NORTHWEST INTERNATIONAL HEALTHCARE PROPERTIES
REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Financial Statements
Unaudited

For the Three Months Ended March 31, 2015

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

As at	March 31, 2015	December 31, 2014
Assets		
Investment properties (note 9)	**$ 1,098,624,360**	$ 524,230,496
Investment in associates (note10)	**137,409,761**	255,930,088
Intangible asset (note 11)	**46,756,622**	12,490,200
Goodwill (note 5)	**41,671,402**	-
Due from related parties (note 12)	**30,663,561**	30,207,844
Derivative financial instruments (note 18)	**2,094,982**	-
Accounts receivable	**2,122,737**	1,421,255
Income tax receivable	**324,816**	-
Other assets (note 13)	**3,108,057**	1,043,256
Cash and restricted cash (note 14)	**7,156,264**	20,947,949
Total assets	**$ 1,369,932,562**	$ 846,271,088
Liabilities		
Mortgages and loans payable (note 15)	**$ 573,368,613**	$ 388,311,734
Deferred consideration (note 16)	**37,905,237**	41,280,380
Convertible debentures (note 17)	**76,256,885**	71,919,510
Deferred revenue	**19,539,215**	12,869,015
Deferred tax liability	**53,525,297**	20,746,578
Derivative financial instruments (note 18)	**18,156,193**	2,894,313
Income tax payable	**11,393,278**	63,852
Accounts payable and accrued liabilities	**30,140,488**	21,810,080
Distributions payable	**1,597,188**	1,591,392
	821,882,394	561,486,854
Deferred unit plan liability (note 19)	**6,317,242**	457,463
Class B LP and Class D GP exchangeable units (note 20)	**174,353,072**	184,357,800
Total liabilities	**1,002,552,708**	746,302,117
Unitholders' Equity		
Unitholders' equity (note 21)	**129,321,010**	99,968,971
Non-controlling interest	**238,058,844**	-
Subsequent events (note 30)		
Total liabilities and unitholders' equity	**$ 1,369,932,562**	$ 846,271,088

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

NorthWest International Healthcare Properties Real Estate Investment Trust
Consolidated Statements of Income (Loss)
Unaudited (Canadian dollars)

Three Months Ended March 31,	**2015**	2014
Net Operating Income		
Revenue from investment properties	**$ 27,456,096**	$ 10,158,628
Property operating costs	**3,351,593**	927,817
	24,104,503	9,230,811
Other Income		
Interest	**457,251**	438,184
Management fee participation (note 23(ii))	**-**	417,091
Share of profit of associates (note 10)	**1,562,674**	4,882,568
	2,019,925	5,737,843
Expenses		
Mortgage and loan interest expense	**10,513,999**	6,910,818
General and administrative expenses	**5,312,713**	1,046,406
Transaction costs (notes 4 and 6)	**4,375,404**	-
Amortization of intangible asset (note 11)	**-**	390,319
Foreign exchange loss	**2,166,731**	4,219,344
	22,368,847	12,566,887
Income (loss) before other finance costs, fair value adjustments, and net loss on disposal of investment property	**3,755,581**	2,401,767
Finance costs:		
Amortization of financing costs	**(1,921,734)**	(2,348,753)
Class B LP and Class D GP exchangeable unit distributions (note 20)	**(5,073,674)**	(5,008,667)
Fair value adjustment of Class B LP and Class D GP exchangeable units (note 20)	**10,149,675**	11,838,882)
Accretion of financial liabilities (notes 15 and 16)	**(5,866,559)**	5,441,140)
Fair value adjustment of convertible debentures (note 17)	**(4,337,375)**	(3,547,000)
Convertible debenture issuance costs	**(1,057)**	(3,232)
Gain (loss) on derivative financial instruments (note 18)	**(1,276,855)**	(104,916)
Fair value adjustment of investment properties (note 9)	**13,924,212**	115,714
Net loss on disposal of investment properties (note 8)	**-**	(88,768)
Fair value adjustment of deferred unit plan liability (note 19)	**352,860**	(23,712)
Income (loss) before taxes	**9,705,074**	(25,887,589)
Current income tax expense	**1,508,599**	60,741
Deferred income tax expense	**5,303,253**	1,071,346
Net income (loss) for the period	**2,893,222**	(27,019,676)
Net income (loss) attributable to:		
Unitholders	**(1,541,285)**	(27,019,676)
Non-controlling interest	**4,434,507**	-
	$ 2,893,222	$ (27,019,676)

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

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

Three Months Ended March 31,	**2015**	2014
Other comprehensive income (loss):		
Items that will be reclassified subsequently to income		
Foreign currency translation adjustment	**$ (7,374,038)**	$ 11,230,044
Realized foreign exchange gains/(losses) on hedges	**7,103,161**	-
Current taxation (expense)/credit	**(1,988,885)**	-
Unrealized foreign exchange gains/(losses) on hedges	**(5,034,686)**	-
Deferred taxation (expense)/credit	**1,409,712**	-
Fair value gain on net investment hedges	**2,274,124**	-
Deferred taxation (expense)/credit	**(636,755)**	-
Share of other comprehensive loss of associates (note 10)	**-**	(484,587)
Other comprehensive income (loss), net of tax	**(4,247,367)**	10,745,457
Total comprehensive loss for the period, net of tax	**(1,354,145)**	(16,274,219)
Total comprehensive income (loss) attributable to:		
Unitholders	**(1,690,708)**	(16,274,219)
Non-controlling interest	**336,563**	-
	$ (1,354,145)	$ (16,274,219)

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

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

	Unitholders' Equity	Contributed Surplus	Reduction on Reclassification to Liabilities	Cumulative Distributions	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total Unitholders' Equity	Non-Controlling Interest	Total Equity
Balance, December 31, 2013	**$ 90,503,980**	**$ 2,345,022**	**$ (114,683)**	**$ (10,563,571)**	**$ (4,255,408)**	**$ (4,227,913)**	**$ 73,687,427**	**$ -**	**$ 73,687,427**
Public offering of units	50,721,163	-	-	-	-	-	50,721,163	-	50,721,163
Units issued through distribution reinvestment plan	1,016,107	-	-	-	-	-	1,016,107	-	1,016,107
Asset management fees paid in units	3,287,922	-	-	-	-	-	3,287,922	-	3,287,922
Conversion of Class D GP exchangeable units	1,689,303	-	-	-	-	-	1,689,303	-	1,689,303
Exercise of warrants	6,771,240	-	-	-	-	-	6,771,240	-	6,771,240
Capital contributions	-	2,281,589	-	-	-	-	2,281,589	-	2,281,589
Distributions	-	-	-	(15,070,897)	-	-	(15,070,897)	-	(15,070,897)
Currency translation difference	-	-	-	-	3,149,991	-	3,149,991	-	3,149,991
Share of other comprehensive loss of associate	-	-	-	-	(887,143)	-	(887,143)	-	(887,143)
Net loss for the period	-	-	-	-	-	(26,677,731)	(26,677,731)	-	(26,677,731)
Balance, December 31, 2014	**$ 153,989,715**	**$ 4,626,611**	**$ (114,683)**	**$ (25,634,468)**	**$ (1,992,560)**	**$ (30,905,644)**	**$ 99,968,971**	**$ -**	**$ 99,968,971**
Units issued through distribution reinvestment plan	327,018	-	-	-	-	-	327,018	675,476	1,002,494
Asset management fees paid in units	291,836	-	-	-	-	-	291,836	-	291,836
Capital contributions	-	35,212,204	-	-	-	-	35,212,204	-	35,212,204
Acquisition of control of subsidiary	-	-	-	-	-	-	-	241,911,747	241,911,747
Distributions	-	-	-	(4,788,311)	-	-	(4,788,311)	(4,864,942)	(9,653,253)
Foreign currency translation adjustment	-	-	-	-	1,147,547	-	1,147,547	(8,521,584)	(7,374,037)
Share of other comprehensive loss of associate	-	-	-	-	(1,296,970)	-	(1,296,970)	4,423,640	3,126,670
Net income (loss) for the period	-	-	-	-	-	(1,541,285)	(1,541,285)	4,434,507	2,893,222
Balance, March 31, 2015	**$ 154,608,569**	**$ 39,838,815**	**$ (114,683)**	**$ (30,422,779)**	**$ (2,141,983)**	**$ (32,446,929)**	**$ 129,321,010**	**$ 238,058,844**	**$ 367,379,854**

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

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

For the Three Months Ended March 31,		2015		2014
Cash provided by (used in):				
Operating activities				
Income (loss) before taxes for the period	**$**	**9,705,074**	$	(25,887,589)
Adjustment for:				
Amortization		**16,932**		390,319
Mortgage and loan interest		**10,510,987**		6,910,818
Mortgage and loan interest paid		**(10,926,741)**		(7,516,668)
Finance costs				
Amortization of financing charges		**1,921,734**		2,348,753
Class B LP exchangeable unit distributions		**5,073,674**		5,008,667
Fair value adjustment of Class B LP and Class D GP exchangeable units (note 20)		**(10,149,675)**		11,838,882
Accretion of financial liabilities (notes 15 and 16)		**5,866,559**		5,441,140
Fair value adjustment of convertible debentures (note 17)		**4,337,375**		3,547,000
Share of profit of associates (note 10)		**(1,562,674)**		(4,882,568)
Unrealized foreign exchange loss		**2,194,865**		4,352,849
Amortization of deferred revenue		**(852,326)**		(347,144)
Fair value adjustment of investment properties (note 9)		**(13,924,212)**		(115,714)
(Gain) on derivative financial instrument		**1,500,987**		104,916
Net loss on disposal of investment properties (note 7)		**-**		88,768
Fair value adjustment of deferred unit plan liability		**(352,860)**		23,712
Unit based compensation expense		**2,638,580**		46,914
Redemption of deferred units issued under deferred unit plan		**(30,000)**		-
Income taxes paid		**(1,776,796)**		(529,060)
Changes in non-cash working capital balances (note 22(i))		**(743,452)**		(307,432)
Cash provided by (used in) operating activities		**3,448,031**		516,563
Investing activities				
Additions to investment properties (note 9)		**(10,181,157)**		(72,279)
Net proceeds on disposal of investment properties (note 8)		**-**		6,834,818
Distribution income from associates (note 10)		**2,379,608**		3,922,735
Working capital acquired on business combination (note 4)		**468,290**		-
Cash acquired on acquisition of control (note 5)		**1,055,435**		-
Additions to furniture and office equipment		**(77,789)**		-
Receipts from foreign exchange contracts		**7,327,293**		-
Net decrease (increase) in restricted cash		**809,934**		(1,606,717)
Cash provided by investing activities		**1,781,614**		9,078,557
Financing activities				
Mortgage discharged (note 8)		**-**		(4,886,613)
Proceeds from units issued, net of issue costs (note 21)		**-**		1,618,371
Repayment of mortgages		**(514,102)**		(268,256)
Net advances/ (payments) of loans payable		**(5,684,308)**		(1,326,395)
Payment of deferred consideration		**-**		(1,261,699)
Financing fees paid		**(1,695,180)**		(723,687)
Net advances from related parties		**3,604,341**		1,533,516
Distributions paid		**(4,455,497)**		(2,635,862)
Class B LP and Class D GP exchangeable units distributions paid		**(3,174,916)**		(1,814,305)
Distributions paid to non-controlling interest		**(4,189,466)**		-
Cash used in financing activities		**(16,109,128)**		(9,764,930)
Net change in cash		**(10,879,483)**		(169,810)
Effect of foreign currency translation		**(1,947,821)**		167,007
Net change in cash		**(12,827,304)**		(2,803)
Cash, beginning of year		**18,370,275**		2,635,859
Cash, end of year	**$**	**5,542,971**	$	2,633,056

Supplemental disclosure relating to non-cash investing activities (note 22 (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"), and further amended on January 3rd,February 3rd, 2014, and on January 28, 2015. The REIT's trust units (the "Trust Units") trade under the symbol "MOB.UN" on the TSX Venture Exchange. The principal, registered and head office of the REIT is located at 284 King Street East, Toronto, Ontario M5A 1K4.

As at March 31, 2015, NorthWest Value Partners ("NWVP") indirectly owned approximately 65% (approximately 53% on a fully-diluted basis assuming conversion of the REIT's convertible debentures and redemption of its deferred units) of the REIT through a combination of Trust Units of the REIT and Class B LP exchangeable units of NorthWest International Healthcare Properties LP ("NWI LP"), a subsidiary of the REIT. From the initiation of the REIT until January 28, 2015, affiliates of NWVP served 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. On January 28, 2015, the REIT internalized it external management arrangements (the "Internalization Transaction"), terminating the asset management, property management and development functions of the REIT currently carried on by affiliates of NWVP. The Internalization Transaction also resulted in the REIT acquiring from NWVP all of the rights and obligations relating to the management of Vital Healthcare Property Trust ("Vital Trust"). See Note 4.

On May 15, 2015, the REIT completed a plan of arrangement under the *Business Corporations Act (Alberta)* pursuant to which the REIT combined with NorthWest Healthcare Properties REIT ("NWHP REIT") to form a single healthcare real estate investment trust (the "Combination Transaction"). The combination was effected by a plan of arrangement pursuant to which NWHP REIT acquired all of the assets of the REIT. The unitholders of the REIT received 0.208 of a NWHP REIT unit for each REIT unit held. In addition, all of the REIT's convertible debentures were assumed by NWHP REIT, with the conversion prices being adjusted in accordance with their terms. With the completion of the transaction, the REIT's trust units and convertible debentures were delisted from the TSX Venture Exchange at the close of business May 19, 2015. See note 6 and note 30 for further details.

The REIT's condensed consolidated interim financial statements for the three months ended March 31, 2015, were authorized for issue by the Board of Trustees on May 29, 2015.

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, 2014, which are available on SEDAR at www.sedar.com.

3. Summary of Significant Accounting Policies

All significant accounting policies have been applied on a basis consistent with those followed in the most recent audited annual consolidated financial statements, except as noted below. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as at March 31, 2015, except for the following:

(a) Goodwill and indefinite-life intangible assets

The carrying values of identifiable intangible assets with indefinite lives and goodwill are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. A cash generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill and indefinite life intangible assets are allocated to CGUs for the purpose of impairment testing based on the level at which management monitors them, which is not higher than an operating segment. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

(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, 2014, with the exception of the following additional item:

(i) *Critical accounting estimate - Intangible Asset*

Intangible asset represents the REIT's rights and obligations under the contract between the REITs wholly-owned subsidiaries Vital Healthcare Management Limited and related entities ("VHML") and Vital Trust. The intangible asset has been measured at its fair value as at the effective date of the Internalization Transaction, January 1, 2015. When estimating the fair value of the intangible asset, the REIT made estimates and assumptions that have a significant effect on the reported value of the intangible asset. Estimates used in determining the fair value of the intangible asset include management fees, operating expenses, discount rates, capitalization rates, inflation rates, interest rates, foreign currency exchange rates and earnings multiples, see note 4.

Unaudited (Canadian dollars)

4. Business Combination

On January 28, 2015 (with an effective date of January 1, 2015) pursuant to the Internalization Agreement dated January 7, 2015 between the REIT and NWVP (the "Internalization Agreement"), the REIT indirectly acquired the asset management and property management affiliates of NWVP. The REIT also acquired from NWVP all of the rights and obligations relating to the management of Vital Healthcare Property Trust ("Vital Trust"). The internalized management functions acquired from NWVP met the definition of a business and therefore the transaction has been accounted for as a common control business combination.

In consideration for the Internalization Transaction, NWVP received the total amount that would be paid under the existing external management arrangements and fees earned by Vital Healthcare Management Limited, as external manager of Vital Healthcare Property Trust, for the 12 months ending December 31, 2014, adjusted for the full year effect of acquisitions and committed capital. This amount was determined to be $6,588,000. In connection with the Internalization Transaction, the REIT issued (vested and unvested) deferred units under its deferred unit plan to new employees of the REIT having a value of approximately $8,078,612. Accordingly, NWVP issued to the REIT an offsetting $1,490,612 non-interest bearing promissory note, due on demand. The Internalization Transaction did not have a cash impact on the REIT.

The preliminary purchase equation is summarized as follows:

Incremental Vital Trust management rights (note 11)	$	46,756,622
Promissory note (note 12)		1,490,612
Investment in Vital Trust (note 10)		575,050
Furniture and office equipment		376,696
Deferred tax asset		45,256
Working capital (1)		468,290
Due to related party (note 12)		(468,290)
Deferred unit plan liability (note 19)		(3,595,893)
	$	45,648,343
Consideration comprised of:		
Contribution of capital	$	45,648,343

(1) As per the Internalization Agreement, the purchase price is to be adjusted to the extent that the working capital (defined as current assets less current liabilities) of the acquired management entities is greater or less than nil.

In connection with the Internalization Transaction, an agreement with NWVP was signed which committed NWVP, by means of a capital contribution, to support the impact of the internalization from January 1, 2015 to March 31, 2015. For the three months ended March 31, 2015, the REIT recorded a capital contribution of $1,385,000 to effect the internalization support for the period.

Unaudited (Canadian dollars)

5. Acquisition of Control

On January 1, 2015, in connection with the Internalization Transaction (note 4), the REIT acquired all of the rights and obligations relating to the management of Vital Trust. As a result of the acquisition of the management rights, it was determined that the REIT obtained control (as defined in IFRS 10 - Consolidated Financial Statements) with respect to its investment in Vital Trust. Accordingly, a business combination had occurred in accordance with IFRS 3 - Business Combinations. The acquisition of control was treated as a step acquisition by the REIT and effective January 1, 2015, the REIT accounts for its investment in Vital Trust as a subsidiary and consolidates the financial position and results of Vital Trust.

The preliminary purchase price equation based on the aggregate fair value of the assets acquired and liabilities assumed on the acquisition date, January 1, 2015, is as follows:

Investment properties	$	571,430,620
Derivative financial instruments		6,722,221
Other assets		438,452
Cash		1,055,435
Term loans		(195,872,623)
Derivative financial instruments		(12,958,328)
Deferred tax		(29,653,326)
Deferred revenue		(8,218,423)
Accounts payable and accrued liabilities		(5,603,093)
Income taxes payable		(8,822,146)
Net assets acquired	$	318,518,789
Non-controlling interest	$	241,911,747
Investment in associate prior to acquisition of control (note 10(i))		118,278,444
	$	360,190,191
Goodwill	$	41,671,402

6. Combination Transaction

On May 15, 2015, the REIT completed a plan of arrangement under the *Business Corporations Act (Alberta)* pursuant to which the REIT combined with NorthWest Healthcare Properties REIT ("NWHP REIT") to form a single healthcare real estate investment trust (the "Combination Transaction"). The combination was effected by a plan of arrangement pursuant to which NWHP REIT acquired all of the assets of the REIT. The unitholders of the REIT received 0.208 of a NWHP REIT unit for each REIT unit held. In addition, all of the REIT's convertible debentures were assumed by NWHP REIT, with the conversion prices being adjusted in accordance with their terms. With the completion of the transaction, the REIT's trust units and convertible debentures were delisted from the TSX Venture Exchange at the close of business May 19, 2015.

The combination was initially announced on March 10, 2015 and was approved by the Board of Trustees (excluding interested trustees) based on a recommendation by an independent committee of the Board of Trustees of the REIT, after consultation with the independent committee's financial and legal advisors. The transaction was subject to the approval of at least 66 2/3% of the votes cast at separate special meets of the REIT and NWHP REIT's voting unitholders, as well as the approval of a majority of the votes cast at NWHP REIT's special meeting, other than votes held by the REIT (note 10(ii)).

Unaudited (Canadian dollars)

6. Combination Transaction (continued)

The combination transaction was also subject to other customary regulatory approvals for transactions of this nature, including approvals from the TSX-V and TSX, Competition Act (Canada) authorities, the Australia's Foreign Investment Review Board and New Zealand's Overseas Investment Office, as well as other conditions.

On May 5, 2015, the Combination Transaction was approved by more than 66 2/3% of the votes cast at special meets of the REIT and NWHP REIT's voting unitholders, as well as, the approval of a majority of the votes cast at the NWHP REIT special meeting, excluding votes held by the REIT.

Under the *Business Corporations Act (Alberta)*, the plan of arrangement required the approval of the Court of Queen's Bench of Alberta (the "Final Order"). A hearing of the REIT's application for the Final Order occurred on May 13, 2015, and at this time the plan of arrangement was approved. All other necessary approvals were also obtained on or prior to May 15, 2015**.** See Subsequent Events (note 30).

7. Property Acquisitions

There were no acquisitions during the three months ended March 31, 2015 and March 31, 2014.

8. Property Disposal

There were no disposals during the three months ended March 31, 2015.

On February 17, 2014, the REIT sold its leasehold interest in a building in Marktredwitz, Germany for $6,923,586 and recognized a net loss on sale of $88,768 due to transaction costs. The REIT repaid $4,886,613 of mortgage debt associated with the investment property.

9. Investment Properties

	March 31, 2015	December 31, 2014
Balance, beginning of the period	**$ 524,230,496**	$ 448,832,353
Acquisition of investment property	**-**	72,467,560
Disposition of investment property (note 8)	-	(6,923,586)
Acquisition of control (note 5)	**571,430,620**	-
Additions to investment properties	**10,181,157**	983,948
Fair value gain	**13,924,212**	26,814,224
Foreign currency translation	**(21,142,125)**	(17,944,003)
Balance, end of the period	**$1,098,624,360**	$ 524,230,496

Investment properties are carried at fair value. The investment properties are re-measured to fair value at each reporting date, determined either on internal valuation models incorporating available market evidence, or on valuations performed by third-party appraisers.

The fair value of the investment properties at March 31, 2015 and December 31, 2014 were determined using valuation models incorporating available market evidence. Estimates and assumptions used in determining the fair value of the investment properties include capitalization rates, discount rates, inflation rates, vacancy rates, and property level net operating income.

Unaudited (Canadian dollars)

9. Investment Properties (continued)

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

	March 31, 2015	December 31, 2014
Discount rates - range	6.50 - 12.50%	6.50 - 10.00%
Discount rate – weighted average	9.73%	9.14%
Terminal capitalization rates - range	6.90 - 11.25%	6.90 - 9.00%
Terminal capitalization rate - weighted average	9.10%	8.57%

During the three months ended March 31, 2015, properties with an aggregate fair value of $nil (year ended December 31, 2014 - $524,230,496) were valued by external valuation professionals with recognized and relevant professional qualification.

10. Investment in Associates

	Vital Trust (i)	**NWHP REIT (ii)**	**Total**
As at December 31, 2013	**$ 106,076,945**	**$ 153,425,667**	**$ 259,502,612**
Cash distributions received	(5,980,119)	(9,518,432)	(15,498,551)
Share of profit for the year	7,707,476	(5,680,541)	2,026,935
Share of other comprehensive loss for the year	(887,143)	-	(887,143)
Foreign exchange	10,786,235	-	10,786,235
As at December 31, 2014	**$ 117,703,394**	**$ 138,226,694**	**$ 255,930,088**
Acquisition of investment in associate (note 4)	575,050	-	575,050
Acquisition of control (note 5)	(118,278,444)	-	(118,278,444)
Cash distributions received	-	(2,379,608)	(2,379,608)
Share of profit for the period	-	1,562,674	1,562,674
As at March 31, 2015	**$ -**	**$ 137,409,760**	**$ 137,409,760**

(i) Investment in Vital Healthcare Property Trust

Prior to the Internalization Transaction (note 4), the REIT's investment in Vital Trust was accounted for using the equity method. Upon internalization, the REIT acquired all of the rights and obligations relating to the management of Vital Trust, and therefore it was deemed that the REIT obtained control with respect to this investment (note 5). Effective January 1, 2015, the REIT accounts for its investment in Vital Trust as a subsidiary and consolidates the financial position and results of Vital Trust.

As at March 31, 2015, the REIT had exposure to 82,064,902 units of Vital Trust (December 31, 2014 - 81,659,866). The closing price on the New Zealand Stock Exchange ("NZX") of Vital Trust's units as at March 31, 2015 was $1.63 (NZ $1.72) (December 31, 2014 - $1.42 (NZ $1.57)).

Unaudited (Canadian dollars)

10. Investment in Associates (continued)

(ii) Investment in NorthWest Healthcare Properties 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. On May 15, 2015, the REIT combined with NWHP REIT (note 30 (iii)).

As at March 31, 2015, 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 March 31, 2015 was $9.12 (December 31, 2014 - $9.28).

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

As at	**March 31, 2015**	December 31, 2014
Assets	**$ 1,278,308,000**	$ 1,244,641,000
Liabilities	**$ 820,653,000**	$ 786,134,000
% interest held	**25.44%**	25.49%

For the Three Months Ended March 31,	**2015**	2014
Revenues	**$ 38,316,000**	$ 39,190,000
Net income	**$ 6,142,000**	$ 14,326,000
Other comprehensive income (loss)	**$ -**	$ -
Total comprehensive income (loss)	**$ 6,142,000**	$ 14,326,000

Unaudited (Canadian dollars)

11. Intangible Asset

The REIT's intangible asset relates to the rights and obligations related to the management of Vital Trust. In conjunction with the Internalization Transaction (note 4), the REIT acquired the rights to 100% of the management fees paid by Vital Trust through its acquisition of Vital Healthcare Management Limited and related entities (the "Vital Manager"). The contract that governs the fee stream paid by Vital Trust does not expire and therefore, the intangible asset is not being amortized.

	March 31, 2015	December 31, 2014
Balance, beginning of the period	**$ 12,490,200**	$ 14,051,475
Settlement of existing arrangement [1]	**(12,490,200)**	-
Acquisition of Vital Trust management rights (note 4)	**46,756,622**	-
Amortization	**-**	(1,561,275)
Balance, end of the period	**$ 46,756,622**	$ 12,490,200

(1) The settlement of the existing Vital Management Fee Participation Agreement was recorded as adjustment through capital contribution in the consolidated statement of unitholders' equity.

12. Due from Related Parties

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

As at	**March 31, 2015**	December 31, 2014
Working capital and closing adjustment receivable - Initial International Assets (i)	**$ 14,166,652**	$ 16,966,652
Interest rate subsidy (ii)	**4,448,982**	4,155,487
Instalment note receivable (iii)	**1,385,555**	1,385,555
Vital Management Fee Participation (note 23(ii))	**4,936,282**	4,702,285
Interest (note 23 (iii))	**3,245,957**	2,940,957
Promissory note (note 4)	**1,490,612**	-
Internalization contribution (iv)	**1,385,000**	-
Other (v)	**(395,479)**	56,908
	$ 30,663,561	$ 30,207,844

(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 portfolio of international assets acquired October 1, 2012 (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. During the three months ended March 31, 2015, repayments of the working capital and closing adjustment receivable were received in the amount of $2,800,000.

The working capital and closing adjustment receivable is unsecured was previously due on December 31, 2013, however, as it remains unpaid, it is now due on demand. The working capital and closing adjustment receivable accrues an approximate economic return of 8% per annum when permissible (see note 23(iii)).

12. Due from Related Parties (continued)

(ii) Interest rate subsidy

As part of the acquisition of the investment in NWHP REIT (note 10(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.

During 2014, NWVP and the REIT agreed to extend and amend the interest rate subsidy, with an effective date of January 1, 2014, such that the effective interest rate payable by the REIT on the assumed margin facilities shall not exceed 4.25% up to December 31, 2014.

NWVP and the REIT agreed to further extend and amend the interest rate subsidy, with an effective date of January 1, 2015, such that the effective interest rate payable by the REIT on the assumed margin facilities shall note exceed 4.25% up to March 31, 2015. For the three months ended March31, 2015 the interest rate subsidy was $669,041 (three months ended March 31, 2014 - $669,041).The interest rate subsidy has been recorded as a capital contribution on the condensed consolidated interim statement of unitholders' equity.

In connection with the Combination Transaction the margin facilities related to the REIT’s investment in NWHP REIT were repaid in full and cancelled (note 30 (iii)).

(iii) Instalment note receivable

In connection with the REIT's acquisition of the Initial International Assets, the REIT entered into an arrangement with an affiliate of NWVP to partially compensate the REIT for assuming obligations associated with the Sabará Children's Hospital in Brazil (the "Instalment Note"). Pursuant to the Instalment Note, 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. The Instalment Note receipts remain outstanding and are now due on demand. 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.

(iv) Internalization contribution

As a result of costs incurred by the REIT following completion of the Internalization (note 4), NWVP has committed to make a capital contribution to NWI LP. For the three months ended March 31, 2015, the REIT recorded a capital contribution of $1,385,000. The capital contribution is recorded on the condensed consolidated interim statement of unitholders' equity.

(v) Other

In the normal course of operations, through shared services arrangements with affiliates of NWVP and through the post-closing working capital adjustment related to the Internalization Transaction (note 4), the REIT has amounts owing to and from NWVP and affiliates. These amounts combined are a net current liability and are non-interest bearing.

In connection with the Combination Transaction, approximately $26.7 million of the related party balances were settled (note 30 (iii)).

Unaudited (Canadian dollars)

13. Other Assets

As at	**March 31, 2015**	December 31, 2014
Commodity taxes recoverable	**$ 89,290**	$ 74,773
Acquisition costs and deposits	**1,745,892**	888,204
Prepaid expenses	**735,328**	80,279
Furniture and office equipment	**445,445**	-
Other	**92,102**	-
	$ 3,108,057	$ 1,043,256

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

14. Cash and Restricted Cash

As at	**March 31, 2015**	December 31, 2014
Cash	**$ 5,542,971**	$ 18,370,275
Restricted Cash	**1,613,293**	2,577,674
	$ 7,156,264	$ 20,947,949

Restricted cash represents cash held in the REIT's designated bank accounts pledged as collateral for the Brazil term loans (note 15).

15. Mortgages and Loans Payable

As at	**March 31, 2015**	December 31, 2014
Mortgages payable (net of financing costs of $983,570)	**$ 72,873,524**	$ 75,553,610
Margin facilities (net of financing costs of $689,474)	**116,053,165**	113,423,583
Term loans (net of financing costs of $4,660,631)	**361,296,088**	176,308,978
Acquisition Facility (net of financing costs of $854,164)	**23,145,836**	23,025,563
Total	**573,368,613**	388,311,734
Less: Current portion	**268,708,387**	233,636,209
Non-current debt	**$ 304,660,226**	$ 154,675,525

Mortgages payable

The entire mortgage payable balance relates to the German properties and, as such, the investment properties in Germany are pledged as collateral for the mortgages payable.

15. Mortgages and Loans Payable (continued)

Margin facilities

(i) NWHP REIT

As at March 31, 2015, the REIT has pledged 4,345,900 (December 31, 2014 - 4,345,900) units of NWHP REIT and 7,551,546 (December 31, 2014 - 7,551,546) Class B limited partnership units of NHP Holdings LP as security for the margin facilities. As at March 31, 2015, the principal balance outstanding on the margin facilities with respect to the REIT's investment in NWHP REIT was $67,927,409.

Interest on the margin facilities is calculated daily and ranges from 4.25% to 10.75% per annum. 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(ii)). Throughout 2014 and again in March 2015, NWVP and the REIT agreed to extend and amend the interest rate subsidy, with an effective date of January 1, 2014, such that the effective interest rate payable by the REIT on the assumed margin facilities shall not exceed 4.25% up to March 31, 2015.

In connection with the Combination Transaction the margin facilities related to the REIT’s investment in NWHP REIT were repaid in full and cancelled (note 30 (iii)).

(ii) Vital Trust

As at March 31, 2015, the REIT has pledged 81,659,865 (December 31, 2014 - 81,659,865) units of Vital Trust as security for the margin facilities.

As at March 31, 2015, the principal balance outstanding on the margin facilities with respect to the REIT's investment in Vital Trust was $48,815,238 (NZ$ 51,422,351).

The REIT has entered into an interest rate swap with respect to the margin facility secured by the Vital Trust units to limit its exposure to fluctuations in the interest rates on approximately $4,462,000 (NZ $4,700,000) of the outstanding loan balance (note 19). The interest rate swap fixes the interest rate at 4.03% and terminates on March 29, 2016.

Term Loans

(i) Brazil term loans

On maturity, the principal balance of the term loans 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, 2015, accretion expense of $5,629,809 (for the three months ended March 31, 2014 - $4,690,277) was recorded to account for the related IPCA adjustment for the period.

(ii) Vital Trust term loans

Vital Trust has a syndicated revolving multi-currency facility with ANZ Bank New Zealand Limited, Australia and New Zealand Banking Group Limited and Bank of New Zealand. The approximately $314,000,000 (A$325,000,000) facility, a multi-currency facility, is split between Tranche A: approximately $121,000,000 (A$125,000,000) and Tranche B: approximately $97,000,000 (A$100,000,000) which are due to expire on March 31, 2019, and Tranche C: approximately $97,000,000 (A$100,000,000) plus the New Zealand Dollar Facility: approximately $19,000,000 (NZ$20,000,000) which are due to expire on March 31, 2017.

Unaudited (Canadian dollars)

15. Mortgages and Loans Payable (continued)

Term Loans (continued)

(ii) Vital Trust term loans (continued)

Borrowings are secured by a security trust deed dated April 1, 2003 and as amended and restated on June 26, 2014. Pursuant to the deed, a security interest has been granted of first ranking mortgages over the respective investment properties by a general security deed over the assets and undertakings of Vital Trust.

A summary of the maturity and effective interest rates relating to the components of mortgages and loans payable outstanding at March 31, 2015 are as follows:

	Maturity	Weighted Average Interest Rate	Carrying Value
Fixed rate			
Mortgage debt	November 30, 2017 - June 30, 2021	2.35%	$ 72,873,524
Term loans	December 22, 2015 - March 31, 2019	6.41%	361,296,088
Total fixed rate debt			$ 434,169,612
Variable rate			
Margin facilities	September 1, 2014 - August 23, 2018	8.02% (1)	116,053,165
Acquisition facility	January 1, 2017	8.20%	23,145,836
Total variable rate debt			$ 139,199,001
Total debt			**$ 573,368,613**

(1) The effective interest expense on the margin facilities relating to the REIT's investment in NWHP REIT is 4.25% as a result of the interest rate subsidy from NWVP (note 11(ii)). During 2014 and again in March 2015, NWVP and the REIT agreed to extend and amend the interest rate subsidy, with an effective date of January 1, 2014, such that the effective interest rate payable by the REIT on the assumed margin facilities shall not exceed 4.25% up to March 31, 2015. In connection with the Combination Transaction the margin facilities related to the REIT's investment in NWHP REIT were repaid in full and cancelled (note 30 (iii)).

As at March 31, 2015, the scheduled principal repayments and debt maturities are as follows:

	Mortgage Debt	Margin Facilities	Term Loans	Acquisition Facility	Total
2015 remainder	$ 5,509,005	$ 107,898,139	$ 107,568,000	$ -	**$ 220,975,144**
2016	2,068,762	-	51,199,071	-	**53,267,833**
2017	39,101,143	-	103,364,707	24,000,000	**166,465,850**
2018	971,020	8,844,500	-	-	**9,815,520**
2019	7,369,144	-	103,824,941	-	**111,194,085**
2020 & thereafter	18,838,020	-	-	-	**18,838,020**
	73,857,094	116,742,639	365,956,719	24,000,000	**580,556,452**
Financing costs	(983,570)	(689,474)	(4,660,631)	(854,164)	**(7,187,839)**
	$ 72,873,524	**$ 116,053,165**	**$361,296,088**	**$ 23,145,836**	**$ 573,368,613**

Unaudited (Canadian dollars)

16. Deferred Consideration

The following table summarizes the deferred consideration payable:

As at	**March 31, 2015**	December 31, 2014
Holdback payable – Brazil (i)	**$ 30,390,941**	$ 33,059,902
Accrued transaction costs - Brazil	**7,323,574**	8,023,946
Holdback payable – Germany (ii)	**190,722**	196,532
	$ 37,905,237	$ 41,280,380

(i) In connection with the Rede D'Or Hospital Acquisition on December 23, 2013, the REIT held back a portion of the purchase price until the vendor complies with conditions related to certain title and zoning matters.

On October 17, 2014, the purchase and sale agreement with respect to the Rede D'Or Hospital Acquisition was amended to extend the payment date of the holdback related to Hospital Caxias D´Or to the later of December 15, 2015 or 180 days after the completion of certain conditions by the vendor. Effective from the date of amendment (October 17, 2014) to the payment date the holdback will be adjusted by the variation of the CDI plus 7.34% annually. The amendment provides that should the vendor not complete the required conditions to resolve the title matters by January 15, 2015, the amount of the inflation adjustment to the holdback shall be limited to nil between January 15, 2015 and the date the vendor conditions are resolved. On January 15, 2015, the REIT was notified that the required conditions related to the Hospital Caxias D'Or holdback were not resolved and continue to be unresolved.

For the three months ended March 31, 2015, accretion expense of $236,750 (three months ended March 31, 2014 - $750,863) was recorded to account for the related CDI adjustments on the holdbacks payable which has been recorded as finance costs in the consolidated statement of income (loss) and comprehensive income (loss).

(ii) In connection with the acquisition of the Hohenschoenhausen property in Germany on August 29, 2014, the REIT held back a portion of the purchase price for potential working capital adjustments and information deficiencies. Settlement of the holdback is due no later than one year from closing.

17. Convertible Debentures

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

	March 31, 2015	December 31, 2014
Balance, beginning of the period	**$ 71,919,510**	$ 35,423,000
Issuance of convertible debentures - Series MOB.DB.B	**-**	38,750,000
Increase (decrease) in fair value of convertible debentures	**4,337,375**	(2,253,490)
Balance, end of the period	**$ 76,256,885**	$ 71,919,510

Unaudited (Canadian dollars)

17. Convertible Debentures (continued)

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

As at	**March 31, 2015**	December 31, 2014
Series MOB.DB	**$ 21,698,260**	$ 20,342,260
Series MOB.DB.A	**16,975,000**	17,477,250
Series MOB.DB.B	**37,583,625**	34,100,000
	$ 76,256,885	$ 71,919,510

	Series MOB.DB	**Series MOB.DB.A**	**Series MOB.DB.B**
Conversion price per Unit ($)	$2.85	$2.40	$2.60
Maturity	March 31, 2018	September 30, 2018	October 31, 2019
Interest rate	6.50%	7.50%	7.25%
Interest payment	Semi-annual	Semi-annual	Semi-annual
Interest payment dates	September 30 and March 31	September 30 and March 31	October 31 and April 30

18. Derivative Financial Instruments

(i) Derivative financial instrument (asset)

The derivative financial instrument asset relates to foreign exchange contracts in place at Vital Trust. The forward exchange contracts are measured using a valuation model based on the applicable forward price curves derived from observable forward prices.

(ii) Derivative financial instrument (liability)

The derivative financial instrument liability relates to interest rate swaps contracts. The REIT has entered into interest rate swap contracts with respect to a margin facility secured by the Vital Trust units (note 15), certain German mortgages (note 15) and the Vital Trust and Brazil term loans (note 15). The interest rate derivatives mature over the next 10 years and have fixed interest rates ranging from 3.19% to 7.30%

The below summarizes the components of the gain/(loss) on derivative financial instruments:

For the Three Months Ended March 31,	**2015**	2014
Fair value adjustment - interest rate swaps	**$ 1,662,253**	$ (9,676)
Receipts/(payments) under transaction hedging foreign exchange contracts	**(224,132)**	-
Fair value adjustment - foreign exchange contracts	**(161,266)**	-
Fair value adjustment - warrant liability	**-**	114,593
	$ 1,276,855	$ 104,916

Unaudited (Canadian dollars)

19. Deferred Unit Plan ("DUP") liability

In connection with the Internalization Transaction (note 4), the REIT adopted a second amended and restated deferred unit plan (the "Amended Plan"). The Amended Plan provides for the issuance of up to 17,898,368 trust units (approximately 10% of the issued and outstanding voting units of the REIT), which is an increase from the 2,021,909 trust units reserved for issuance under the REIT's previous deferred unit plan (the "Previous Plan"). As a result of the REIT terminating all external asset management agreements in connection with the Internalization Transaction (note 4), and having previously terminated its unit option plan, the Amended Plan is the REIT's only equity-based compensation plan.

As part of the Internalization Transaction, the REIT issued 3,989,735 deferred units to the new employees of the REIT. Of these, 1,711,412 were fully vested and the balance is subject to future vesting conditions. Following the Internalization Transaction, the REIT issued an additional 5,764,494 deferred units to new employees as a future equity incentive (all of which will be subject to vesting conditions) and 75,000 deferred units to the REIT's independent trustees in recognition of their efforts on behalf of the special committee that was formed for considering and negotiating the Internalization Agreement on behalf of the REIT.

The REIT also assumed the deferred unit plan liabilities of the Vital Manager through the Internalization Transaction (note 4). On closing of the Internalization Transaction, the REIT assumed 813,637 unvested deferred units of Vital Trust.

(i) Liability:

		March 31, 2015		December 31, 2014
Balance, beginning of the period	**$**	**457,463**	$	370,053
Liability assumed on Internalization Transaction (note 4)		**3,595,893**		-
Unit-based compensation expense		**2,638,580**		220,545
Exercised and paid in cash		**(30,000)**		(120,003)
Fair value adjustment		**(352,860)**		(13,132)
Foreign exchange		**8,166**		-
Balance, end of period	**$**	**6,317,242**	$	457,463

Unit-based compensation expense is measured at the service commencement date, based on the fair market value of a REIT or Vital Trust unit, and amortized over the vesting year. Unit-based compensation does not qualify as an equity award and is classified as a liability. The awards are measured at fair-value every reporting period, based on the fair market value of a REIT or Vital Trust unit, and the change in fair value is recognized as compensation expense.

Unaudited (Canadian dollars)

19. Deferred Unit Plan ("DUP") liability (continued)

(ii) Units outstanding:

	March 31, 2015	December 31, 2014
Balance, beginning of the period	**228,731**	183,195
Deferred units assumed on Internalization Transaction (note 4)	**4,803,372**	-
Granted	**5,863,557**	81,619
Exercised and paid in cash	**(15,341)**	(59,115)
Distribution entitlement	**304,244**	23,032
Balance, end of period	**11,184,563**	228,731
Units vested but not exercised, end of period	**2,082,142**	228,731

For the three months ended March 31, 2015, the REIT granted or issued 5,863,557 DUP units with a value of $11,897,077 (for the three months ended March 31, 2014 - 17,014 DUP units with a value of $36,750).

20. Class B LP and Class D GP Exchangeable Units

The Class B LP and Class D GP 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 and Class D GP exchangeable unit liability is determined with reference to the market price of the REIT's Trust Units at the reporting date.

The following table summarizes the Class B LP and Class D GP exchangeable unit liability:

As at	**March 31, 2014**	December 31, 2014
Class B LP exchangeable units (i)	**$ 174,353,072**	$ 182,136,640
Class D GP exchangeable units (ii)	**-**	2,221,160
	$ 174,353,072	$ 184,357,800

(i) Class B LP Exchangeable Units

As at March 31, 2015, there were 92,250,303 Class B LP exchangeable units of NWI LP issued and outstanding with a fair value of $174,353,073. 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 $5,073,674 for the three months ended March 31, 2015 (three months ended March 31, 2014 - $5,008,667) and have been accounted for as finance costs.

Unaudited (Canadian dollars)

20. Class B LP and Class D GP Exchangeable Units (continued)

(i) Class B LP Exchangeable Units (continued)

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

	Units	Amount
Balance, December 31, 2013	**91,068,320**	**$ 183,958,006**
Fair value adjustment of Class B LP exchangeable units	-	(1,821,366)
Balance, December 31, 2014	**91,068,320**	**$ 182,136,640**
Conversion of Class D GP to Class B LP exchangeable units (note 20(ii))	1,181,983	2,366,108
Fair value adjustment of Class B LP exchangeable units	-	(10,149,675)
Balance, March 31, 2015	**92,250,303**	**$ 174,353,073**

(ii) Class D GP Exchangeable Units

In January 2015, prior to the closing of the Internalization Transaction (note 4), the REIT issued 71,403 Class D GP Exchangeable Units, for the Class C Amount, as defined in the NWI LP Agreement, representing an estimate of the incentive amount for the 2014 year. As the calculation of the incentive amount was calculated provisionally to facilitate the Internalization Translation, it was subsequently determined that the incentive amount for the 2014 year was nil, and as a result a receivable for the overpayment of the Class C Amount has been recorded from an affiliate of NWVP (note 12).

In April 2014, the independent trustees of the REIT determined that the Class C Amount, as defined in the NWI LP Agreement, representing an incentive amount, for the 2013 financial year was $4,103,618. An affiliate of NWVP elected to receive such Class C Amount in the form of Class D GP exchangeable units of NWI LP, which resulted in the issuance of 1,891,068 Class D GP exchangeable units on April 23, 2014.

Each Class D GP exchangeable unit is exchangeable for one Trust Unit and carries one Trust level voting right. During the three months ended March 31, 2015, there were no conversions from Class D GP exchangeable units to Trust Units. During the year ended December 31, 2014, 780,488 of the Class D GP exchangeable units were exchanged into Trust Units.

As at March 31, 2015 there were nil Class D GP exchangeable units of NWI LP issued and outstanding as all Class D GP exchangeable units were converted to Class B LP exchangeable units (December 31, 2014 - 1,110,580 Class D GP exchangeable units issued and outstanding with a fair value of $2,221,160).

As a result of the conversion of the Class D GP exchangeable units to Class B LP exchangeable units, there were no distributions declared on the Class D LP exchangeable units of NWI LP for the three months ended March 31, 2015 (for the three months ended March 31, 2014 - nil).

Unaudited (Canadian dollars)

20. Class B LP and Class D GP Exchangeable Units (continued)

(ii) Class D GP Exchangeable Units (continued)

The following table shows the continuity of the Class D GP exchangeable units:

	Units	Amount
Balance, December 31, 2013	**-**	**$ -**
Units issued as settlement of Class C Amount	1,891,068	4,103,618
Converted to Trust Units	(780,488)	(1,689,303)
Fair value adjustment of Class D GP exchangeable units	-	(193,155)
Balance, December 31, 2014	**1,110,580**	**$ 2,221,160**
Units issued for settlement of estimated Class C Amount	71,403	144,948
Conversion of Class D GP to Class B LP exchangeable units	(1,181,983)	(2,366,108)
Balance, March 31, 2015	**-**	**$ -**

21. 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, 2013	**54,978,385**	**$ 90,503,980**
Units issued pursuant to equity offering (i)	26,025,583	54,705,242
Units issued pursuant to exercise of warrants (ii)	3,000,000	7,342,027
Unit issue costs - cash (i) and (ii)	-	(4,554,866)
Units issued through distribution reinvestment plan	494,113	1,016,107
Conversion of Class D GP exchangeable units (note 20(ii))	780,488	1,689,303
Asset management fees paid in units (iii)	1,526,212	3,287,922
Balance - December 31, 2014	**86,804,781**	**$ 153,989,715**
Units issued through distribution reinvestment plan	172,591	327,018
Asset management fees paid in units (iv)	143,538	291,836
Balance - March 31, 2015	**87,120,910**	**$ 154,608,569**

Unaudited (Canadian dollars)

21. Trust Units (continued)

(i) On January 14, 2014, the REIT announced that pursuant to the December 2013 equity offering, the underwriters partially exercised the overallotment option and 852,070 additional units of the REIT were issued at a price of $2.00 per unit for gross proceeds of $1,704,140. Costs associated with the exercise of the overallotment option in January 2014 totaled $85,769 which have been charged directly to equity.

On May 21, 2014, the REIT closed an equity offering of 11,219,513 Trust Units. The Trust Units were issued at a price of $2.05 per Trust Unit, for gross proceeds of $23,000,002, which included the exercise of the over-allotment option in full. Costs associated with the equity offering in May 2014 totaled $1,880,141 which have been charged directly to equity.

On November 25, 2014, the REIT closed an equity offering of 13,954,000 Trust Units. The Trust Units were issued at a price of $2.15 per Trust Unit, for gross proceeds of $30,001,100. Costs associated with the equity offering in November 2014 totaled $2,018,169 which have been charged directly to equity.

(ii) On September 2, 2014, the REIT received notice from the holder in respect of the early exercise of the 3,000,000 warrants. The warrants were exercised at a price of $2.15 for total cash proceeds to the REIT of $6,450,000. At the time of exercise, the REIT had a liability associated with warrant liability in the amount of $892,027. Upon exercise of the warrants, the liability was charged directly to equity. Costs associated with the exercise of the warrants totaled $570,787 which have been charged directly to equity.

(iii) During the year ended December 31, 2014, the REIT issued 1,526,212 units to settle outstanding asset management fees owing to a subsidiary of NWVP (note 22).

(iv) During the three months ended March 31, 2015, the REIT issued 143,538 units to settle outstanding asset management fees owing to a subsidiary of NWVP (note 22).

22. Supplemental Cash Flow Information

(i) Changes in Non-Cash Working Capital Balances

For the Three Months Ended March 31,	**2015**	2014
Accounts receivable	**$ (702,788)**	$ 153,908
Other assets	**(1,179,018)**	(6,005,166)
Accounts payable and accrued liabilities	**1,138,354**	5,543,826
	$ (734,452)	$ (307,432)

(ii) Non-Cash Financing and Investing Activities

For the Three Months Ended March 31,	**2015**	2014
Supplemental disclosure relating to non-cash financing and investing activities:		
Non-cash business combination (note 4)	**$ 33,158,143**	$ -
Non-cash acquisition of control (note 5)	**$ 241,911,747**	$ -
Asset management fees settled through issuance of units (note 21 (iii) and (iv))	**$ 291,836**	$ 782,352
Non-cash distributions to Unitholders under the DRIP (note 21)	**$ 327,018**	$ 151,875

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

Unaudited (Canadian dollars)

23. Related Party Transactions

(i) As at March 31, 2015, NWVP indirectly owned approximately 65% of the outstanding Trust Units (approximately 53% on a fully-diluted basis assuming conversion of the REIT's convertible debentures and redemption of its deferred units) of the REIT through a combination of Trust Units of the REIT and Class B LP and Class D GP exchangeable units of NWI LP. Paul Dalla Lana, Chairman of the Board of Trustees and Chief Executive Officer of the REIT, is the sole shareholder, sole director and President of NWVP. Bernard Crotty, a Trustee and Co-President of the REIT, serves as Senior Vice-President of NWVP. Teresa Neto, Chief Financial Officer of the REIT, served as Chief Financial Officer of NWVP up to December 31, 2014. Paul Dalla Lana, Robert Baron and Bernard Crotty, all Trustees of the REIT, also serve as trustees of NWHP REIT.

(ii) From the initiation of the REIT until January 28, 2015, affiliates of NWVP served 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. On January 28, 2015, with the effective date of January 1, 2015, the REIT internalized it external management arrangements (the "Internalization Transaction"), terminating the asset management, property management and development functions of the REIT currently carried on by affiliates of NWVP. The Internalization Transaction also resulted in the REIT acquiring from NWVP all of the rights and obligations relating to the management of Vital Trust.

Post the Internalization Transaction, the REIT entered into a cost-sharing agreement with an affiliate of NWVP for certain general management and administration support services for a fee based on cost-sharing. The REIT also has entered into a monthly sublease agreement with an affiliate of NWVP for the REIT to lease its head office premises.

The following table summarizes the related party transactions with NWVP and its affiliates related to the former Asset Management Agreement, Property Management Agreement, Development Agreement and Management Fee Participation Agreement as well as the cost-sharing and sublease agreements during the period:

For the Three Months Ended March 31,	**2015**	2014
Base asset management fees	**$ -**	$ 782,352
Property management fees	**-**	53,799
Management fee participation	**-**	(417,091)
Reimbursement of out-of-pocket costs	**251,999**	750,153
Cost-sharing and sublease agreements	**360,808**	-
	$ 612,807	$ 1,169,213

(iii) To provide the REIT with an effective economic return on the working capital and closing adjustment receivable (note 12(i)), NWVP has agreed to pay interest of $305,000 for the three months ended March 31, 2015 (for the three months ended March 31, 2014 - $340,000).

(iv) At March 31, 2015, included in accounts payable and accrued liabilities are Class B LP exchangeable unit distributions payable owing to NWVP and affiliates in the amount of $15,275,563 (December 31, 2014 - $13,376,804)

(v) Transactions with related parties disclosed above are recorded at the transaction amount, being the price agreed between the parties.

Unaudited (Canadian dollars)

24. 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, however certain operating segments incur general and administrative expenses specific to their segment

During the three months ended March 31, 2015, two tenants in the Brazil operating segment accounted for 31% (three months ended March 31, 2014 - 85%) of the total revenue from investment properties.

As at March 31, 2015

	Germany	Brazil	Australia/ New Zealand	Canada	**Total**
Investment properties	**$ 133,900,467**	**$ 365,379,510**	**$ 599,344,383**	**$ -**	**$1,098,624,360**
Investment in associates	**$ -**	**$ -**	**$ -**	**$ 137,409,761**	**$ 137,409,761**
Mortgages and loans payable	**$ 72,873,524**	**$ 155,041,707**	**$ 254,912,370**	**$ 90,541,012**	**$ 573,368,613**

As at December 31, 2014

	Germany	Brazil	Australia/ New Zealand	Canada	**Total**
Investment properties	**$ 137,979,502**	**$ 386,250,994**	**$ -**	**$ -**	**$ 524,230,496**
Investment in associates	**$ -**	**$ -**	**$117,703,394**	**$ 138,226,694**	**$ 255,930,088**
Mortgages and loans payable	**$ 75,553,610**	**$ 176,308,977**	**$ 46,333,904**	**$ 90,115,243**	**$ 388,311,734**

Unaudited (Canadian dollars)

24. Segmented Information (continued)

For the Three Months Ended March 31, 2015

	Germany	Brazil	Australia/ New Zealand	Canada	**Total**
Operating Income (Loss)					
Net Operating Income					
Revenue from investment properties	$ 3,165,595	$ 8,555,792	$ 15,734,709	$ -	**$ 27,456,096**
Property operating costs	834,610	512,810	2,004,173	-	**3,351,593**
	2,330,985	8,042,982	13,730,536	-	**24,104,503**
Other Income					
Interest	71	130,226	19,485	307,469	**457,251**
Share of profit of associate	-	-	-	1,562,674	**1,562,674**
	71	130,226	19,485	1,870,143	**2,019,925**
Expenses					
Mortgage and loan interest expense	447,462	2,980,405	3,740,392	3,345,740	**10,513,999**
General and administrative expenses	621,394	134,047	1,275,009	3,282,263	**5,312,713**
Transaction costs	8,813	-	-	4,366,591	**4,375,404**
Foreign exchange loss	2,197	21,032	(248,085)	2,391,587	**2,166,731**
	1,079,866	3,135,484	4,767,316	13,386,181	**22,368,847**
Operating income (loss)	**$ 1,251,190**	**$ 5,037,724**	**$ 8,982,705**	**$(11,516,038)**	**$ 3,755,581**

Unaudited (Canadian dollars)

25. Segmented Information (continued)

For the Three Months Ended March 31, 2014

	Germany	Brazil	Australia/ New Zealand	Canada	**Total**
Operating Income (Loss)					
Net Operating Income					
Revenue from investment properties	$ 1,496,648	$ 8,661,980	$ -	$ -	**$ 10,158,628**
Property operating costs	425,682	502,135	-	-	**927,817**
	1,070,966	8,159,845	-	-	**9,230,811**
Other Income					
Interest	-	76,432	-	361,752	**438,184**
Management fee participation	-	-	417,091	-	**417,091**
Share of profit of associate	-	-	1,209,521	3,673,047	**4,882,568**
	-	76,432	1,626,612	4,034,799	**5,737,843**
Expenses					
Mortgage and loan interest expense	258,170	3,094,314	773,072	2,785,262	**6,910,818**
General and administrative expenses	32,186	73,288	-	940,932	**1,046,406**
Amortization of intangibles	-	-	-	390,319	**390,319**
Foreign exchange loss (gain)	-	(128,073)	-	4,347,417	**4,219,344**
	290,356	3,039,529	773,072	8,463,930	**12,556,887**
Operating income (loss)	**$ 780,610**	**$ 5,196,748**	**$ 853,540**	**$ (4,429,131)**	**$ 2,401,767**

26. Contingent Liabilities

(i) 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.

(ii) 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 consolidated financial statements.

Unaudited (Canadian dollars)

27. Fair Values

Estimated fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The REIT uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value of financial instruments and investment properties. 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 9 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 foreign exchange contracts, interest rate swaps and the warrant liability. 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 (Level 1) as a practical expedient for fair value measurement for its Class B LP exchangeable units, DUP liability, deferred units and convertible debentures.

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 (Level 2).

The carrying values of the REIT's financial assets, which include accounts receivable, other assets, and cash and restricted 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 value hierarchy of assets and liabilities measured at fair value on the consolidated statement of financial position or disclosed in the notes to the consolidated financial statements as at March 31, 2014 is as follows:

		Fair Value		
	Carrying Value	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:				
Investment properties	$ 1,098,628,360	$ -	$ -	$ 1,098,628,360
Derivative financial instruments	2,094,982	-	2,094,982	-
Liabilities measured at fair value:				
Derivative financial instruments	18,156,193	-	18,156,193	-
Convertible debentures	76,256,885	76,256,885	-	-
Class B LP exchangeable units	174,353,072	174,353,072	-	-
Deferred unit plan liability	6,317,242	6,317,242	-	-
Financial liabilities recorded at amortized cost:				
Mortgages and loans payable	573,368,613	580,537,766	-	-

Unaudited (Canadian dollars)

28. 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 deferred revenue and unsecured debt which includes convertible debentures.

At March 31, 2015, the REIT is in compliance with its debt-to-gross book value ratio of the Declaration of Trust at 45.1% (December 31, 2014 - 51.6%). The debt-to-gross book value including convertible debentures is 50.7% (December 31, 2014 - 60.1%). Calculations are as follows:

As at	**March 31, 2015**	December 31, 2014
Debt		
Gross value of secured debt [(1)]	**$ 618,461,689**	$ 436,431,589
Gross value of total debt [(2)]	**$ 694,718,574**	$ 508,351,099
Gross Book Value of Assets		
Total assets	**$1,369,932,562**	$ 846,271,088
Debt-to-Gross Book Value (Declaration of Trust)	**45.1%**	51.6%
Debt-to-Gross Book Value (including convertible debentures)	**50.7%**	60.1%

[(1)] represents the principal balance of mortgages, margin facilities, term loans, and deferred consideration

[(2)] represents the principal balance of mortgages, margin facilities, term loans, convertible debentures (at fair value) and deferred consideration

29. 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, 2014.

30. Subsequent Events

(i) On April 8, 2015, the REIT declared a distribution of $0.018333 per Trust Unit to unitholders of record on April 30, 2015, payable May 15, 2015.

(ii) On April 30, 2015, NWVP paid $1,300,000 as partial payment of related party receivables owing (note 12).

30. Subsequent Events (continued)

(iii) On May 15, 2015, the REIT completed a plan of arrangement under the Business Corporations Act (Alberta) pursuant to which the REIT combined with NWHP REIT to form a single healthcare real estate investment trust (the "Combination Transaction"). The Combination Transaction was effected by a plan of arrangement pursuant to which NWHP REIT acquired all of the assets of the REIT. The unitholders of the REIT received 0.208 of a NWHP REIT unit for each REIT unit held.

Upon closing of the Combination Transaction:

- All of the REIT's Trust Units (note 21), the Class B LP exchangeable units (note 20), and deferred units (note 19) (with the exception of the Vital Manager deferred units) outstanding that were eligible for the exchange into NWHP REIT trust units, Class B LP exchangeable units (exchangeable into a NWHP REIT units), and NWHP REIT deferred units, respectively, were exchanged at a ratio of 0.208 of a NWHP REIT unit for each REIT Trust unit, Class B LP exchangeable unit, or deferred unit;

- the REIT's Trust units (note 21) ceased to trade on the TSX Venture Exchange at the close of business on May 19, 2015;

- The REIT's convertible debentures (note 17), previously trading under the symbols MOB.DB, MOB.DB.A and MOB.DB.B, were assumed by NWHP REIT, ceased to trade on the TSX Venture Exchange at the close of business on May 19, 2015 and commended trading on the TSX under the symbols NWH.DB.A, NWH.DB.B and NWH.DB.C, respectively, on May 20, 2015. The conversion provisions for each series of debentures were adjusted whereby the series NWH.DB.A convertible debentures are convertible at a price of $13.70 per unit being a ratio of 72.9927 per $1,000 principal amount of debentures, the series NWH.DB.B convertible debentures are convertible at a price of $11.54 per unit being a ratio of 86.6551 per $1,000 principal amount of debentures, and the series NWH.DB.C convertible debentures are convertible at a price of $12.50 per unit being a ratio of 80.0000 per $1,000 principal amount of debentures;

- The REIT's margin facilities (note 15(i)), previously secured by 4,345,900 units of NWHP REIT and 7,551,546 class B limited partnership units of NHP Holdings LP, were repaid in full with principal balances totaling approximately $68.1 million, and cancelled;

- The REIT's net balances owing from related parties (note 12) were settled in cash in the amount of approximately $10.6 million, which eliminated balances owing from related parties of approximately $27.6 million less distributions payable of approximately $17.0 million; and

- Substantially all of the REIT's assets and liabilities were acquired by NWHP REIT, and its subsidiaries became direct or indirect subsidiaries of NWHP REIT, all in accordance with the plan of arrangement.

Upon closing, the former unitholders of the International REIT owned approximately 52% of the issued and outstanding units of the combined entity. As a result of this and other qualitative considerations, the REIT has been identified as the accounting acquirer.

The determination of the purchase equation has been calculated provisionally using the March 31, 2015 fair values of NWHP REIT as a proxy for the closing date of May 15, 2015, with the exception of the below adjustments which reflect the financing transactions that occurred immediately prior to closing of the Combination Transaction at NWHP REIT:

- NWHP REIT received proceeds from a new blanket mortgage secured by existing properties in an aggregate principal amount of $50 million bearing a floating annual interest rate of 5.6%; and

- NWHP REIT made a draw on its existing credit facility of $16 million, secured by certain investment properties, which bears interest at banker's acceptance rate plus 2.00% or prime plus 1.00%.

Unaudited (Canadian dollars)

30. Subsequent Events (continued)

The deemed consideration for the acquisition of NWHP REIT by the REIT consists of:

- $301,580,243 representing the fair value of the outstanding NWHP REIT units not owned by the REIT immediately before the Combination, valued at the closing price of NWHP REITs trust units of $8.65 per unit on the date of the closing of the transaction;

- Previously acquired 25.5% interest of NWHP REIT owned by the REIT having a carrying value of $137,409,761 which is the estimated fair value.

The preliminary purchase equation is summarized as follows:

Investment properties	$	1,270,973,000
Accounts receivable		3,778,000
Other assets		3,283,000
Cash and cash equivalents		65,254,000
Mortgages payable		(753,837,000)
Convertible debentures		(41,655,000)
Loans payable		(21,828,000)
Other financial instruments		(2,803,000)
Accounts payable and accrued liabilities		(27,398,000)
Distributions payable		(2,614,000)
	$	493,153,000
Consideration comprised of:		
Deemed consideration issued to outside NWHP REIT unitholders	$	301,580,243
25.5% interest in NWHP REIT held by the REIT (note 10(ii))		137,409,761
	$	438,990,004
Gain on business combination	$	(54,162,996)

The above equation reflects the identifiable assets and liabilities of NWHPREIT at their provisional fair values had the transaction occurred on March 31, 2015. The only fair value adjustment made to NWHP REIT's stated values of its assets and liabilities at March 31, 2015 was to mortgages payable whereby a mortgage premium of $33,372,000, related to lower market interest rates on fixed term debt, was recorded.

Transaction costs incurred to date by the REIT for the three months ended March 31, 2015 associated with Combination Transaction of approximately $3.7 million have been included in the consolidated statement of comprehensive income (loss).

30. Subsequent Events (continued)

The following pro forma supplemental information presents certain results of operations as if the Combination Transaction had been completed at the beginning of the fiscal period presented.

For the Three Months Ended March 31, 2015

	As reported	Pro Forma
Revenues	$ 27,456,096	$ 65,772,096
Net (loss) income attributable to unitholders	$ (1,541,285)	$ 55,771,115

The pro forma supplemental information is based on estimates and assumptions which are believed to be reasonable. The pro forma supplemental information is not necessarily indicative of the REIT's consolidated financial results in future periods or the results that would have been realized had the Combination Transaction been completed at the beginning of the period presented. The pro forma supplemental information excludes business integration costs and opportunities.