NORTHWEST INTERNATIONAL HEALTHCARE PROPERTIES
REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Financial Statements
Unaudited

For the Three and Nine Months Ended September 30, 2013

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

As at	**September 30, 2013**	December 31, 2012
Assets		
Investment properties (note 6)	**$ 244,736,066**	$ 205,502,477
Investment in associates (note 7)	**259,950,609**	80,706,461
Intangible asset (note 8)	**14,441,794**	15,612,750
Due from related parties (note 9)	**34,337,830**	42,522,743
Accounts receivable	**1,313,591**	466,683
Other assets (note 10)	**623,214**	993,260
Cash	**5,464,491**	3,749,911
Total assets	**$ 560,867,595**	$ 349,554,285
Liabilities		
Mortgages and loans payable (note 11)	**$ 209,231,717**	$ 116,497,806
Deferred consideration (note 12)	**28,417,810**	30,993,246
Convertible debentures (note 13)	**35,412,000**	-
Deferred revenue (note 14)	**15,412,082**	18,263,895
Deferred tax liability (note 15)	**9,878,327**	120,920
Derivative financial instruments	**-**	23,083,107
Income tax payable	**489,260**	-
Accounts payable and accrued liabilities	**5,688,981**	3,060,271
Distributions payable	**607,006**	567,992
	305,137,183	192,587,237
Unit-based compensation liability (note 16)	**172,048**	184,998
Class B LP exchangeable units (note 17)	**169,387,075**	114,686,110
Total liabilities	**474,696,306**	307,458,345
Unitholders' Equity		
Unitholders' equity (note 18)	**86,171,289**	42,095,940
Total liabilities and unitholders' equity	**$ 560,867,595**	$ 349,554,285

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

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

	Three Months Ended September 30, 2013	2012	Nine Months Ended September 30, 2013	2012
Net Operating Income				
Revenue from investment properties	**$ 4,876,996**	$ -	**$ 14,633,055**	$ -
Property operating costs	**594,988**	-	**1,462,292**	-
	4,282,008	-	**13,170,763**	-
Other Income				
Interest	**635,314**	1,204	**1,813,281**	6,512
Management fee participation (note 21)	**469,838**	-	**1,280,083**	-
Share of profit of associates (note 7)	**4,616,826**	-	**8,394,608**	-
	5,721,978	1,204	**11,487,972**	6,512
Expenses				
Mortgage and loan interest expense	**3,722,434**	-	**7,500,785**	-
General and administrative expenses	**866,369**	177,829	**2,062,405**	953,193
Transaction costs	**-**	64,027	**468,182**	323,231
Amortization of intangibles (note 8)	**390,318**	-	**1,170,956**	-
Foreign exchange loss	**1,979,466**	-	**1,907,279**	-
	6,958,587	241,856	**13,109,607**	1,276,424
Income (loss) before other finance costs and fair value adjustments	**3,045,399**	(240,652)	**11,549,128**	(1,269,912)
Finance costs:				
Amortization of financing costs	**(128,456)**	-	**(264,219)**	-
Class B LP exchangeable unit distributions	**(3,642,915)**	-	**(8,526,498)**	(13,937)
Fair value adjustment of Class B LP exchangeable units	**16,392,297**	-	**10,980,683**	(278,250)
Accretion of financial liabilities (notes 11 and 12)	**(822,682)**	-	**(3,665,333)**	-
Fair value adjustment of convertible debentures (note 13)	**2,891,300**	-	**4,688,000**	-
Convertible debenture issuance costs (note 13)	**(1,872,887)**	-	**(3,566,115)**	-
Fair value gain on derivative financial instrument	**-**	-	**23,083,107**	-
Fair value adjustment of investment properties (note 6)	**25,896,946**	-	**25,010,172**	-
Other fair value gains (note 19)	**16,650**	415,647	**12,950**	58,274
Income (loss) before taxes and discontinued operations	**41,775,652**	174,995	**59,301,875**	(1,503,825)
Current income tax expense	**397,676**	-	**1,220,600**	-
Deferred income tax expense	**9,261,740**	-	**10,194,732**	-
Net income (loss) from continuing operations	**32,116,236**	174,995	**47,886,543**	(1,503,825)
Net income from discontinued operations (note 4)	**-**	781,709	**-**	6,288,765
Net income	**$ 32,116,236**	$ 956,704	**47,886,543**	4,784,940
Other comprehensive income (loss):				
Items that will be reclassified subsequently to income				
Foreign currency translation adjustment	**(1,804,813)**	-	**(2,117,826)**	-
Share of other comprehensive loss of associate (note 7)	**(701,439)**	-	**(1,632,956)**	-
Other comprehensive income (loss), net of tax	**(2,506,252)**	-	**(3,750,782)**	-
Total comprehensive income for the period, net of tax	**$ 29,609,984**	$ 956,704	**$ 44,135,761**	$ 4,784,940

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

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

	Trust Unit Equity	Contributed Surplus	Reduction on Reclassification to Liabilities	Cumulative Distributions	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total
Balance, December 31, 2011	**$ 19,916,415**	**$ -**	**$ (114,683)**	**$ (924,190)**	**$ -**	**$ 7,178,545**	**$ 26,056,087**
Units issued pursuant to rights offering	4,462,244	-	-	-	-	-	4,462,244
Unit issue costs	(268,540)	-	-	-	-	-	(268,540)
Conversion of Class B LP units	1,238,875	-	-	-	-	-	1,238,875
Conversion of Deferred Unit Plan units	1,529,727	-	-	-	-	-	1,529,727
Distributions	-	-	-	(866,128)	-	-	(866,128)
Net income for the period	-	-	-	-	-	4,784,940	4,784,940
Balance, September 30, 2012	**$ 26,878,721**	**$ -**	**$ (114,683)**	**$ (1,790,318)**	**$ -**	**$ 11,963,485**	**$ 36,937,205**
Expiry of warrant liability	-	2,345,022	-	-	-	-	2,345,022
Public offering of units	25,000,000	-	-	-	-	-	25,000,000
Unit issue costs	(2,295,181)	-	-	-	-	-	(2,295,181)
Units issued as consideration	18,472,169	-	-	-	-	-	18,472,169
Distributions	-	-	-	(1,440,702)	-	-	(1,440,702)
Foreign currency translation adjustment	-	-	-	-	454,571	-	454,571
Share of other comprehensive loss of associate	-	-	-	-	(108,737)	-	(108,737)
Net loss for the period	-	-	-	-	-	(37,268,407)	(37,268,407)
Balance, December 31, 2012	**$ 68,055,709**	**$ 2,345,022**	**$ (114,683)**	**$ (3,231,020)**	**$ 345,834**	**$(25,304,922)**	**$ 42,095,940**
Units issued pursuant to equity offering	1,397,490	-	-	-	-	-	1,397,490
Units issued through distribution reinvestment plan	196,706	-	-	-	-	-	196,706
Conversion of Class B LP exchangeable units	2,830,000	-	-	-	-	-	2,830,000
Asset management fees paid in units	900,295	-	-	-	-	-	900,295
Distributions	-	-	-	(5,384,903)	-	-	(5,384,903)
Foreign currency translation adjustment	-	-	-	-	(2,117,826)	-	(2,117,826)
Share of other comprehensive loss of associate	-	-	-	-	(1,632,956)	-	(1,632,956)
Net income for the period	-	-	-	-	-	47,886,543	47,886,543
Balance, September 30, 2013	**$ 73,380,200**	**$ 2,345,022**	**$ (114,683)**	**$ (8,615,923)**	**$ (3,404,948)**	**$ 22,581,621**	**$ 86,171,289**

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

	Three Months Ended September 30, **2013**	2012	Nine Months Ended September 30, **2013**	2012
Cash provided by (used in):				
Operating activities				
Net income (loss) before tax from continuing operations for the period	$ **41,775,652**	$ 174,995	$ **59,301,875**	$ (1,503,825)
Adjustment for:				
Amortization of intangible asset (note 8)	**390,318**	-	**1,170,956**	-
Mortgage and loan interest	**3,722,434**	-	**7,500,785**	-
Mortgage and loan interest paid	**(3,731,494)**	-	**(6,472,008)**	-
Finance costs				
Amortization of financing charges	**128,456**	-	**264,219**	-
Class B LP exchangeable unit distributions	**3,642,915**	-	**8,526,498**	13,937
Fair value adjustment of Class B exchangeable units	**(16,392,297)**	-	**(10,980,683)**	278,250
Accretion of financial liabilities (notes 11 and 12)	**822,682**	-	**3,665,333**	-
Fair value adjustment of convertible debentures (note 13)	**(2,891,300)**	-	**(4,688,000)**	-
Share of profit of associates (note 7)	**(4,616,826)**	-	**(8,394,608)**	-
Unrealized foreign exchange loss	**1,888,834**	-	**1,794,060**	-
Amortization of deferred revenue	**(534,260)**	-	**(2,122,651)**	-
Fair value adjustment of investment properties (note 6)	**(25,896,946)**	-	**(25,010,172)**	-
Fair value gain on derivative financial instrument	**-**	-	**(23,083,107)**	-
Other fair value losses	**(16,650)**	(415,647)	**(12,950)**	(58,274)
Unit based compensation expense	**-**	-	**-**	1,062,864
Income taxes paid	**(348,115)**	-	**(769,337)**	-
Changes in non-cash working capital balances (note 20(i))	**3,012,077**	611,290	**760,933**	(4,360,253)
Cash provided by (used in) operating activities from continuing operations	**955,480**	370,638	**1,451,143**	(4,567,301)
Investing activities				
Acquisitions of investment properties (note 5)	**-**	-	**(19,513,526)**	-
Additions to investment properties	**-**	-	**(50,852)**	-
Additions to investment in associates (note 7)	**(21,336,391)**	-	**(22,623,080)**	-
Distribution income from associates	**3,788,939**	-	**5,546,241**	-
Cash provided by (used in) investing activities from continuing operations	**(17,547,452)**	**-**	**(36,641,217)**	**-**
Financing activities				
Proceeds from units issued, net of issue costs	**-**	-	**1,397,490**	4,193,704
Issuance of convertible debentures	**17,500,000**	-	**40,100,000**	-
Net advances/proceeds of mortgages and loans payable	**7,446,395**	-	**15,950,649**	-
Payment of deferred consideration	**32,058**	-	**(2,804,235)**	-
Financing fees paid	**(287,181)**	-	**(439,066)**	-
Advances to related parties	**(840,873)**	-	**(3,750,541)**	-
Distributions paid	**(1,729,921)**	(323,279)	**(5,149,183)**	(834,057)
Class B LP exchangeable units distributions paid	**(3,642,914)**	267	**(8,058,156)**	(13,670)
Cash provided by (used in) financing activities from continuing operations	**18,477,564**	(323,012)	**37,246,958**	3,345,977
Net change in cash from continuing operations	**1,885,592**	47,626	**2,056,884**	(1,221,324)
Effect of foreign currency translation	**(139,417)**	-	**(342,304)**	-
Net change in cash from discontinued operations (note 4)	**-**	(43,691)	**-**	(136,289)
Net change in cash	**1,746,175**	3,935	**1,714,580**	(1,357,613)
Cash, beginning of period	**3,718,316**	338,519	**3,749,911**	1,700,067
Cash, end of period	$ **5,464,491**	$ 342,454	$ **5,464,491**	$ 342,454

Supplemental disclosure relating to non-cash financing and investing activities (note 20(ii))

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

1. Organization of the Real Estate Investment Trust

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

NorthWest Value Partners Inc. (“NWVP”) acquired a controlling interest of the REIT in mid-2012. In a series of transactions, the REIT disposed of its entire portfolio of Canadian medical office buildings to NorthWest Healthcare Properties REIT (“NWHP REIT”), a related party, effective October 1, 2012. In a separate series of transactions, effective October 1, 2012, the REIT acquired a portfolio of international assets from NWVP (the "Initial International Assets"). In conjunction with the acquisition of the Initial International Assets, the REIT and its affiliates entered into a series of agreements with affiliates of NWVP, whereby such affiliates have agreed to act as Property Manager, Asset Manager and Developer for the REIT in respect of the REIT’s investments. On October 30, 2012, the REIT changed its name from “GT Canada Medical Properties Real Estate Investment Trust”, reflecting its new strategic direction.

The REIT’s condensed consolidated interim financial statements for the three and nine months ended September 30, 2013, were authorized for issue by the Board of Trustees on November 20, 2013.

2. Statement of Compliance

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

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

3. Summary of Significant Accounting Policies

All significant accounting policies have been applied on a basis consistent with those followed in the most recent audited annual consolidated financial statements, except as noted below. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as at September 30, 2013.

(a) Convertible Debentures

The convertible debentures are convertible into Trust Units of the REIT. As the REIT’s Trust Units are redeemable at the option of the holder and are therefore considered puttable instruments in accordance with IAS 32, *Financial Instruments: Presentation*, the convertible debentures are considered a liability containing liability-classified embedded derivatives. The REIT has elected to classify and measure its convertible debentures as financial liabilities measured at fair value through profit and loss (FVTPL) with the changes in fair value being recognized in the condensed consolidated statements of income and comprehensive income.

(b) Accounting Judgments and Use of Estimates

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

3. Summary of Significant Accounting Policies (continued)

(c) Changes to Accounting Standards

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

(d) New Standards effective January 1, 2013

(i) IFRS 7 Offsetting Financial Assets and Liabilities

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

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

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

- It is exposed, or has rights, to variable returns from its involvement with that entity; and

- It has the ability to affect those returns through its power over that entity

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

(iii) IFRS 13 Fair Value Measurement

On May 12, 2011, the IASB issued IFRS 13 Fair Value Measurement (IFRS 13). IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. On January 1, 2013, the REIT adopted this pronouncement on a prospective basis. The adoption of IFRS 13 resulted in the REIT changing its methodology for determining fair value of the Class B LP exchangeable units and resulted in increased disclosures about the REIT's various methods in estimating the fair values of assets and liabilities measured at fair value on a recurring or nonrecurring basis in the statement of financial position. As allowed under IFRS 13, if an asset or liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value. The REIT has chosen to use closing market prices as a practical expedient for fair value measurement for its Class B LP exchangeable units and unit-based compensation liabilities.

Unaudited (Canadian dollars)

3. Summary of Significant Accounting Policies (continued)

(d) New Standards effective January 1, 2013 (continued)

(iv) IAS 1 Presentation of Financial Statements

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

4. Discontinued Operations

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

	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2012
Net Operating Income		
Revenue from investment properties	$ 2,399,028	$ 7,011,675
Property operating costs	992,020	2,859,625
	1,407,008	4,152,050
Expenses		
Mortgage and loan interest expense	569,348	1,640,527
Income before other finance costs and fair value adjustments	837,660	2,511,523
Amortization of deferred financing costs	(22,420)	(65,526)
Fair value gain on investment properties	(33,531)	3,842,768
Net income from discontinued operations	$ 781,709	$ 6,288,765

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

	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2012
Cash provided by operating activities	$ 124,658	$ 2,933,712
Cash used in investing activities	(40,601)	(6,103,031)
Cash provided by financing activities	(127,748)	3,033,030
Net change in cash from discontinued operations	$ (43,691)	$ (136,289)

Unaudited (Canadian dollars)

5. Property Acquisitions

On March 31, 2013, the REIT completed the acquisition of a medical office complex in Fulda, Germany (the "Fulda Property") for a gross purchase price of $19,513,141 including transaction costs of $842,216. The REIT's investment was funded from cash and new mortgage financing from a German lending institution for $11,804,379 (net of transaction costs of $71,121) with a five year term, a fixed interest rate of 2.37% per annum and a 40 year amortization period. The acquisition has been accounted for as an asset acquisition.

6. Investment Properties

As at	**September 30, 2013**	December 31, 2012
Balance, beginning of period	**$ 205,502,477**	$ 61,332,333
Continuing operations		
Acquisitions of Initial International Assets	**-**	84,412,292
Acquisition of investment property (note 5)	**19,513,141**	128,212,296
Additions to investment properties	**50,852**	-
Fair value gain (loss)	**25,010,172**	(8,535,836)
Foreign currency translation	**(5,340,576)**	1,413,725
	39,233,589	205,502,477
Discontinued operations		
Acquisitions of investment properties	-	18,764,618
Additions to investment properties	-	71,240
Fair value gain	-	3,842,768
Amortization of leasing costs and tenant inducements	-	(15,959)
Disposal of investment properties	-	(83,995,000)
	-	(61,332,333)
Balance, end of period	**$ 244,736,066**	$ 205,502,477

The Fulda Property (note 5) was acquired on March 31, 2013 for $19,513,141, which included transaction costs. As at September 30, 2013, the value of investment properties decreased by $5,340,576 attributable to the strengthening of the Euro and offset by the weakening of the Brazilian Real relative to the Canadian dollar. The value of investment properties increased by $25,010,172 as a result of the fair value gain on the Brazilian portfolio, partially offset by the write-off of transaction costs capitalized on acquisition of the Fulda Property.

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

	September 30, 2013	December 31, 2012
Discount rates - range	6.75 - 10.00%	6.75 - 11.50%
Discount rate – weighted average	9.25%	10.50%
Terminal capitalization rates - range	7.25 - 9.00%	7.25 - 10.00%
Terminal capitalization rate - weighted average	8.56%	8.86%

Fair values are most sensitive to changes in discount rates and terminal capitalization rates. A 0.25% increase in the weighted average portfolio discount rate and terminal capitalization rate would decrease fair value by $6,621,075 and a 0.25% decrease would increase fair value by $6,994,087.

Unaudited (Canadian dollars)

6. Investment Properties (continued)

During the three months ended September 30, 2013, properties with an aggregate fair value of approximately $182,050,000 (during the year ended December 31, 2012 – $205,502,477) were valued by external valuation professionals with recognized and relevant professional qualification.

7. Investment in Associates

	Vital Trust (i)	NWHP REIT (ii)	Total
As at December 31, 2011	$ Nil	$ Nil	$ Nil
Acquisition of equity investment	79,638,912	-	79,638,912
Share of profit for the period	1,168,584	-	1,168,584
Share of other comprehensive loss for the period	(108,737)	-	(108,737)
Foreign exchange	7,702	-	7,702
As at December 31, 2012	**$ 80,706,461**	**$ -**	**$ 80,706,461**
Acquisition of equity investment	-	155,429,531	155,429,531
Additional units purchased	22,603,887	-	22,603,887
Cash distributions received	(2,373,498)	(3,172,744)	(5,546,242)
Share of profit for the period	5,040,752	3,353,856	8,394,608
Share of other comprehensive loss for the period	(1,632,956)	-	(1,632,956)
Foreign exchange	(4,680)	-	(4,680)
As at September 30, 2013	**$ 104,339,966**	**$ 155,610,643**	**$ 259,950,609**

(i) Investment in Vital Healthcare Property Trust

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

During the nine months ended September 30, 2013, the REIT acquired an additional 20,467,299 units of Vital Trust to bring its respective cumulative exposure to Vital Trust to 23.65%.

As at September 30, 2013, the REIT had exposure to 79,972,585 units of Vital Trust. The closing price on the New Zealand Stock Exchange ("NZX") of Vital Trust's units as at September 30, 2013 was $1.16 (NZD $1.36).

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

As at	**September 30, 2013 (unaudited)**	December 31, 2012 (unaudited)
Assets	**$ 529,051,928**	$ 515,968,581
Liabilities	**$ 234,864,208**	$ 268,987,487
% interest held	**23.65%**	19.66%

Unaudited (Canadian dollars)

7. Investment in Associates (continued)

(i) Investment in Vital Healthcare Property Trust (continued)

	Three Months Ended September 30, 2013 (unaudited)	Nine Months Ended September 30, 2013 (unaudited)
Revenues	$ 13,951,116	$ 42,514,578
Profit	$ 7,440,930	$ 24,314,013
Other comprehensive income (loss)	$ (3,171,393)	$ (7,816,743)

(ii) Investment in NorthWest Healthcare Properties REIT

Pursuant to the exercise of a put right held by NWVP under the Put/Call Agreement (defined herein), the REIT indirectly acquired an approximate 26% interest in NorthWest Healthcare Properties REIT ("NWHP REIT") from NWVP and affiliates. The interest acquired by the REIT consists of 4,345,900 units of NWHP REIT and 7,551,546 class B limited partnership units of NHP Holdings Limited Partnership ("NHP LP"), which are exchangeable for trust units of NWHP REIT. The investment in NWHP REIT is accounted for using the equity method as it was established that the REIT has significant influence with respect to this investment.

Pursuant to the terms of the Put/Call Agreement, the REIT acquired the NWHP REIT securities at a price of $13.22 per unit, for total gross consideration of $157,284,236 less $73,772,588 of third party debt (note 11) that was indirectly assumed by the REIT. The purchase price does include estimated acquisition costs of $19,193.

The acquisition of the investment in NWHP REIT is summarized as follows:

	Net assets acquired
Investment in associate	$ 155,410,338
Due from related party - Interest Rate Subsidy (note 9 (iii))	1,873,898
	157,284,236
Loan payable	(73,772,588)
Net assets acquired	**83,511,648**
Class B units issued as consideration	68,511,648
Settlement of promissory note receivable	15,000,000
Total consideration	**$ 83,511,648**

The REIT's indirect acquisition of the NWHP REIT securities and debt assumed were effected by a subsidiary of the REIT acquiring holding entities from NWVP. One of the entities acquired by the REIT was NorthWest Operating Trust ("NWOT") which is party to contractual arrangements with NWHP REIT that grant NWOT certain governance rights with respect to NWHP REIT, including board appointment rights, certain pre-emptive rights and registration rights.

Unaudited (Canadian dollars)

7. Investment in Associates (continued)

(ii) Investment in NorthWest Healthcare Properties REIT (continued)

As per the Put/Call Implementation Agreement, the purchase price payable by the REIT for the investment in NWHP REIT was to be adjusted upwards to the extent that there was positive working capital, or downwards to the extent that there was negative working capital, in any of the entities acquired, directly or indirectly, by the REIT. During the three months ended September 30, 2013, the working capital at closing was agreed upon and as a result, the REIT owes to NWVP $206,221, which has been net against amounts owing from NWVP at September 30, 2013 (note 9(v)).

As at September 30, 2013, the REIT had exposure to 11,897,446 units of NWHP REIT. The closing price on the Toronto Stock Exchange of NWHP REIT's units as at September 30, 2013 was $11.16.

A summary of NWHP REIT's aggregate assets and liabilities and net income for the period was as follows:

As at	**September 30, 2013 (unaudited)**
Assets	$ 1,333,118,000
Liabilities	$ 818,118,000
% interest held	25.71%

	Three Months Ended September 30, 2013 (unaudited)	**For the period from June 21 to September 30, 2013 (1) (unaudited)**
Revenues	$ 37,683,000	$ 41,735,967
Profit	$ 11,487,000	$ 13,041,945
Other comprehensive income (loss)	$ -	$ -

(1) NWHP REIT's results have been prorated for the 10 day period from June 21 to June 30, 2013 and then were added to results from the three months ended September 30, 2013 to represent the income attributable to the period from acquisition by the REIT.

8. Intangible Asset

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

	Nine Months Ended September 30, 2013	Year Ended December 31, 2012
Balance, beginning of period	**$ 15,612,750**	$ Nil
Acquisition	**-**	15,612,750
Amortization	**(1,170,956)**	-
Balance, end of period	**$ 14,441,794**	$ 15,612,750

Unaudited (Canadian dollars)

9. Due from Related Parties

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

As at	**September 30, 2013**	December 31, 2012
Working capital and closing adjustment receivable - Initial International Assets (i)	**$ 27,216,652**	$ 27,300,011
Promissory note receivable (ii)	**-**	15,000,000
Interest rate subsidy (iii)	**1,873,898**	-
Instalment note receivable (iv)	**1,353,139**	1,296,755
Other (v)	**3,894,141**	(1,074,023)
	$ 34,337,830	$ 42,522,743

(i) Working capital and closing adjustment receivable - Initial International Assets

The working capital and closing adjustment receivable from a subsidiary of NWVP arises as a result of the differences in the values of the working capital and debt indirectly assumed on acquisition of the Initial International Assets as compared to the values assigned at the time of the signing of the agreement entered into in connection with the acquisition. The working capital and closing adjustment receivable is unsecured and shall be paid on or before December 31, 2013. The working capital and closing adjustment receivable earns an economic return of 8% per annum (see note 21(vi)).

(ii) Promissory note receivable

The promissory note receivable arose from the sale of the Existing Portfolio (note 4) and was due from an affiliate of NWVP. In connection with the completion of the acquisition of the investment in NWHP REIT (note 7(ii)), NWVP settled the promissory note in full on June 21, 2013. The promissory note was unsecured, repayable on demand at any time and bore interest at a rate of 8% per annum, payable quarterly in arrears.

Interest earned on the promissory note for the three and nine months ended September 30, 2013 from an affiliate of NWVP was $Nil and $562,192, respectively.

(iii) Interest rate subsidy

As part of the acquisition of the investment in NWHP REIT (note 7(ii)), NWVP has committed, by means of a capital contribution, that the effective interest rate payable by the REIT on the assumed margin facilities shall not exceed (a) 4.25% for the balance of 2013, and (b) 6.00% for the first three months of 2014. At the date of acquisition the present value of the interest rate subsidy was $1,873,898 and has been recorded as a receivable from NWVP, and subsequent cash payments by NWVP will be recorded as a reduction of the receivable balance.

Unaudited (Canadian dollars)

9. Due from Related Parties (continued)

(iv) Instalment note receivable

In connection with the REIT's acquisition of the Initial International Assets, the REIT entered into an arrangement with an affiliate of NWVP to partially compensate the REIT for assuming obligations associated with the Sabará Children's Hospital in Brazil (the "Instalment Note"). Pursuant to the Instalment Note, the REIT earned and will earn from an affiliate of NWVP, two instalment note receipts – on April 2, 2013 (extended to April 2, 2014) and April 2, 2014 respectively, as detailed below. The Instalment Note receipts shall be received by the REIT no later than April 2, 2014. The Instalment Note is non-interest bearing. The receipt of the principal portion of the installment receipts will be recorded as a reduction of the Instalment Notes and is, therefore, not recorded as revenue. The Instalment Note is recorded at the present value of the future cash flows.

The below table summarizes the scheduled instalment receipts and the present value discount applied as at September 30, 2013:

April 2, 2013, extended to April 2, 2014	$ 526,835
April 2, 2014	858,720
Present value adjustment	(32,416)
Balance, September 30, 2013	**$ 1,353,139**

(v) Other

In the normal course of operations, through various agreements with its external managers and through the post-closing adjustment related to the investment in NWHP REIT (note 7(ii)), the REIT has amounts owing to and from NWVP and affiliates. These amounts are current receivables and are non-interest bearing.

10. Other Assets

As at	**September 30, 2013**	December 31, 2012
Commodity taxes recoverable	**$ 183,943**	$ 149,839
Acquisition costs	**371,265**	822,557
Prepaid expenses and deposits	**68,006**	20,864
	$ 623,214	$ 993,260

Acquisition costs and deposits on investment properties relate to potential acquisitions which are currently undergoing due diligence.

11. Mortgages and Loans Payable

As at	**September 30, 2013**	December 31, 2012
Mortgages payable (net of financing costs of $265,779)	**$ 40,157,363**	$ 26,831,512
Securities lending agreement (net of financing costs of $32,880)	**39,678,749**	29,393,937
Margin facilities (net of financing costs of $201,907)	**69,613,381**	-
Term loan (net of financing costs of $325,107)	**59,782,224**	60,264,322
Line of credit	**-**	8,035
Total	**209,231,717**	116,497,806
Less: Current portion	**107,976,669**	30,163,316
Non-current debt	**$ 101,255,048**	$ 86,334,490

11. Mortgages and Loans Payable (continued)

Mortgages payable

During the nine months ended September 30, 2013, the REIT obtained new mortgage financing on the acquisition of the Fulda Property (note 5) for $11,804,379 (net of transaction costs of $71,121) with a five year term, a fixed interest rate of 2.37% per annum and a 40 year amortization period.

Securities lending agreement

During the nine months ended September 30, 2013, in relation to the REIT's increase to its investment in Vital Trust, the REIT increased its borrowings under the Securities Lending Agreement (the "Vital SLA") by approximately $10,285,000 (NZ$10,662,000) and extended the maturity of the Vital SLA to January 19, 2014. As at September 30, 2013, the REIT has drawn approximately $39,712,000 (NZ$46,408,357) against the facility and has pledged 74,088,881 Vital Trust units as collateral.

Margin facilities

During the nine months ended September 30, 2013 the following margin facilities were obtained:

(i) NHWP REIT

The debt assumed on acquisition of the interest in NWHP REIT (note 7(ii)) consists of various revolving margin facilities with two separate financial institutions. The margin facilities allow the REIT to borrow funds against the market value of the units of NWHP REIT. The REIT has pledged 11,518,276 of the units it acquired of NWHP REIT as security for the margin facilities.

Subsequent to September 30, 2013, on November 8, 2013, the REIT repaid one margin facility with an outstanding balance of $8,516,491 and entered into a new margin facility with a limit of $15,000,000 and term of one year, bearing interest at prime plus 1.25% or the Banker's Acceptance rate plus 2.25% and a commitment fee on any unused portion of 0.5625%. The current balance outstanding on this facility is $8,551,491.

Interest on the margin facilities is calculated daily and ranges from 4.25% to 10.75% per annum. As part of the acquisition, NWVP has committed, by means of a capital contribution, that the effective interest rate payable by the REIT on the assumed margin facilities shall not exceed (a) 4.25% for the balance of 2013, and (b) 6.00% for the first three months of 2014, which has been recorded as a receivable from NWVP at the date of acquisition of the investment in NWHP REIT (note 9(iii)).

The margin facilities mature between January 1, 2014 and November 8, 2014.

(ii) Vital Trust

During the three months ended September 30, 2013, in connection with its participation in the Vital Rights Offering, the REIT obtained a margin facility that provides for a maximum loan of $12,835,500 (NZ$15,000,000). The margin facility bears interest at the NZ benchmark rate plus 110 bps on the drawn balance as well as 110 bps on the total facility and matures August 23, 2018. As of September 30, 2013, the REIT has drawn approximately $2,542,700 (NZ$2,971,000) against the facility and has pledged 4,466,427 Vital Trust units as collateral.

Unaudited (Canadian dollars)

11. Mortgages and Loans Payable (continued)

Term loan

On maturity, the principal balance of the term loan will be adjusted by IPCA (the consumer price inflation measure used by the Central Bank of Brazil for guiding monetary policy). For the three and nine months ended September 30, 2013, accretion expense of $328,016 and $2,297,633 respectively was recorded to account for the related IPCA adjustment for the period.

A summary of the maturity and effective interest rates relating to the components of mortgages and loans payable outstanding at September 30, 2013 are as follows:

	Maturity	Effective Interest Rate	Principal Amount
Fixed rate			
Mortgage debt	November 30, 2017	2.46%	$ 35,665,325
Term loan	December 27, 2014	6.60%	59,782,224
Total fixed rate debt			$ 95,447,549
Variable rate			
Mortgage debt	June 30, 2017 - March 31, 2018	3.50%	4,492,038
Securities lending agreement	January 19, 2014	6.38%	39,678,749
Margin facilities	January 1, 2014 - August 23, 2018	8.74% (1)	69,613,381
Total variable rate debt			$ 113,784,168
Total debt			**$ 209,231,717**

(1) The effective cash interest expense on the margin facilities related to the REIT's investment in NWHP REIT is 4.25% to December 31, 2013 and 6.00% to March 31, 2014 as a result of the interest rate subsidy from NWVP (note 9(iii)).

As at September 30, 2013, the scheduled principal repayments and debt maturities are as follows:

Remainder of 2013	$ 283,108
2014	168,228,791
2015	1,145,136
2016	1,153,313
2017 and thereafter	39,247,044
	210,057,392
Financing costs	(825,675)
	$ 209,231,717

Unaudited (Canadian dollars)

12. Deferred Consideration

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

As at	**September 30, 2013**	December 31, 2012
Holdback payable	**$ 24,471,506**	$ 24,295,000
Transaction costs payable	**3,946,304**	6,698,246
	$ 28,417,810	$ 30,993,246

On maturity, the holdback payable will be adjusted by the accumulated variation of the CDI (Brazil's equivalent of a prime rate) from the date of acquisition to the payment date. For the three and nine months ended September 30, 2013, accretion expense of $494,666 and $1,367,700 was recorded to account for the related CDI adjustment for the period.

13. Convertible Debentures

The movements in fair value of convertible debentures were as follows:

	September 30, 2013	December 31, 2012
Balance, beginning of period	**$ -**	$ -
Issuance of convertible debentures - Series MOB.DB	**22,600,000**	-
Issuance of convertible debentures - Series MOB.DB.A	**17,500,000**	-
Decrease in fair value of convertible debentures	**(4,688,000)**	-
	$ 35,412,000	$ -

The fair values of convertible debentures, determined on the basis of the closing market price as at the reporting date, are as follows:

	September 30, 2013	December 31, 2012
Series MOB.DB	**$ 19,662,000**	$ -
Series MOB.DB.A	**15,750,000**	-
Issuance of convertible debentures - MOB.DB.A	**$ 35,412,000**	$ -
Current	**$ -**	$ -
Non-Current	**35,412,000**	-
	$ 35,412,000	$ -

	Series A	**Series B**
Conversion price per Unit ($)	$2.85	$2.40
Maturity	March 31, 2018	September 30, 2018
Interest rate	6.50%	7.50%
Interest payment	Semi-annual	Semi-annual
Interest payment dates	September 30 and March 31	September 30 and March 31

Unaudited (Canadian dollars)

13. Convertible Debentures (continued)

Between March 25, 2013 and April 3, 2013, the REIT issued $22,600,000 principal amount of unsecured convertible subordinated debentures (the "Series MOB.DB Debentures"). The Series MOB.DB 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. Each Series MOB.DB Debenture is convertible at any time by the debenture holder into 350.877 Trust Units per one thousand dollars of face value, representing a conversion price of $2.85 per Trust Unit. On and after March 31, 2016, and prior to March 31, 2017, the Series MOB.DB Debentures may be redeemed by the REIT, in whole or in part, at a price equal to the principal amount plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice, provided that the volume weighted average trading price for the REIT's Trust Units for the 20 consecutive trading days, ending on the fifth trading day immediately preceding the date on which notice of redemption is given, is not less than 125% of the conversion price. On and after March 31, 2017 and prior to the maturity date of March 31, 2018, the Series MOB.DB Debentures may be redeemed by the REIT at a price equal to the principal amount plus accrued and unpaid interest.

On August 29, 2013, the REIT issued $17,500,000 principal amount of unsecured convertible subordinated debentures (the "Series MOB.DB.A Debentures"). The Series MOB.DB.A Debentures bear interest at 7.50% per annum, payable semi- annually on September 30 and March 31 each year, and mature on September 30, 2018. Each Series MOB.DB.A Debenture is convertible at any time by the debenture holder into 416.6667 Trust Units per one thousand dollars of face value, representing a conversion price of $2.40 per Trust Unit. On and after September 30, 2016, and prior to September 30, 2017, the Series MOB.DB.A Debentures may be redeemed by the REIT, in whole or in part, at a price equal to the principal amount plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice, provided that the volume weighted average trading price for the REIT's Trust Units for the 20 consecutive trading days, ending on the fifth trading day immediately preceding the date on which notice of redemption is given, is not less than 125% of the conversion price. On and after September 30, 2017 and prior to the maturity date of September 30, 2018, the Series MOB.DB.A Debentures may be redeemed by the REIT at a price equal to the principal amount plus accrued and unpaid interest.

14. Deferred Revenue

As at	**September 30, 2013**	December 31, 2012
Securitized rental income (i)	**$ 15,412,082**	$ 17,226,215
Rental income received in advance	**-**	1,037,680
	$ 15,412,082	$ 18,263,895

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

15. Deferred tax liability

Deferred income tax liabilities consist of the following:

	September 30, 2013	December 31, 2012
Deferred tax liability related to difference in tax and book basis of investment properties	$ 9,878,327	$ 120,920
	$ 9,878,327	$ 120,920

Unaudited (Canadian dollars)

16. Unit-based Compensation Liabilities

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

As at	September 30, 2013	December 31, 2012
Deferred unit plan liability (i)	**172,048**	184,998
	$ 172,048	$ 184,998

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

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

For the nine months ended September 30, 2013, the REIT granted or issued nil DUP units with a fair value of $nil (for the nine months ended September 30, 2012 - 619,749 DUP units with a cost of $1,062,864).

As at September 30, 2013, there were 92,449 DUP units (December 31, 2012 - 92,449 DUP units) of the REIT issued and outstanding with a fair value of $172,048 (December 31, 2012 - $184,998). The fair value of the DUP Liability is determined with reference to the market price of the REIT's Trust Units at the reporting date.

The following table shows the continuity of the DUP units:

Balance, December 31, 2011	**198,287**
Granted	303,230
Issued as a result of the change of control	409,018
Converted to REIT Units	(818,036)
Balance, December 31, 2012	**92,499**
Balance, September 30, 2013	**92,499**

17. Class B LP Exchangeable Units

As at September 30, 2013, there were 91,068,320 Class B LP exchangeable units of NWI Healthcare Properties LP ("NWI LP") issued and outstanding with a fair value of $169,387,075 (December 31, 2012 – 55,944,444 units with a fair value of $114,686,110). These Class B LP exchangeable units are economically equivalent to Trust Units and are entitled to receive distributions equal to those provided to holders of Trust Units. The fair value of the Class B LP exchangeable unit liability is determined with reference to the market price of the REIT's Trust Units at the reporting date.

Distributions declared on the Class B LP exchangeable units of NWI LP totaled $3,642,915 and $8,526,498 for the three and nine months ended September 30, 2013 (three and nine months ended September 30, 2012 - $Nil and $13,937) and have been accounted for as finance costs.

Unaudited (Canadian dollars)

17. Class B LP Exchangeable Units (continued)

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

	Units	Amount
Balance, December 31, 2011	**662,500**	**$ 960,625**
Converted to Trust Units	(662,500)	(1,238,875)
Units issued as consideration for acquisition of the Initial International Assets	55,944,444	104,616,110
Fair value adjustment of Class B LP exchangeable units	-	10,348,250
Balance, December 31, 2012	**55,944,444**	**114,686,110**
Converted to Trust Units	(1,513,369)	(2,830,000)
Units issued as consideration for acquisition of investment in NWHP REIT (note 7(ii))	36,637,245	68,511,649
Fair value adjustment of Class B LP exchangeable units	-	(10,980,684)
Balance, September 30, 2013	**91,068,320**	**$ 169,387,075**

18. Trust Units

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

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

The following table shows the changes in Trust Units:

	Trust Units	Amount
Balance - December 31, 2011	**14,858,347**	**$ 19,916,415**
Units issued pursuant to rights offering	3,880,212	4,462,244
Unit issue costs - cash	-	(268,540)
Conversion of Class B LP exchangeable units	662,500	1,238,875
Conversion of Deferred Unit Plan units	818,036	1,529,727
Units issued as consideration for acquisition of the Initial International Assets	9,878,165	18,472,169
Units issued pursuant to equity offering	12,500,000	25,000,000
Unit issue costs - cash	-	(2,295,181)
Balance - December 31, 2012	**42,597,260**	**$ 68,055,709**
Units issued pursuant to equity offering (i)	850,900	1,701,800
Unit issue costs - cash (i)	-	(304,310)
Units issued through distribution reinvestment plan (ii)	104,651	196,706
Conversion of Class B LP exchangeable units (iii)	1,513,369	2,830,000
Asset management fees paid in units (iv)	456,992	900,295
Balance - September 30, 2013	**45,523,172**	**$ 73,380,200**

Unaudited (Canadian dollars)

18. Trust Units (continued)

(i) On January 14, 2013, the underwriters exercised their overallotment option and completed their purchase of 850,900 additional Trust Units of the REIT at a price of $2.00 per Trust Unit for gross proceeds of $1,701,800 before transaction costs of $304,310, which have been charged directly to equity.

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

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

(iv) On June 14, 2013, the REIT issued 456,922 units to settle outstanding asset management fees owing to a subsidiary of NWVP (note 21 (iii)).

19. Other Fair Value Gains (Losses)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	**2013**	2012
Incentive unit options	**$ -**	$ -	**$ -**	$ 108,099
Warrant liability	**-**	415,647	**-**	129,521
DUP liability (note 16 (i))	**16,650**	-	**12,950**	(179,346)
	$ 16,650	$ 415,647	**$ 12,950**	$ 58,274

20. Supplemental Cash Flow Information

(i) Changes in Non-Cash Working Capital Balances

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	**2013**	2012
Accounts receivable	**$ 664,329**	$ -	**$ (827,144)**	$ -
Other assets	**769,750**	93,700	**378,951**	164,421
Accounts payable and accrued liabilities	**1,577,998**	517,590	**1,209,126**	(4,524,674)
	$ 3,012,077	$ 611,290	**$ 760,933**	$ (4,360,253)

Unaudited (Canadian dollars)

20. Supplemental Cash Flow Information (continued)

(ii) Non-Cash Financing and Investing Activities

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Supplemental disclosure relating to non-cash financing and investing activities:				
Non-cash addition to investment in associate through discharge of promissory note receivable (note 9 (ii))	**$ -**	$ -	**$ 15,000,000**	$ -
Non-cash addition to investment in associate through issuance of Class B LP Exchangeable Units (note 17)	**$ -**	$ -	**$ 68,511,649**	$ -
Assumption of margin facilities on acquisition of investment in associate (note 11)	**$ -**	$ -	**$ 73,772,588**	$ -
Asset management fees settled through issuance of units (note 18 (iv))	**$ -**	$ -	**$ 900,295**	$ -
Non-cash distributions to Unitholders under the DRIP	**$ 89,748**	$ -	**$ 196,706**	$ -

21. Related Party Transactions

(i) As at September 30, 2013, NWVP indirectly owned approximately 87% of the outstanding Trust Units (approximately 60% on a fully-diluted basis). Paul Dalla Lana, Chairman of the Board of Trustees and Chief Executive Officer of the REIT, is the sole shareholder of NWVP and the Chairman of the Board of Trustees of NWHP REIT.

(ii) On November 16, 2012 with an effective date of October 1, 2012 the REIT acquired the Initial International Assets from NWVP and affiliates (note 1). In conjunction with the acquisition of the Initial International Assets, the REIT entered into a Put/Call Agreement. Pursuant to the Put/Call Agreement, the REIT had granted NWVP the right (the "Put Right") to sell to the REIT any or all of up to 12,500,000 NWHP trust units and/or securities exchangeable into trust units ("Option Units") held by NWVP to the REIT. NWVP had granted the REIT the right (the "Call Right") to acquire any or all of the Option Units. The Put/Call Agreement specifies the price at which the Option Units may be purchased/sold and the put/call rights expire on November 16, 2014. On June 21, 2013, the REIT acquired 11,897,446 Option Units under the Put/Call Agreement (note 7(ii)). As at September 30, 2013, there remains put/call rights in respect of 602,554 Option Units under the Put/Call Agreement.

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

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

Unaudited (Canadian dollars)

21. Related Party Transactions (continued)

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

The REIT also entered into an agreement whereby an affiliate of NWVP has agreed to pay the REIT, in consideration for certain management services rendered, a fee equal to the difference between all management fees paid by Vital Trust to NWVP (or any of its wholly-owned subsidiaries) and the amount that Vital Trust would have paid should it have been wholly-owned and subject the REIT's Asset Management Agreement described above (the "Management Fee Participation Agreement"). NWVP's management arrangements with Vital Trust currently provide for a base management fee of 0.75% (as opposed to the 0.50% payable under the Asset Management Agreement), as well as an opportunity to earn certain transaction fees and an incentive fee (note 8).

The following table summarizes the related party transactions with NWVP and its subsidiaries related to the Asset Management Agreement, Property Management Agreement, Development Agreement and Management Fee Participation Agreement during the year:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	**2013**	2012
Base asset management fees	**$ 476,647**	$ -	**$ 1,376,942**	$ -
Property management fees	**49,671**	-	**114,345**	-
Management fee participation	**(469,838)**	-	**(1,280,083)**	-
Reimbursement of out-of-pocket costs - completed transactions	**189,803**	-	**502,996**	-
Reimbursement of out-of-pocket costs - in-progress transactions	**163,270**	-	**329,872**	-
	$ 409,553	$ -	**$ 1,044,072**	$ -

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

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

(vi) To provide the REIT with an effective economic return on the working capital and closing adjustment receivable (note 9), NWVP has agreed to pay interest of $550,000 and $1,100,000 for the three and nine months ended September 30, 2013.

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

Unaudited (Canadian dollars)

22. Segmented Information

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

The REIT has only computed segmented information for its income from continuing operations as prior to the acquisition of the Initial International Assets the REIT only had one operating segment.
During the three and nine months ended September 30, 2013, two tenants in the Brazil operating segment accounted for 71% and 75% respectively (three and nine months ended September 30, 2012 - nil) of the total revenue from investment properties.

As at September 30, 2013

	Germany	Brazil	Australia/ New Zealand	Canada	**Total**
Investment properties	**$ 62,686,268**	**$ 182,049,738**	**$ -**	**$ -**	**$ 244,736,006**
Mortgages and loans payable	**$ 40,157,363**	**$ 59,782,224**	**$ 42,070,480**	**$ 67,221,650**	**$ 209,231,717**

Three months ended September 30, 2013

	Germany	Brazil	Australia/ New Zealand	Canada	**Total**
Operating Income (Loss) from Continuing Operations					
Net Operating Income					
Revenue from investment properties	$ 1,419,563	$ 3,457,433	$ -	$ -	**$ 4,876,996**
Property operating costs	468,792	126,196	-	-	**594,988**
	950,771	3,331,237	-	-	**4,282,008**
Other Income					
Interest	-	68,342	-	566,972	**635,314**
Management fee participation	-	-	469,838	-	**469,838**
Share of profit of associate	-	-	1,663,296	2,953,530	**4,616,826**
	-	68,342	2,133,134	3,520,502	**5,721,978**
Expenses					
Mortgage and loan interest expense	266,831	929,857	494,600	2,031,146	**3,722,434**
General and administrative expenses	39,336	89,057	-	737,976	**866,369**
Transaction costs	-	-	-	-	**-**
Amortization of intangibles	-	-	-	390,318	**390,318**
Foreign exchange loss	-	41,856	-	1,937,610	**1,979,466**
	306,167	1,060,770	494,600	5,097,050	**6,958,587**
Operating income (loss) from continuing operations	**$ 644,604**	**$ 2,338,809**	**$ 1,638,534**	**$ (1,576,548)**	**$ 3,045,399**

Unaudited (Canadian dollars)

22. Segmented Information (continued)

Nine months ended September 30, 2013

	Germany	Brazil	Australia/ New Zealand	Canada	**Total**
Operating Income (Loss) from Continuing Operations					
Net Operating Income					
Revenue from investment properties	$ 3,614,962	$ 11,018,093	$ -	$ -	**$ 14,633,055**
Property operating costs	1,060,132	402,160	-	-	**1,462,292**
	2,554,830	10,615,933	-	-	**13,170,763**
Other Income					
Interest	-	91,548	-	1,721,733	**1,813,281**
Management fee participation	-	-	1,280,083	-	**1,280,083**
Share of profit of associate	-	-	5,040,752	3,353,856	**8,394,608**
	-	91,548	6,320,835	5,075,589	**11,487,972**
Expenses					
Mortgage and loan interest expense	706,414	2,992,697	1,220,042	2,581,632	**7,500,785**
General and administrative expenses	108,242	217,177	-	1,736,986	**2,062,405**
Transaction costs	4,004	-	-	464,178	**468,182**
Amortization of intangibles	-	-	-	1,170,956	**1,170,956**
Foreign exchange loss	-	76,964	-	1,830,315	**1,907,279**
	818,660	3,286,838	1,220,042	7,784,067	**13,109,607**
Operating income (loss) from continuing operations	**$ 1,736,170**	**$ 7,420,643**	**$ 5,100,793**	**$ (2,708,478)**	**$ 11,549,128**

23. Contingent Liabilities

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

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

Unaudited (Canadian dollars)

24. Fair Values

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

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

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

Derivatives instruments are valued using a valuation technique with market-observable inputs (Level 2) and include the Put/Call option. The most frequently applied valuation technique includes forward pricing models, using present value calculations. The models incorporate various inputs including forward rates and interest rate curves.

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

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

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

The fair values and levels within the fair value hierarchy for assets and liabilities measured at fair value as at September 30, 2013 are as follows:

		Fair Value		
	Carrying Value	**Level 1**	**Level 2**	**Level 3**
Other Assets				
Investment properties	$ 244,736,066	$ -	$ -	$ 244,736,066
Financial Liabilities				
Convertible debentures	$ 35,412,000	$ 35,412,000	$ -	$ -
Class B LP exchangeable units	$ 169,387,075	$ 169,387,075	$ -	$ -
Unit-based compensation liability	$ 172,048	$ 172,048	$ -	$ -

Unaudited (Canadian dollars)

25. Capital Management

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

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

At September 30, 2013, the REIT is in compliance with its debt-to-gross book value ratio of the Declaration of Trust at 42.5% (December 31, 2012 - 42.4%). The debt-to-gross book value including convertible debentures is 48.8% (December 31, 2012 - 42.4%). Calculations are as follows:

As at	**September 30, 2013**	December 31, 2012
Debt		
Gross value of secured debt (1)	**$ 238,475,203**	$ 148,144,630
Gross value of total debt (2)	**$ 273,887,203**	$ 148,144,630
Gross Book Value of Assets		
Total assets	**$ 560,867,595**	$ 349,554,285
Debt-to-Gross Book Value (Declaration of Trust)	**42.5%**	42.4%
Debt-to-Gross Book Value (including convertible debentures)	**48.8%**	42.4%

(1) represents the principal balance of mortgages, securities lending agreement, margin facilities, term loan, line of credit and deferred consideration

(2) represents the principal balance of mortgages, securities lending agreement, margin facilities, term loan, line of credit, convertible debentures (at fair value) and deferred consideration

26. Risk Management

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

27. Subsequent Events

(a) On October 23, 2013, the REIT declared a distribution of $0.013334 per Trust Unit to unitholders of record on October 31, 2013, payable November 15, 2013. On November 20, 2013, the REIT declared a distribution of $0.013334 per Trust Unit to unitholders of record on November 29, 2013, payable December 16, 2013.

(b) On September 30, 2013, the REIT signed a letter of intent to acquire a portfolio of three private hospitals in Brazil for a purchase price of approximately $205 million which includes deferred consideration of approximately $37 million. The REIT expects to finance the acquisition through a combination of some or all of: domestic level financing, an acquisition facility, corporate level financing and existing cash and receivables. The acquisition is expected to close before December 31, 2013 and is subject to certain closing conditions.

27. Subsequent Events (continued)

(c) On November 8, 2013, the REIT repaid one margin facility with an outstanding balance of $8,516,491 and entered into a new revolving margin facility with a limit of $15,000,000 and term of one year, bearing interest at prime plus 1.25% or the Banker's Acceptance rate plus 2.25% and a commitment fee on any unused portion of 0.5625%. The current balance outstanding on this facility is $8,551,491.