NORTHWEST INTERNATIONAL HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

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

For the three months ended

MARCH 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
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CEO's MESSAGE

Q1-2013 saw NorthWest International Healthcare Properties REIT ("**NorthWest International REIT**" or the "**REIT**") build on the key transformational changes of 2012 and, with its reconfiguration now complete, deliver strong financial results for the three months ended March 31, 2013 highlighted as follows:

- NOI of $4,343,063, representing a 289% increase over the same period last year
- AFFO / unit of $0.047, representing a 137% increase over the same period last year
- AFFO to distribution payout ratio of approximately 85%

We are very happy with the first full quarter of operations of the REIT's international healthcare real estate portfolio including Hospital e Maternedade Brasil ("**HMB**"), the 342,000 square foot Sao Paulo hospital acquired in late Q4-2012. This diversified portfolio of assets in Australia/New Zealand, Brazil, and Germany is currently underpinned by a 99.3% occupancy level and a 12.9 year weighted average lease term.

On a regional basis, all of the REIT's investments met or exceeded expectations with the strongest performance gains coming from its 20% interest in Vital Healthcare Property Trust ("**Vital Trust**"), which saw its Q4-2012 acquisition of Adelaide, Australia hospital Sportsmed and the continued rentalization of its $100 million hospital redevelopment program with HealtheCare more fully reflected in its quarterly results. These trends are expected to continue through the remainder of 2013.

Additional business highlights for the quarter include the:

- Successful $20 million convertible debenture offering completed in March 2013 (and subsequent upsizing through the exercise of an over-allotment provision to **$**22.6 million in April 2013)
- Acquisition of Medicum Muensterfeld ("**Fulda**"), a newly constructed medical office building located in Fulda, Germany acquired for approximately $20 million in late March 2013
- Maintenance of a conservative capital structure (39.3% LTV) including approximately $48 million in cash and receivables
- Further seasoning of the REIT in the capital markets with new investors joining through the convertible debenture issuance

Subsequent to quarter-end, the REIT announced that it will acquire a strategic interest in NorthWest Healthcare Properties Real Estate Investment Trust ("**NWHP REIT**"), Canada's largest healthcare real estate company, through the exercise of the existing Put/Call Arrangement with NorthWest Value Partners Inc. ("**NWVP**"). The $157 million transaction is expected to close in Q2-2013 and will significantly increase the REIT's scale, diversification and growth prospects.

Looking forward, as market conditions are positive, we remain confident that the REIT's key 2013 initiatives, as outlined in the Outlook section, are achievable. Supported by a solid existing business with accretive growth opportunities, we continue to work towards our objective to deliver stable and growing distributions over an increasingly diverse and sizeable portfolio.

Sincerely,

(signed) Paul Dalla Lana
Chief Executive Officer

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 months ended March 31, 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 May 24, 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 NWHP REIT and 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 and Germany;
- capitalize on internal growth and seek accretive healthcare real estate acquisition opportunities in its target international markets, with a focus primarily on Australasia, Brazil, and Germany;
- 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, 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

<u>Market Opportunity</u>

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 initial focus areas:

- **Australasia:** an established market with consolidation opportunities, inflation indexed triple net rents, dominant exposure through an investment in Vital Trust;
- **Brazil:** a high-growth market with experienced operators, exposure through long-term inflation indexed triple-net sale leaseback structure; and
- **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.

The following table highlights certain key market data in connection with the REIT's initial targeted markets, as compared against Canada:

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)	3.10%	1.40%	0.10%	1.10%
Inflation (1)	2.50%	6.49%	1.15%	0.40%
5 Yr. Government Bond Yield (2)	2.77%	9.54%	0.42%	1.21%
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 March 31, 2013
(2) As at March 31, 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 March 31, 2013, NWVP indirectly owned approximately 82% 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 QUARTER

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 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.

Subsequent to quarter end, 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.

ASSETS OF THE REIT

Summary

The following table highlights certain information about the REIT's assets as at March 31, 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%	11.5
Hospital e Maternedade Brasil	Dec 27 2012	1970 - 2007	342,000	1	100.0%	24.8
			446,915	**2**	**100.0%**	**21.6**
Germany						
Adlershof 1	Nov 16 2012	2004	57,603	34	100.0%	2.8
Adlershof 2	Nov 16 2012	2010	48,539	15	96.4%	6.8
Berlin Neukölln	Nov 16 2012	2000	36,366	13	95.4%	2.2
Königs Wusterhausen 1	Nov 16 2012	2001	39,429	25	90.8%	3.0
Marktredwitz	Nov 16 2012	2008	47,215	12	96.7%	5.4
Fulda	Mar 31 2013	2008	98,990	38	100.0%	6.8
			328,142	**137**	**97.4%**	**4.9**
Australiasia - Vital Interest (2)			**1,244,513**	**109**	**99.5%**	**11.9**
Portfolio Totals / Weighted Averages (2)			**2,019,570**	**248**	**99.3%**	**12.9**

Notes
(1) As at March 31, 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.

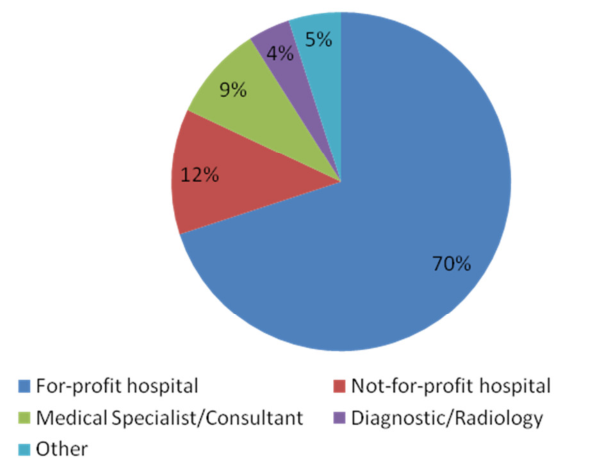
Australasia – Exposure to Vital Trust

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 December 31, 2012 , on a 100% basis; noting, however, that the REIT has exposure to an approximate 20% interest in Vital Trust.

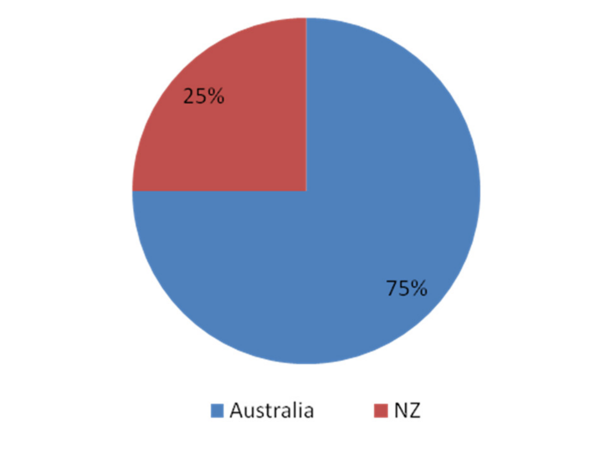
Overview of Vital Trust

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 March 31, 2012, Vital Trust owned a portfolio of 24 properties in New Zealand and Australia. Vital Trust's property portfolio is tenanted by hospital and healthcare operators who provide a wide range of medical and health services. Key metrics in respect of Vital Trust's property portfolio as at and for the year ended December 31, 2012 are presented below:

Tenant composition by Income



# of Properties by Regions



Notes: Represents 100% of Vital trust. The REIT has an exposure to an approximate 20% interest in Vital Trust.

For the three months ended March 31, 2013 Vital Trust increased its net property income by 5.5% over the prior year to NZ$14,916,894. This reflected an increase in portfolio occupancy to 99.5% as at March 31, 2013 from 99.3% as March 31, 2012.

The REIT's interest in Vital Trust

During the three months ended March 31, 2013, the REIT acquired an additional 878,722 trust units by electing to participate in Vital Trust's distribution reinvestment plan and additional 1,022,531 trust units on the market, increasing its interest in Vital Trust to 61,406,812 trust units or approximately 19.99% as at March 31, 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"). As of May 24, 2013, the REIT owned an interest in 61,407,812 units of Vital Trust.

The REIT's interest in Vital Trust 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 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 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.

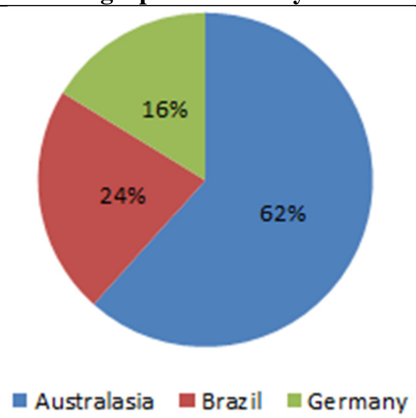
Fulda

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.

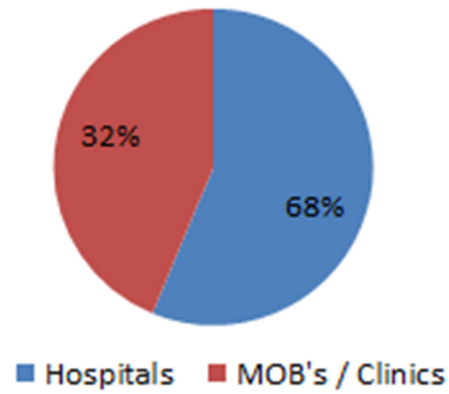
Diversification of Assets

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

Geographic Profile by GLA



Asset Mix by Number of Properties



Notes:
- As at March 31, 2013
- Australasia statistics represent 100% of Vital Trust. The REIT has an exposure to an approximate 20% interest in Vital Trust.

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), Melbourne (Australia), Sao Paulo (Brazil) and Sydney (Australia).

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, Germany and New Zealand.

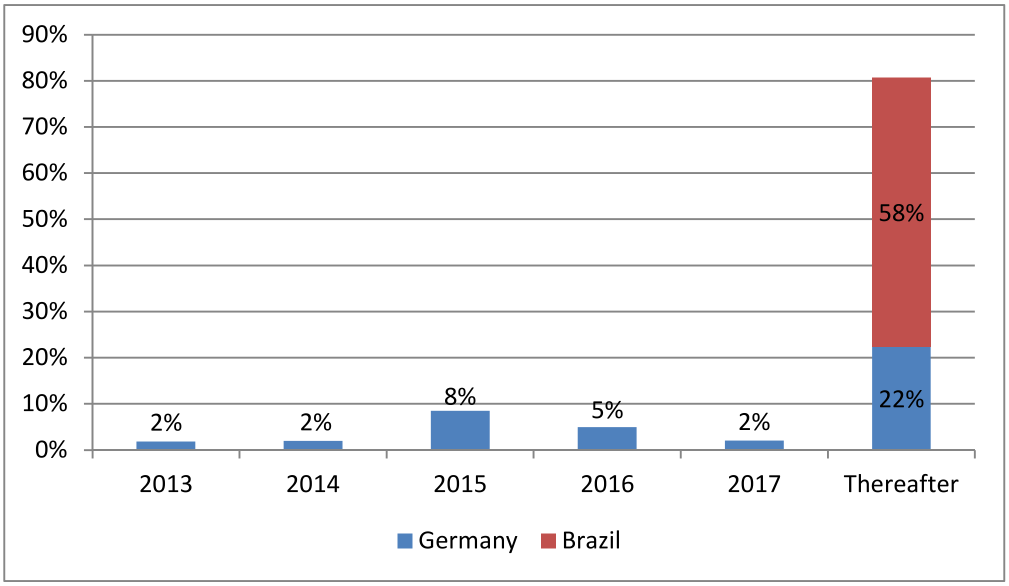
MOB's are similar to commercial office buildings and are typically multi-tenant properties and are primarily leased to necessity based healthcare providers.

As at March31, 2013 and including the REIT's interest in Vital Trust on a 100% basis, the REIT has interests in 18 hospitals and 14 medical office buildings.

Lease Maturities

As at March31, 2013 and including the REIT's interest in Vital Trust on a 100% basis, the REIT's asset diversification is complemented by a long term maturity profile, with a weighted average lease expiry of 12.9 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 March 31, 2013
- Excludes the REIT's interest in Vital Trust

As illustrated above, an average of 3.9% 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 is underpinned by a weighted average lease expiry of 11.9 years with an average of 2%of its GLA maturing each year, between 2013 and 2017. Additional details on Vital Trust's lease maturities are available at www.vitalhealthcareproperty.co.nz.

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 Mar. 31, 2013	As at Dec. 31, 2012
Operational Information [(1)]		
Number of Properties	32	31
Gross Leasable Area ("GLA")	2,019,570	1,873,571
Occupancy %	99.3%	99.5%
Summary of Financial Information		
Gross Book Value [(2)]	380,465,079	349,554,285
Debt [(3)]	149,655,282	116,497,806
Debt to Gross Book Value	39.3%	33.3%
Percentage of Mortgages and Loans Payable at Fixed Rates	79.1%	70.9%
W.A. Interest Rate on Fixed Rate Mortgages and Loans Payable	5.39%	5.50%
Adjusted Basic and Fully Diluted Units Outstanding [(4)]	99,403,678	98,541,704
	For the three months ended Mar. 31, 2013	**For the three months ended Dec. 31, 2012**
Operating Results		
Net Income / (Loss)	11,601,834	(33,968,406)
NOI from Continuing Operations [(5)]	4,343,063	1,117,774
Funds From Operations ("FFO") [(6)]	3,696,216	1,636,707
Adjusted Funds From Operations ("AFFO") [(5)]	4,699,810	1,959,356
Distributions [(5)]	3,976,052	3,608,382
Per Unit Amounts - Basic and Fully Diluted		
FFO per unit	$ 0.037	$ 0.020
AFFO per unit	$ 0.047	$ 0.020
Distributions per unit	$ 0.040	$ 0.040
Adjusted Weighted Average Units Outstanding [(4)]		
Basic and Fully Diluted	99,271,825	87,400,400

Notes

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

(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 54,431,075 Class B LP Exchangeable Units outstanding as at March 31, 2013 and 662,500 Class B Exchangeable LP Units outstanding at March 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

Intention to Increase Interest in Vital to approximately 25%

On April 1, 2013, the REIT gave notice to Vital Healthcare Management Limited of its intention to seek to acquire up to 15,352,830 additional units of Vital Trust (the "**Potential Unit Acquisitions**") in the open market over the New Zealand Stock Exchange. The REIT currently has exposure to an approximate 20% interest in Vital Trust. Vital Trust is also managed by an affiliate of the REIT's external manager. The Potential Unit Acquisitions are expected to occur within and over the period of up to 12 months after April 24, 2013, will be in the range of NZ$1.15 to NZ$1.38 per unit and are conditional upon there being sufficient sellers of units within the price range offered by the REIT. If the Potential Unit Acquisitions are completed in full, the REIT's exposure to Vital Trust would rise to slightly less than 25%.

Closing of Over-Allotment Option on March 2013 Debentures

On April 3, 2013, the REIT announced that pursuant to the March 25, 2013 $20,000,000 Debenture offering, the underwriters exercised their overallotment option and completed their purchase of an additional $2,600,000 aggregate principal amount of 6.50% convertible unsecured subordinated debentures of the REIT.

Acquisition of approximate 26% Strategic Interest in NorthWest Healthcare Properties REIT

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 to require the REIT to acquire 11,897,446 securities of NWHP REIT (the "**Option Units**"). The Option Units represent an approximate 26% 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 $157.0 million less approximately $79.0 million of debt 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 42.0 million 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.

PART III – RESULTS FROM OPERATIONS

The following discussion of the REIT's results from operations for the three months ended March 31, 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 months ended March 31, 2013 and March 31, 2012.

TABLE 6 - RESULTS FROM OPERATIONS

	Three months ended	
	Mar. 31, 2013	**Mar. 31, 2012**
Net Operating Income [(1)]		
Revenue from investment properties	4,715,218	-
Property operating costs	(372,155)	-
	4,343,063	**-**
Other income		
Share of profit from associate	1,356,821	-
Management fee participation	399,878	-
Interest income	328,133	1,778
	2,084,832	**1,778**
	6,427,895	**1,778**
Other expenses		
Mortgage and loan interest expense	(1,649,500)	-
General and administrative expense	(331,021)	(479,230)
Transaction costs	(78,863)	(421,796)
Finance costs	3,957,028	(16,761)
Foreign exchange loss	(1,078,796)	-
Amortization of intangible asset	(390,319)	-
Income / (Loss) before the undernoted items	**6,856,425**	**(916,009)**
Other fair value gains	8,325	490,296
Loss on revaluation of investment properties	(870,760)	-
Gain on derivative finacial instrument	6,462,057	-
Income / (Loss) before taxes	**12,456,047**	**(425,713)**
Income tax expense	(854,213)	-
Net Income / (Loss) from continuing operations	**11,601,834**	**(425,713)**
Net income from discontinued operations	-	1,963,543
Net Income / (Loss)	**11,601,834**	**1,537,830**

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 March 31, 2013 was $4,715,218 (for the three months ended March 31, 2012 – nil), which relates to the REIT's properties in Germany and Brazil.

For the three months ended March 31, 2013 revenue from investment properties from the German and Brazilian properties was $873,612 and $3,841,606 respectively. Revenue from Sabará Children's Hospital in Brazil of $600,645 for the three months ended March 31, 2013 includes the amortization of deferred revenue in the amount of $376,936, which represents the securitized portion of rents recognized into income on a straight line basis. Revenue from HMB in Brazil was $3,240,961 for the three months ended March 31, 2013. For the three months ended March 31, 2013, no revenue has been recorded for Fulda as the property was acquired on March 31, 2013 and income from the property will begin to accrue to the REIT effective April 1, 2013.

Property operating costs

Property operating costs for the three months ended March 31, 2013 were $372,155 (for the three months ended March 31, 2012 – nil), which relates to the REIT's properties in Germany and Brazil.

For the three months ended March 31, 2013, property operating costs from the German and Brazilian properties were $231,936 and $140,219 respectively.

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 associate

During the three months ended March 31, 2013, the REIT was allocated distributions of $997,672from Vital Trust which the REIT elected to receive in units through Vital Trust's Distribution Reinvestment Plan ("DRP").

The REIT accounts for its 19.99% ownership of Vital Trust using the equity method. During the three months ended March 31, 2013, the REIT recorded equity income from Vital Trust of $1,356,821.

Management fee participation

During the three months ended March 31, 2013, the REIT earned $399,878 related 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 months ended March 31, 2013, $342,897 of the management fee participation related to the variance in base fees paid by the REIT and those paid by Vital Trust. The remaining $56,981 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 months ended March 31, 2013, the REIT recorded interest income of $328,133. For the three months ended March 31, 2012, the REIT recorded interest income of $1,778. The increase in interest income from 2012 to 2013 is a result of the interest earned on the NHP Note from for the three months ended March 31, 2013 in the amount of $295,890.During the three months ended March 31, 2013, the REIT also recorded $25,191 of accretion income on the instalment note from NWVP.

Mortgage and loan interest expense

Mortgage and loan interest expense for the three months ended March 31, 2013 was $1,649,500 (for the three months ended March 31, 2012 – nil).

For the three months ended March 31, 2013 interest on the mortgages on the German properties was $185,578. During the three month period, the weighted average effective interest rate on the German properties decreased from 2.67% to 2.55% as a result of the $11,763,900 mortgage obtained on acquisition of Fulda which carries a 5 year fixed rate of 2.37%.

The REIT incurred interest of $385,843 on the Vital SLA and $1,050,900 on the term loan on HMB during the three months ended March 31, 2013.

General and Administrative Expenses

General and administrative expenses for the three months ended March 31, 2013 decreased $331,021 versus $421,796 in the comparable period in 2012. The decrease primarily related to an adjustment of $500,000 in respect of travel and other out of pocket costs of the Asset Manager.

Transaction Costs

For the three months ended March 31, 2013 the REIT incurred $78,863 of transaction costs primary related to the closing of the REIT's acquisition of the Initial International Assets from NWVP. Transaction costs incurred in the three months ended March 31, 2012 primarily related to the REIT's consideration of the proposed strategic transaction with NWVP.

Finance Costs

Finance costs for the three months ended March 31, 2013 consisted of the following:

TABLE 7 - FINANCE COSTS		
	Three months ended	
	Mar. 31, 2013	**Mar. 31, 2012**
Distributions on Class B LP Units	2,217,710	
Loss on revaluation of financial liabilities	1,650,394	10,136
Amortization of deferred financing costs	67,624	
Class B LP Uunits – Fair value adjustment	(7,892,757)	6,625
Total Finance Costs	**(3,957,028)**	**16,761**

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 months ended March 31, 2013, the REIT made distributions of $2,217,710 on the Class B LP units ($10,136 for the three months ended March 31, 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 months ended March 31, 2013, accretion expense of $1,650,394 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 months ended March 31, 2013, amortization of deferred financing costs totaled $67,624.

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 fair value is significantly affected by the change in the price of the REIT's Trust 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.

During the three months ended March 31, 2013, the value of the Class B LP liability decreased by $7,892,757, reflecting the $0.14 decrease in the trading price of the REIT's Trust Units during the period.

Other Fair Value Gains

Other fair value gains are comprised of gains 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 gains for the three months ended March 31, 2013 were $8,325 (for the three months ended March 31, 2012 $490,296). The decrease was a result of the significant reduction in the outstanding incentive unit options, warrants and Deferred Unit Plan units as a s consequence of the acquisition by NWVP in May 2012.

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.

The Put/Call arrangement has been determined to be a derivative financial instrument in a net liability 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 are recognized through the consolidated statement of comprehensive income / (loss).

The gain recognized in connection with the Put/Call arrangement for the three months ended March 31, 2013 was $6,462,057 and resulted from changes in the underlying assumptions used to compute the fair value of the Put/Call arrangement using the Black-Scholes option pricing model during the period. Such changes in assumptions include the decrease in the trading price of the REIT's units, the increase in the trading price of NWHP REIT's units, and the decrease in the remaining life of the options.

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	
	Mar. 31, 2013	**Mar. 31, 2012**
Net Income	11,601,834	1,537,830
Add / (Deduct):		
(i) Fair market value gains	(13,492,379)	(1,686,572)
(ii) Finance cost - Class B exchangeable unit distributions	2,217,710	10,136
(iii) Revaluation of financial liabilities	1,650,394	-
(iv) Foreign exchange	1,078,796	-
(v) Deferred taxes	440,000	-
(vi) Strategic transaction costs	78,863	-
(vii) Net adjustments for equity accounted entities	120,998	-
Funds From Operations ("FFO") (1)	**3,696,216**	**(138,606)**
Adjusted basic and fully diluted FFO per Unit	$ 0.037	$ (0.009)
Adjusted weighted average units outstanding: (2)		
Basic and Fully diluted	99,271,825	15,520,847

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 54,431,075 Class B LP Exchangeable Units outstanding as at March 31, 2013 and 662,500 Class B Exchangeable LP Units outstanding at March 31, 2012.

For the three months ended March 31, 2013 the REIT's FFO per unit reflects the operations of the international assets for a full quarter and excludes any results from the REIT's Former Canadian MOB Portfolio.

FFO per unit of $0.037 for the three months ended March 31, 2013does not include a full quarter impact of interest expense on the Debentures which were issued on March 25, 2013 or any net operating income and expenses from the REIT's acquisition of Fulda which was completed on March 31, 2013. Management expects that these items 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 March 31, 2013 fair market value gains comprised of (a) $6,462,057 fair value gain on derivative financial instruments; (b) $7,901,082 fair value gain on Class B exchangeable units and unit based compensation liabilities; and (c) $870,760 fair value loss on investment properties. Additional details are below:

(a) <u>Derivative financial instruments</u>

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) <u>Class B LP Units and unit based compensation liabilities</u>

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) <u>Investment properties</u>

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.

(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 March 31, 2013, accretion expense of $1,650,394 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 are 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) Net adjustments for equity accounted entities

Under IFRS the REIT's investment in associate, which currently represents an approximate 19.99% direct and indirect interest in Vital Trust, is accounted for using the equity method of accounting. As such, the REIT's share of its associate's 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 associate's 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 associate's FFO.

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

TABLE 9 - NET ADJUSTMENTS FOR EQUITY ACCOUNTED ENTITIES

	Three months ending Mar. 31, 2013 (1)		
Currency	NZD	CAD	CAD
% of Vital trust	100%	100%	20%
Net Income	6,889,745	5,799,788	1,147,378
Add / (Deduct):			
(i) Other comprehensive losses	1,257,658	1,058,696	209,443
(ii) Taxation expense	704,025	592,648	117,244
(iii) Other losses	22,542	18,976	3,754
Funds From Operations ("FFO") (1)	**8,873,969**	**7,470,107**	**1,477,819**
Less: Share of loss from associate			(1,356,821)
Net adjustments for equity accounted entities			**120,998**

Notes

(1) Represents Vital Trust's unaudited results for the nine months ending March 31, 2013 less the six months resulted for the six months ending December 31, 2012 to reflect three months ending March 31, 2013.

(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.

For the three months ended March 31, 2013, the REIT has included $1,477,819 of FFO related to its approximate 20% proportionate direct and indirect interest in the Vital Trust. During this period, the REIT received $997,672 in distributions from Vital Trust, which the REIT elected to receive in the form of additional Vital Trust units under its dividend reinvestment program.

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	
		Mar. 31, 2013	**Mar. 31, 2012**
		(Unaudited)	**(Unaudited)**
Funds From Operations ("FFO") (1)		3,696,216	(138,606)
Add / (Deduct):			
(i)	Asset management fees to be paid in units	434,835	-
(ii)	Amortization of intangible asset	390,319	-
(iii)	Instalment note	205,734	-
(iv)	Amortization of deferred financing charges	67,624	13,250
(v)	Straight line revenue	(74,267)	12,901
(vi)	Actual capex and leasing costs from continuing operations	(20,651)	(133,845)
(vii)	Amortization of leasing costs and tenant inducements	-	4,017
(viii)	Unit-based compensation expense	-	298,000
Adjusted Funds From Operations ("AFFO") (1)		**4,699,810**	**55,717**
Adjusted basic and fully diluted AFFO per Unit		$ 0.047	$ 0.004
Adjusted weighted average units outstanding: (2)			
Basic and Fully diluted		99,271,825	15,520,847

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 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 54,431,075 Class B LP Exchangeable Units outstanding as at March 31, 2013 and 662,500 Class B Exchangeable LP Units outstanding at March 31, 2012.

For the three months ended March 31, 2013 the REIT's AFFO per unit reflects the operations of the international assets for a full quarter and excludes any results from the REIT's Former Canadian MOB Portfolio.

AFFO per unit of $0.047 for the three months ended March 31, 2013does not include a full quarter impact of interest expense on the Debentures which were issued on March 25, 2013 or net operating income and expenses from the REIT's acquisition of Fulda which was completed on March 31, 2013. Management expects that these items 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 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) Straight line revenue

Under IFRS, the REIT has recorded $17,226,215 of 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 December 31, 2012 the REIT recorded $572,406 in deferred revenue related to Sabara Children's Hospital, while the actual rent received less interest on the securitization totaled $501,024. As such the REIT has reduced IFRS net income by $71,382 in AFFO.

(v) Actual capital expenditures and leasing costs

For the three months ended March 31, 2013 the REIT incurred $20,651 of non-recoverable capital expenditures related to the parking garage at Königs Wusterhausen 1.

(vi) Amortization of leasing costs and tenant inducements

For the three months ended December 31, 2012 the REIT did not amortize any leasing costs or tenant inducements.

(vii) Unit-based compensation expense

For the three months ended March 31, 2012 the REIT did not incur any unit-based compensation expenses.

DISTRIBUTIONS

For the three months ended March 31, 2013, the REIT paid a total of $3,942,827 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	Mar-13	Feb-13	Jan-13	Dec-12	Nov-12	Oct-12	Sep-12	Aug-12	Jul-12	Jun-12	May-12	Apr-12
Monthly distribution ($)	0.0133	0.0133	0.0133	0.0133	0.0254	0.0053	0.0053	0.0053	0.0053	0.0053	0.0053	0.0053
Month-end closing price ($)	1.91	2.19	2.15	2.01	2.05	1.95	2.00	1.56	1.80	1.84	1.86	1.84
Date of Record	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	29-Jun-12	31-May-12	30-Apr-12
Date Paid	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	16-Jul-12	15-Jun-12	15-May-12

On November 22, 2012, the REIT declared a distribution of $0.0215333 per trust unit for the month of November 2012 to unitholders of record on November 30, 2012, payable December 17, 2012. This distribution reflects the regular monthly distribution of $0.01333 per unit plus an additional one-time adjustment of $0.012080, to give effect to the change in the annualized distribution rate to $0.16 per unit per annum, with effect from October 1, 2012.

On January 23, 2013 the REIT implemented the DRIP that took effect with the distribution of $0.013334 per trust unit paid on February 15, 2013 to those unitholders of record on January 31, 2013. Eligible unitholders (which 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. During the three months ended March 31, 2013, a total of 11,074 trust units were issued under the DRIP.

QUARTERLY PERFORMANCE

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

TABLE 12 - QUARTERLY PERFORMANCE	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11
Summary of Financial information									
Gross Book Value	380,465,079	349,554,285	88,473,236	88,517,393	75,705,892	63,709,964	56,733,443	53,043,001	49,438,980
Debt (1)	147,430,845	116,497,806	48,163,959	47,571,759	42,689,621	32,398,102	25,687,323	22,612,479	18,659,422
Debt to Gross Book Value (2)	38.8%	33.3%	54.4%	53.7%	56.4%	50.9%	45.3%	42.6%	37.7%
Operating results									
Net income / (loss)	11,601,834	(33,968,406)	(2,343,296)	2,290,406	1,537,830	60,314	2,529,368	1,990,600	4,759,477
NOI from Continuing Operations (3)	4,343,063	1,117,774	-	-	-	-	-	-	-
NOI from Discontinued Operations (3)	-	-	1,407,008	1,453,069	1,291,973	992,481	803,411	834,377	863,615
FFO (3)	3,696,216	1,636,707	574,588	759,959	(138,606)	(17,232)	250,315	98,580	290,104
AFFO (3)	4,699,810	1,959,356	450,657	649,873	55,717	317,313	192,154	(61,289)	120,184
Distributions (4)	3,976,052	3,608,382	323,546	319,183	237,469	237,469	237,469	237,469	238,132
Per Unit amounts - Basic and Fully diluted									
FFO per unit	$ 0.037	$ 0.019	$ 0.028	$ 0.041	$ (0.009)	$ (0.001)	$ 0.016	$ 0.006	$ 0.019
AFFO per unit	$ 0.047	$ 0.022	$ 0.022	$ 0.035	$ 0.004	$ 0.020	$ 0.012	$ (0.004)	$ 0.008
Distributions	$ 0.040	$ 0.041	$ 0.016	$ 0.017	$ 0.015	$ 0.015	$ 0.015	$ 0.015	$ 0.015
Adjusted Weighted Average units outstanding (5)									
Basic and Fully Diluted	99,271,825	87,400,400	20,219,095	18,647,389	15,520,847	15,520,847	15,520,847	15,520,847	15,520,847

Notes

(1) Excludes deferred consideration of $31,740,854 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 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 54,431,075 Class B LP Exchangeable Units outstanding as at March 31, 2013 and 662,500 Class B Exchangeable LP Units outstanding at March 31, 2012.

PART IV – CAPITALIZATION AND LIQUIDITY

INVESTMENT PROPERTIES

As at March 31, 2013 the REIT's investment properties comprised of international healthcare real estate assets. The fair value of investment properties as at March 31, 2013 was $229,898,041 representing an implied weighted average capitalization rate of 9.37% (as at Dec. 31, 2012 - 9.55%).

TABLE 13 - INVESTMENT PROPERTIES		
	Mar. 31, 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	21,826	
Fair value gain / (loss)	(870,760)	(11,128,994)
Foreign currency translation	5,731,358	1,413,725
Discountinued operations	-	(61,332,333)
Closing Balance	**229,898,041**	**205,502,477**

During the three months ended March 31, 2013, the REIT acquired the Fulda Property for $19,513,141, which included $842,216 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 fair values of the investment properties at March 31, 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 March 31, 2013 and December 31, 2012:

TABLE 14 - CAPITAL STRUCTURE		
	Mar. 31, 2013	**Dec. 31, 2012**
Mortgages and loans payable	128,934,570	116,497,806
Convertible debentures	18,496,275	-
Class B LP unit liability	103,963,353	114,686,110
Unit-based compensation liability	176,673	184,998
Unitholders Equity	58,002,556	42,095,940
Total Capitalization	**309,573,427**	**273,464,854**

Equity

For the three months ended March 31, 2013 the number of Class B LP Units outstanding decreased from 55,944,444 to 54,431,075. The reduction in Class B LP units was a result of 1,513,369 Class B LP units being converted into 1,513,369 REIT units at a cost of $2,830,000 on March 11, 2013.

For the three months ended March 31, 2013 the number of Trust Units outstanding increased from 42,597,260 to 44,972,603. 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 $294,403; (ii) the issuance of 11,074 Trust Units under the REIT's DRIP on February 15, 2013 at a cost of $21,732; and (iii) 1,513,369 Class B LP units being converted into 1,513,369 REIT units at a cost of $2,830,000 on March 11, 2013.

Liabilities

The following table summarizes the mortgages and loans payable by region as at March 31, 2013:

TABLE 15 - DEBT

	As at Mar. 31, 2013	Weighted average interest rate [1]	Maturity
Brazil - Loans	63,706,136	6.60%	December 2014
Australiasia - Vital SLA	26,944,019	5.15%	November 2013
Germany - Loans & Mortgages	38,284,415	2.55%	June 2017 - March 2018
Total Mortgages and Loans Payable	**128,934,570**	**5.10%**	
Canada - Converible debentures	18,496,275	6.50%	March 2018
Total Debt	**147,430,844**	**5.27%**	

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

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 March 31, 2013, the REIT repaid $5,000,000 in respect of its obligation under the SLA. An additional 1,022,531 units of Vital Trust with a cost of $1,165,458 became subject to the SLA in the three months ended March 31, 2013.

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 March 31, 2013 the interest rate was 5.13%

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 March 31, 2013, loans and mortgages related to the REIT's investment properties in Germany comprised of (i) $33,852,459 fixed rate mortgages maturing in November 2017 with an effective interest rate of 2.43% per annum; (ii) $4,393,965 of floating maturing March 2018 with an effective interest rate of 3.50% per annum, and; (iii) $37,992 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.

LIQUIDITY AND CASH RESOURCES

Cash resources and Liquidity

TABLE 16 - CASH AND LIQUIDITY

	As at Mar. 31, 2013	**As at Dec. 31, 2012**
Cash	6,596,658	3,749,911
Undrawn revolving credit facility	-	-
Total	**6,596,658**	**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 March 31, 2013:

TABLE 17 - CONTRACTUAL CASH FLOWS	Carrying amount	Contractual cash flow	2013	2014	2015	2016	2017	Thereafter
Accounts payable and accrued liabilities	3,463,130	3,463,130	3,463,130	-	-	-	-	-
Distributions payable	599,665	599,665	599,665	-	-	-	-	-
Income tax payable	480,014	480,014	480,014	-	-	-	-	-
Deferred consideration	31,740,854	31,740,854	31,228,742	512,112	-	-	-	-
Convertible debenture	18,496,275	26,500,000	975,000	1,300,000	1,300,000	1,300,000	1,300,000	20,325,000
Mortgages and loans payable	128,934,570	140,681,201	31,499,074	70,272,244	1,879,355	1,867,073	31,907,799	3,255,656
Total	**183,714,507**	**203,464,864**	**68,245,625**	**72,084,355**	**3,179,355**	**3,167,073**	**33,207,799**	**23,580,656**

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 Mar. 31, 2013 (Unaudited)	Three months ended Mar. 31, 2012 (Unaudited)
Cash provided by / (used in):		
Operating activities		
Continuing operations	(468,572)	(207,387)
Discontinued operations	-	777,085
Net cash from operating activities	**(468,572)**	**569,698**
Investing activities		
Continuing operations	(20,883,695)	-
Discontinued operations	-	(3,255,829)
Net cash from investment activities	**(20,883,695)**	**(3,255,829)**
Financing activities		
Continuing operations	24,112,585	(227,334)
Discontinued operations	-	2,504,306
Net cash from financing activities	**24,112,585**	**2,276,972**
Net increase / (decrease) in cash during the period	**2,760,318**	**(409,159)**
Net increase (decrease) in cash from:		
Continuing operations	2,760,318	(434,721)
Discontinuing operations	-	25,562
Effect of foreign currency translation	86,429	-
Net increase / (decrease) in cash during the period	**2,846,747**	**(409,159)**

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

Operating activities

Cash used in operating activities totaled $468,572 and $207,387 for the three months ended March 31, 2013 and March 31, 2012 respectively. Operating cash flow from continuing operations increased in 2013 from the comparable period of 2012 as a result of the cash flow generated from the international assets which did not exist during the comparable period of 2012. The increase in Class B LP distributions associated with the additional Class B LP Units issued to acquire the Initial International Assets resulted in a net decrease in cash flows from operating activities during the three months ended March 31, 2013 compared to the three months ended March 31, 2012.

Investing activities

Cash used in investing activities totaled $20,883,695 for the three months ended March 31, 2013, reflecting the acquisition of the Fulda property and additional units of Vital Trust.

Financing activities

Cash provided by financing activities totaled $24,112,585 for the three months ended March 31, 2013 as compared to ($227,334) during the three months ended March 31, 2012.

During the period, the REIT raised $18,490,510, net of issue costs, from an offering of $20,000,000 of convertible debentures and $1,406,897, net of issue costs, from the exercise of the overallotment option related to the December 2012 equity offering. The proceeds from those offerings were used to fund a portion of the purchase price of Fulda, the acquisition of additional Vital Trust Units, payment of deferred consideration related to the HMB acquisition and provide funds for future acquisitions and additional working capital.

The REIT obtained additional mortgage financing of $11,896,800 to fund the acquisition of Fulda in the three months ended March 31, 2013. Scheduled principle repayments totaled $3,727,448 in the quarter ended March 31, 2013.

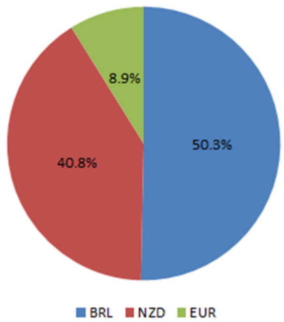
During the three months ended March 31, 2013, the REIT paid $1,183,656 to related parties in respect of management fees and reimbursement of various costs in the ordinary course of business.

During the three months ended March 31, 2012, the REIT paid distributions on its Trust Units of $227,334, reflecting the fewer number of Trust Units outstanding at the time and lower distribution rate.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three months ended March 31, 2012, substantially all 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 March 31, 2012 is presented below:

AFFO by Currency (1) (2)



Trading Range (1) (3)

(Against CAD)	BRL	EUR	NZD
High	0.5282	1.3607	0.8575
Low	0.4814	1.2883	0.8162
Average	0.5059	1.3319	0.8418
Balance Sheet:			
January 1st	0.4859	1.3118	0.8223
March 31st	0.5037	1.3071	0.8518
Profit & Loss:			
Weighted Avg.	0.5059	1.3319	0.8418

Notes:
1. For the three months ended March 31, 2013
2. Excludes Canadian Dollar AFFO of $93,501related to certain general and administrative expenses, interest expenses and interest income
3. Rates presented against Canadian Dollar

For the three months ended March 31, 2013, all of the FFO 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 March 31, 2013, FFO generated in Canadian dollars totaled $93,501. Distributions to Unitholders in Canadian dollars of $1,704,937 in the quarter were funded from the proceeds of the equity and convertible debenture offerings.

As at March 31, 2013 the REIT held approximately $48 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 March 31, 2013, NWVP indirectly owns 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.

b) On November 16, 2012 with an effective date of October 1, 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 with NWVP.

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 year:

Three Months Ended March 31,		**2013**		**2012**
Base asset management fees	$	434,835	$	-
Property management fees		31,085		-
Management fee participation		(399,878)		-
Reimbursement of out-of-pocket costs - completed transactions		54,571		-
	$	**120,573**	**$**	**-**

d) 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.

e) 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.

RELATED PARTIES TO THE 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.

a) 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 Former Canadian MOB 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.

b) 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 Former Canadian MOB Portfolio, the property management agreement with CMD became an obligation of NWHP REIT.

c) On November 16, 2012, with an effective date of October 1, 2012, the REIT sold the Former Canadian MOB Portfolio of NWHP REIT. As part of the post-closing adjustment, the REIT has made an accrual of an amount owing to 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.

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 months ended March 31, 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 months ended March 31, 2013, its audited consolidated financial statements and accompanying notes for the year ended December 31, 2012.

For the three months ended March 31, 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 months ended March 31, 2013.

PART VIII – OUTLOOK

During the three months ended March 31, 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