations	$ 25,562

5. Property Acquisitions

(a) Continuing Operations

On March 31, 2013, the REIT completed the acquisition of a medical office complex in Fulda, Germany (the "Fulda Property") for a gross purchase price of $19,513,141 including transaction costs of $842,216. The REIT's investment was funded from cash and new mortgage financing from a German lending institution for $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. The acquisition has been accounted for as an asset acquisition.

(b) Discontinued Operations

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

Unaudited (Canadian dollars)

6. Investment Properties

As at	**March 31, 2013**	December 31, 2012
Balance, beginning of period	**$ 205,502,477**	$ 61,332,333
Continuing operations		
Acquisitions of Initial International Assets	**-**	84,412,292
Acquisition of investment property (note 5)	**19,513,141**	128,212,296
Additions to investment properties	**21,826**	-
Fair value loss	**(870,760)**	(8,535,836)
Foreign currency translation	**5,731,357**	1,413,725
	24,395,564	205,502,477
Discontinued operations		
Acquisitions of investment properties	**-**	18,764,618
Additions to investment properties	**-**	71,240
Fair value gain	**-**	3,842,768
Amortization of leasing costs and tenant inducements	**-**	(15,959)
Disposal of investment properties	**-**	(83,995,000)
	-	(61,332,333)
Balance, end of period	**$ 229,898,041**	$205,502,477

The Fulda Property (note 5) was acquired on March 31, 2013 for $19,513,141, which included an allocation of transaction costs. As at March 31, 2013, the value of investment properties increased by $5,731,357 attributable to the strengthening of the Euro and Brazilian Real relative to the Canadian dollar and decreased by $870,760 primarily attributable to the transaction costs capitalized on acquisition of the Fulda Property.

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

Capitalization Rate	**March 31, 2013**	December 31, 2012
Minimum	5.49%	5.49%
Maximum	10.50%	10.50%
Weighted average	9.37%	9.55%

Fair values are most sensitive to changes in capitalization rates. A 0.25% increase in the weighted average capitalization rate would decrease fair value by $6,177,534 and a 0.25% decrease would increase fair value by $5,856,592.

Unaudited (Canadian dollars)

6. Investment Properties (continued)

The following table reconciles the cost base of investment properties to their fair value:

As at	**March 31, 2013**	December 31, 2012
Cost	**$ 232,159,555**	$ 212,624,588
Cumulative fair value adjustment	**(9,406,596)**	(8,535,836)
Cumulative foreign exchange adjustment	**7,145,082**	1,413,725
	$ 229,898,041	$ 205,502,477

Future minimum contractual rent (excluding service charges) under operating leases is as follows:

	March 31, 2013
Less than 1 year	$ 21,094,024
1 - 5 years	$ 63,951,296
Longer than 5 years	$ 287,496,451

7. Investment in Associate

On November 16, 2012 (with an effective date of October 1, 2012), the REIT acquired an investment in Vital Healthcare Property Trust ("Vital Trust") which is subject to a securities lending arrangement. The investment in Vital Trust is accounted for using the equity method as it was established that the REIT has significant influence with respect to this investment.

During the three months ended March 31, 2013, the REIT acquired an additional 1,893,253 units of Vital Trust to bring its respective cumulative exposure to Vital Trust to 19.99%. In connection with the issuance of the convertible debentures (note 13), the REIT repaid $5,000,000 of existing obligations under the Vital Trust securities lending arrangement.

As at March 31, 2013, the REIT had exposure to 61,406,812 units of Vital Trust. The closing price on the New Zealand Stock Exchange (“NZX”) of Vital Trust’s units as at March 31, 2013 was $1.15 (NZD $1.36).

	Amount
As at December 31, 2011	$ Nil
Acquisition of equity investment	79,638,912
Share of profit for the period	1,168,584
Share of other comprehensive loss for the period	(108,737)
Foreign exchange	7,702
As at December 31, 2012	**$ 80,706,461**
Additional units purchased	1,165,458
Share of profit for the period	1,356,821
Share of other comprehensive loss for the period	(209,443)
Foreign exchange	13,630
As at March 31, 2013	**$ 83,032,927**

Unaudited (Canadian dollars)

7. Investment in Associate (continued)

A summary of Vital Trust's aggregated assets and liabilities and net income for the period was as follows:

As at	**March 31, 2013 (unaudited)**	December 31, 2012 (unaudited)
Assets	**$ 533,994,187**	$ 515,968,581
Liabilities	**$ 272,301,413**	$ 268,987,487
% interest held	**19.99%**	19.66%

	Three Months Ended March 31, 2013 (unaudited)
Revenues	**$ 14,477,268**
Profit	**$ 6,858,484**
Other comprehensive income (loss)	**$ (1,058,696)**

8. Intangible Asset

In conjunction with the acquisition of the Initial International Assets, the REIT indirectly acquired rights under a Management Fee Participation Agreement (note 21 (a)(iii)). At the time of acquisition, the value ascribed to the agreement was $15,612,750. The intangible asset is being amortized on a straight line basis over its determined useful life of 10 years.

	Three Months Ended March 31, 2013	Year Ended December 31, 2012
Balance, beginning of period	$ 15,612,750	$ -
Acquisition	-	15,612,750
Amortization	(390,319)	-
Balance, end of period	**$ 15,222,431**	$ 15,612,750

9. Due from Related Parties

The following table summarizes the balance owing from/(to) NWVP and its subsidiaries:

As at	**March 31, 2013**	December 31, 2012
Working capital and closing adjustment receivable (i)	$ 27,216,652	$ 27,300,011
Promissory note receivable (ii)	15,000,000	15,000,000
Instalment note receivable (iii)	1,321,946	1,296,755
Other (iv)	310,551	(1,074,023)
	$ 43,849,149	$ 42,522,743

Unaudited (Canadian dollars)

9. Due from Related Parties (continued)

(i) Working capital and closing adjustment receivable

The working capital and closing adjustment receivable from a subsidiary of NWVP arises as a result of the differences in the values of the working capital and debt indirectly assumed on acquisition of the Initial International Assets as compared to the values assigned at the time the agreement entered into in connection with the acquisition was signed. The working capital and closing adjustment receivable is unsecured, non-interest bearing, and is now due.

(ii) Promissory note receivable

The promissory note receivable arose from the sale of the Existing Portfolio (note 4) and is due from an affiliate of NWVP. The promissory note is unsecured, repayable on demand at any time and bears interest at a rate of 8% per annum, payable quarterly in arrears.

Interest earned on the promissory note for the three months ended March 31, 2013 from an affiliate of NWVP was $295,890.

(iii) Instalment note receivable

In connection with the REIT's acquisition of the Initial International Assets, the REIT entered into an arrangement with an affiliate of NWVP to partially compensate the REIT for assuming obligations associated with the Sabará Children's Hospital in Brazil (the "Instalment Note"). Pursuant to the Instalment Note, an affiliate of NWVP will make two instalment note payments – on April 2, 2013 and April 2, 2014 as detailed below. As at May 24, 2013, the instalment note due on April 2, 2013 remains outstanding. The Instalment Note is non-interest bearing. The receipt of the principal portion of the installment payments will be recorded as a reduction of the Instalment Notes and is, therefore, not recorded as revenue. The Instalment Note is recorded at the present value of the future cash flows.

The below table summarizes the scheduled instalment payments and the present value discount applied at March 31, 2013:

April 2, 2013	$	526,835
April 2, 2014		858,720
Present value adjustment		(63,609)
Balance, March 31, 2013	**$**	**1,321,946**

(iv) Other

In the normal course of operations, through various agreements with its external managers, the REIT has amounts owing to and from NWVP and affiliates. These amounts are due within 12 months and are non-interest bearing.

10. Other Assets

As at		**March 31, 2013**		December 31, 2012
Commodity taxes recoverable	$	201,116	$	149,839
Acquisition costs		825,700		822,557
Prepaid expenses and deposits		75,851		20,864
	$	**1,102,667**	$	993,260

Acquisition costs and deposits on investment properties under contract relate to potential acquisitions undergoing due diligence.

Unaudited (Canadian dollars)

11. Mortgage and Loans Payable

As at	**March 31, 2013**	December 31, 2012
Mortgages payable (net of financing costs of $241,612)	$ 38,246,424	$ 26,831,512
Securities lending agreement	26,944,019	29,393,937
Term loan (net of financing costs of $479,100)	63,706,135	60,264,322
Line of credit	37,992	8,035
Total	128,934,570	116,497,806
Less: Current portion	28,007,543	30,163,316
Non-current debt	**$100,927,027**	$ 86,334,490

Continuing Operations

Mortgages payable

During the three months ended March 31, 2013 the following mortgages and credit facilities were obtained:

On the acquisition of the Fulda Property (note 5), the REIT obtained new mortgage financing for $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.

Term loan

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 months ended March 31, 2013, accretion expense of $1,227,995 was recorded to account for the related IPCA adjustment for the period.

Discontinued Operations

Mortgage and loans payable

During the three months ended March 31, 2012 the following mortgages were obtained; however, on October 1, 2012 upon sale of the Existing Portfolio to NWHP REIT, the REIT was relieved all of the mortgage obligations set out below:

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

(ii) On the acquisition of the Sunder Portfolio (note 5(b)), the REIT assumed mortgage debt on the properties in the amount of $4,396,827 and co-terminus VTB financing in the amount of $3,357,000, with the total debt in respect of the acquisition having a combined average interest rate of 4.09%. The VTB financing was in the form of $2,259,000 secured by mortgages and $1,098,000 in unsecured promissory notes, interest only, with a fixed interest rate of 2.0%. The mortgages and loans mature in May 2013 and April 2015 as noted in the table below.

Unaudited (Canadian dollars)

11. Mortgage and Loans Payable (continued)

Discontinued Operations (continued)

Line of Credit

The REIT established a revolving credit facility agreement (the "Credit Facility") in April 2011 in the amount of $5,655,000 to be drawn on by the REIT for property acquisitions and working capital requirements. Amounts outstanding under the Credit Facility bore interest at a rate equal to the lender's prime rate plus 200 basis points. The Credit Facility was to mature in December 2013 and was secured by a first ranking mortgage on the property located at 89 Dawson Road, in Guelph Ontario. During 2012, the REIT drew $2,155,000 of this facility in connection with its purchase of the Sunder Portfolio described in note 5(b). Upon sale of the Existing Portfolio, this line of credit was repaid in full and terminated.

A summary of the maturity and effective interest rates relating to the components of mortgages and loans payable outstanding at March 31, 2013 are as follows:

	Maturity	Effective Interest Rate	Principal Amount
Fixed rate			
Mortgage debt (net of financing costs of $241,612)	November 30, 2017	2.43 %	$ 33,852,459
Term loan (net of financing costs of $479,100)	December 27, 2014	6.60 %	63,706,135
Line of credit	September 30, 2014	6.00 %	37,992
Total fixed rate debt			$ 97,596,586
Variable rate			
Mortgage debt	June 30, 2017 - March 31, 2018	3.50 %	4,393,965
Securities lending agreement	November 15, 2013	5.15 %	26,944,019
Total variable rate debt			$ 31,337,984
Total debt			**$ 128,934,570**

As at March 31, 2013, the scheduled principal repayments and debt maturities are as follows:

2013	$ 27,740,183
2014	65,291,106
2015	1,075,293
2016	1,082,971
2017 and thereafter	34,465,729
	129,655,282
Financing costs	(720,712)
	$ 128,934,570

Unaudited (Canadian dollars)

12. Deferred Consideration

The following table summarizes the deferred consideration payable in connection with the acquisition of Hospital e Maternidade Brasil on December 27, 2012:

As at	**March 31, 2013**	December 31, 2012
Holdback payable	$ 25,605,590	$ 24,295,000
Transaction costs payable	6,135,264	6,698,246
	$ 31,740,854	$ 30,993,246

On maturity, the holdback payable will be adjusted by CDI (Brazil's equivalent of a prime rate). For the three months ended March 31, 2013, accretion expense of $422,399 was recorded to account for the related CDI adjustment for the period.

13. Convertible Debentures

On March 25, 2013, the REIT issued $20,000,000 principal amount of unsecured convertible subordinated debentures (the "Debentures"). The Debentures bear interest at 6.5% per annum, payable semi-annually on September 30 and March 31 each year, and mature on March 31, 2018. Each Debenture is convertible at any time by the debenture holder into 350.877 Trust Units per one thousand dollars of face value, representing a conversion price of $2.85 per Trust Unit. On and after March 31, 2016, and prior to March 31, 2017, the Debentures may be redeemed by the REIT, in whole or in part, at a price equal to the principal amount plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice, provided that the volume weighted average trading price for the REIT's Trust Units for the 20 consecutive trading days, ending on the fifth trading day immediately preceding the date on which notice of redemption is given, is not less than 125% of the conversion price. On and after March 31, 2017 and prior to the maturity date of March 31, 2018, the Debentures may be redeemed by the REIT at a price equal to the principal amount plus accrued and unpaid interest. The Debentures were initially recorded on the consolidated balance sheet as debt of $20,000,000 less costs of $1,509,490.

14. Deferred Revenue

As at	**March 31, 2013**	December 31, 2012
Securitized rental income (i)	$ 17,481,943	$ 17,226,215
Rental income received in advance	-	1,037,680
	$ 17,481,943	$ 18,263,895

(i) At the same time the lease was signed with Sabará Children's Hospital, the owner of the Hospital Sabará property securitized 78.75% of the future rents receivable over a 15 year term in return for a lump sum payment. At the time of securitization, deferred revenue was recorded equal to the present value of the proceeds received upon the securitization. The deferred revenue is amortized into revenue from investment properties on a straight line basis over the term of the lease.

Unaudited (Canadian dollars)

15. Derivative Financial Instruments

The table below outlines the significant assumptions used during the period to estimate the fair value of the derivative financial instrument at March 31, 2013:

	NWVP Put Option	**REIT Call Option**	**NWVP Call Option**
Underlying security	NorthWest Healthcare Properties REIT (NHW.UN)	NorthWest Healthcare Properties REIT (NHW.UN)	NorthWest International Healthcare Properties REIT (MOB.UN)
Dividend yield	6.30%	6.30%	8.00%
Stock price	\$12.74	\$12.74	\$1.99
Exercise price	\$13.22	\$13.22	\$1.87
Average projected volatility	15.00%	15.00%	15.00%
Risk-free interest rate	1.15%	1.15%	1.15%
Expected life of options	0.12 years	0.12 years	0.12 years
Number of options	12.5 million	12.5 million	88.4 million
Estimated fair value	\$(0.6348)	\$0.0795	\$(0.1095)

16. Unit-based Compensation Liabilities

The following table summarizes the REIT's unit-based compensation liabilities:

As at	**March 31, 2013**	December 31, 2012
Deferred unit plan liability (i)	176,673	184,998
	\$ 176,673	\$ 184,998

(i) Deferred Unit Plan ("DUP") Liability

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

For the three months ended March 31, 2013, the REIT granted or issued nil DUP units with a fair value of \$nil (for the three months ended March 31, 2012 - 210,731 DUP units with a cost of \$298,000).

As at March 31, 2013, there were 92,449 DUP units (December 31, 2012 - 92,449 DUP units) of the REIT issued and outstanding with a fair value of \$176,673 (December 31, 2012 - \$184,998). The fair value of the DUP Liability is determined with reference to the market price of the REIT's Trust Units at the reporting date.

Unaudited (Canadian dollars)

16. Unit-based Compensation Liabilities (continued)

(i) Deferred Unit Plan ("DUP") Liability (continued)

The following table shows the continuity of the DUP units:

Balance, December 31, 2011	**198,287**
Granted	303,230
Issued as a result of the change of control	409,018
Converted to REIT Units	(818,036)
Balance, December 31, 2012	**92,499**
Balance, March 31, 2013	**92,499**

17. Class B LP Exchangeable Units

As at March 31, 2013, there were 54,431,075 Class B LP exchangeable units of NWI Healthcare Properties LP ("NWI LP") issued and outstanding with a fair value of $103,963,353 (December 31, 2012 – 55,944,444 units with a fair value of $114,686,110). These Class B LP exchangeable units are economically equivalent to Trust Units and are entitled to receive distributions equal to those provided to holders of Trust Units. The fair value of the Class B LP Unit liability is determined with reference to the market price of the REIT's Trust Units at the reporting date.

Distributions declared on the Class B LP exchangeable units of NWI LP totaled $2,217,710 for the three months ended March 31, 2013 (three months ended March 31, 2012 - $10,136) and have been accounted for as finance costs.

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

	Units	Amount
Balance, December 31, 2011	**662,500**	**$ 960,625**
Converted to Trust Units	(662,500)	(1,238,875)
Units issued as consideration for acquisition of the Initial International Assets	55,944,444	104,616,110
Fair value adjustment of Class B LP exchangeable units	-	10,348,250
Balance, December 31, 2012	**55,944,444**	**114,686,110**
Converted to Trust Units	(1,513,369)	(2,830,000)
Fair value adjustment of Class B LP exchangeable units	-	(7,892,757)
Balance, March 31, 2013	**54,431,075**	**$ 103,963,353**

18. Trust Units

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

The REIT's trustees have sole discretion in declaring distributions.

Unaudited (Canadian dollars)

18. Trust Units (continued)

The following table shows the changes in Trust Units:

	Trust Units	Amount
Balance - December 31, 2011	**14,858,347**	**$ 19,916,415**
Units issued pursuant to rights offering	3,880,212	4,462,244
Unit issue costs - cash	-	(268,540)
Conversion of Class B LP units	662,500	1,238,875
Conversion of Deferred Unit Plan units	818,036	1,529,727
Units issued as consideration for acquisition of the Initial International Assets	9,878,165	18,472,169
Units issued pursuant to equity offering	12,500,000	25,000,000
Unit issue costs - cash	-	(2,295,181)
Balance - December 31, 2012	**42,597,260**	**$ 68,055,709**
Units issued pursuant to equity offering (i)	850,900	1,701,800
Unit issue costs - cash (i)	-	(294,903)
Conversion of Class B LP exchangeable units (ii)	1,513,369	2,830,000
Units issued through distribution reinvestment plan (iii)	11,074	21,732
Balance - March 31, 2013	**44,972,603**	**$ 72,314,338**

(i) On January 14, 2013, 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 gross proceeds of $1,701,800 before transaction costs of $294,903, which have been charged directly to equity.

(ii) On March 11, 2013, the REIT converted 1,513,369 Class B LP exchangeable units into 1,513,369 Trust Units.

(iii) On January 23, 2013, the REIT announced it had implemented a distribution reinvestment plan (the "DRIP") starting with the distribution that was payable on February 15, 2013 to those unitholders of record on January 31, 2013.

19. Other Fair Value Gains (Losses)

Three Months Ended March 31,	**2013**	2012
Incentive unit options	$ -	$ 6,155
Warrant liability	-	495,791
DUP liability (note 16 (i))	8,325	(11,650)
	$ 8,325	$ 490,296

20. Changes in Non-Cash Working Capital Balances

Three Months Ended March 31,	**2013**	2012
Accounts receivable	**$ (291,984)**	$ -
Other assets	**(113,370)**	(8,301)
Accounts payable and accrued liabilities	**263,024**	412,298
	$ (142,330)	$ 403,997

Unaudited (Canadian dollars)

21. Related Party Transactions

(a) Continuing Operations

(i) As at March 31, 2013, NWVP indirectly owned approximately 82% 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. Furthermore, NWVP indirectly owns an approximate 26% interest in NWHP REIT and Mr. Dalla Lana is also Chairman of the Board of Trustees of NWHP REIT (note 28 (d)).

(ii) On November 16, 2012 with an effective date of October 1, the REIT acquired the Initial International Assets from NWVP and affiliates (note 1). In conjunction with the acquisition of the Initial International Assets, the REIT entered into a Put/Call Agreement with NWVP (note 15).

(iii) 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 should it have 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 (note 8).

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 year:

Three Months Ended March 31,	**2013**	2012
Base asset management fees	**$ 434,835**	$ -
Property management fees	**31,045**	-
Management fee participation	**(399,878)**	-
Reimbursement of out-of-pocket costs - completed transactions	**54,571**	-
	$ 120,573	$ -

21. Related Party Transactions (continued)

(a) Continuing Operations (continued)

(iv) The Asset Manager has agreed to an adjustment of $500,000 for travel and other out of pocket costs for the three months ended March 31, 2013 and it is included as a reduction in general and administrative costs.

(v) 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.

(b) Discontinued Operations

The transactions described below took place between the REIT and individuals and entities that were related parties to the REIT at the time (but no longer are as a result of NWVP's acquisition of a controlling interest in the REIT (note 1)).

(i) On December 24, 2010, a Head Lease in respect of certain properties of the REIT at such time was entered into between a subsidiary of the REIT and Guelph Medical Place 2 Ltd. (whose shareholders included former trustees and former officers of the REIT). As a result of the disposition of the Existing Portfolio, this is no longer an obligation of the REIT. For the three months ended March 31, 2012, the REIT received $225,460 in respect of head leases from related parties.

(ii) The eight investment properties acquired prior to 2012 were managed by CMD Management Limited ("CMD") (an entity controlled by a former trustee and former officer of the REIT) pursuant to a property management agreement.

During the three months ended March 31, 2012, the REIT was charged $75,251 by CMD for property management fees. Such costs are recoverable from tenants as property operating costs.

On October 1, 2012, pursuant to the sale of the Existing Portfolio, the property management agreement with CMD became an obligation of NWHP REIT.

(iii) On November 16, 2012, with an effective date of October 1, 2012, the REIT sold the Existing Portfolio to NWHP REIT (note 1). As part of the post-closing adjustment, the REIT has made an accrual of an amount owing NWHP REIT of $363,157 for estimated post-closing working capital related items. During the three months ended March 31, 2013, the REIT made an advance to NWHP REIT of $150,000 to reduce the working capital balance owing. As at March 31, 2013, the remaining amount of $213,157 is included in accounts payable and accrued liabilities.

22. Segmented Information

The REIT operated in one industry segment being the real estate industry segment; however the REIT monitors and operates its German, Brazilian, and Australasian operations separately. The CEO assesses the performance of each of the operating segments based on a measure of operating income. The accounting policies for each of the segments are the same as those for the REIT. The REIT's trust and general and administrative expenses are managed centrally in Canada and are not allocable to operating segments.

The REIT has only computed segmented information for its income from continuing operations as prior to the acquisition of the Initial International Assets the REIT only had one operating segment.

Unaudited (Canadian dollars)

22. Segmented Information (continued)

During the three months ended March 31, 2013, two tenants in the Brazil operating segment accounted for 81% (three months ended March 31, 2012 - nil) of the total revenue from investment properties.

	Germany	Brazil	Australia/ New Zealand	Canada	**Total**
Investment properties	**$ 58,862,947**	**$171,035,094**	**$ -**	**$ -**	**$229,898,041**
Mortgage and loans payable	**$ 38,284,416**	**$ 63,706,135**	**$ 26,944,019**	**$ -**	**$128,934,570**
Operating Income (Loss) from Continuing Operations					
Net Operating Income					
Revenue from investment properties	$ 873,612	$ 3,841,606	$ -	$ -	**$ 4,715,218**
Property operating costs	231,936	140,219	-	-	**372,155**
	641,676	3,701,387	-	-	**4,343,063**
Other Income					
Interest	-	6,797	-	321,336	**328,133**
Management fee participation	-	-	399,878	-	**399,878**
Share of profit of associate	-	-	1,356,821	-	**1,356,821**
	-	6,797	1,756,699	321,336	**2,084,832**
Expenses					
Mortgage and loan interest expense	185,578	1,053,147	385,843	24,932	**1,649,500**
General and administrative expenses	26,560	52,566	-	251,895	**331,021**
Transaction costs	3,996	-	-	74,867	**78,863**
Amortization of intangibles	-	-	-	390,319	**390,319**
Foreign exchange loss	-	(7,934)	-	1,086,730	**1,078,796**
	216,134	1,097,779	385,843	1,828,743	**3,528,499**
Operating income (loss) from continuing operations	**$ 425,542**	**$ 2,610,405**	**$ 1,370,856**	**$ (1,507,407)**	**$ 2,899,396**

23. Contingent Liabilities

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

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

24. Fair Values

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

The REIT uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value of financial instruments. The classifications are as follows: the use of quoted market prices for identical assets or liabilities (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3).

The REIT determined the fair value of each investment property using the discounted cash flow method. The discounted cash flow method discounts the expected future cash flows, generally over a term of 10 years, including a terminal value based on the application of a capitalization rate to estimated year 11 cash flows. Note 6 outlines the key assumption used by the REIT in determining fair value of its investment properties.

Derivatives instruments valued using a valuation technique with market-observable inputs (Level 2) include the conversion feature of the Debentures and the Put/Call option. The most frequently applied valuation technique includes forward pricing models, using present value calculations. The models incorporate various inputs including forward rates and interest rate curves. Note 15 outlines the key assumption used by the REIT in determining fair value of its derivative financial instruments.

As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The REIT has chosen to use closing market price as a practical expedient for fair value measurement for its Class B LP exchangeable units and deferred units.

The fair value of the REIT's mortgages payable and loans payable and deferred consideration are determined using present value calculations based on market-observable interest rates for mortgages and loans with similar terms and conditions.

The carrying values of the REIT's financial assets, which include accounts receivable, other assets, and cash, as well as financial liabilities, which accounts payable and accrued liabilities, distribution payable, and income tax payable approximate their recorded fair values due to their short-term nature.

Unaudited (Canadian dollars)

25. Fair Values (continued)

The fair values and levels within the fair value hierarchy for financial assets and liabilities measured at amortized cost as at March 31, 2013 are as follows:

		Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
Financial Assets				
Due from related parties	$ 43,849,149	$ 43,849,149	$ -	$ -
Accounts receivable	$ 763,207	$ 763,207	$ -	$ -
Commodity taxes recoverable	$ 201,116	$ 201,116	$ -	$ -
Acquisition costs	$ 825,700	$ 825,700	$ -	$ -
Prepaid expenses and deposits	$ 75,851	$ 75,851	$ -	$ -
Cash	$ 6,596,658	$ 6,596,658	$ -	$ -
Other Assets				
Investment in associate	$ 83,032,927	$ -	$ 85,050,080	$ -
Financial Liabilities				
Mortgage and loans payable	$128,934,570	$ -	$128,934,570	$ -
Deferred consideration	$ 31,740,854	$ -	$ 31,740,854	$ -
Income tax payable	$ 480,014	$ 480,014	$ -	$ -
Accounts payable and accrued liabilities	$ 3,463,131	$ 3,463,131	$ -	$ -
Distributions payable	$ 599,665	$ 599,665	$ -	$ -

The fair values and levels within the fair value hierarchy for assets and liabilities measured at fair value as at March 31, 2013 are as follows:

		Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
Other Assets				
Investment properties	$229,898,041	$ -	$ -	$229,898,041
Financial Liabilities				
Derivative financial instruments	$ 16,621,050	$ -	$ 16,621,050	$ -
Convertible debentures	$ 18,496,275	$ -	$ 18,496,275	$ -
Class B LP exchangeable units	$103,963,353	$103,963,353	$ -	$ -
Unit-based compensation liability	$ 176,673	$ 176,673	$ -	$ -

26. Capital Management

The REIT considers its capital to be its unitholders' equity, Class B LP exchangeable units, and debt. The REIT is free to determine the appropriate level of capital in context with its cash flow requirements, overall business risks and potential business opportunities. As a result of this, the REIT will make adjustments to its capital based on its investment strategies and changes to economic conditions.

The REIT's strategy is also driven by policies as set out in the Declaration of Trust. The requirements of the REIT's operating policies as outlined in the Declaration of Trust include the requirement that the REIT will not incur or assume indebtedness which would cause the total indebtedness of the REIT to exceed 65% of Gross Book Value as defined.

Unaudited (Canadian dollars)

26. Capital Management (continued)

At March 31, 2013, the REIT is in compliance with its debt-to-gross book value ratio at 39.3% (December 31, 2012 - 33.5%), which is calculated as follows:

As at	**March 31, 2013**	December 31, 2012
Debt		
Gross value of secured debt (1)	**$ 149,655,282**	$ 117,151,386
Gross Book Value of Assets		
Total assets	**$ 380,465,080**	$ 349,554,285
Debt-to-Gross Book Value	**39.3 %**	33.5 %

(1) represents principal balance of mortgages, stock lending agreement, term loan, line of credit and convertible debentures

27. Risk Management

In the normal course of business, the REIT is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to manage them are consistent with those disclosed in the consolidated financial statements as at and for the year ended to December 31, 2012.

28. Subsequent Events

(a) On April 2, 2013 the REIT announced its intention to seek to acquire up to 15,352,830 additional units of Vital Trust in the open market over the New Zealand Stock Exchange. If this additional purchase is completed in full, the REIT's exposure to Vital Trust would increase to 24.99%.

(b) On April 3, 2013, the REIT announced the issuance of an additional $2,600,000 of Debentures under the over-allotment option which was exercised by the underwriters.

(c) On April 19, 2013, the REIT declared a distribution of $0.013334 per REIT unit to unitholders of record on April 30, 2013, payable May 15, 2013. On May 17, 2013, the REIT declared a distribution of $0.013334 per REIT unit to unitholders of record on May 31, 2013, payable June 17, 2013.

(d) On May 15, 2013, the REIT received a notice (the "Put Notice") from NWVP indicating that NWVP is exercising its rights under the Put/Call Agreement (note 15) to require the REIT to acquire 11,897,446 Option Units. The Option Units represent an approximate 25.6% interest in NWHP REIT.

Pursuant to the terms of the Put/Call Agreement, the Option Units are to be sold to the REIT at a price of $13.22 per Option Unit, for total gross consideration of approximately $157,300,000 less approximately $78,600,000 of debt, which is secured by the Option Units, to be assumed by the REIT, subject to mutual agreement. The Put/Call Notice indicates that NWVP has elected to receive its consideration in the form of exchangeable Class B LP units. The Put/Call Agreement provides that the Class B LP units shall be valued at a price of $1.87 per unit, which will result in the issuance of approximately 42,000,000 Class B LP exchangeable units to NWVP. In accordance with the terms of the Put/Call Agreement, the REIT's acquisition of the Option Units is to close on or before June 14, 2013, subject to receipt of applicable consents.