NORTHWEST INTERNATIONAL HEALTHCARE PROPERTIES REAL ESTATE INVESTMENT TRUST

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

For the three months ended

MARCH 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS
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CEO's MESSAGE

Busy, busy, busy. The first quarter of 2015, and the first half of this second quarter have been both exciting and transformational for NorthWest International Healthcare Properties REIT ("the "**REIT**") and its unitholders. At the commencement of the quarter, the REIT completed its previously announced transaction to internalize management, which resulted in the REIT acquiring a global management platform supported by approximately 40 real estate professionals located in Canada, Brazil, Germany, Australia and New Zealand. The REIT then followed with an announcement in March 2015 that it entered an agreement to combine with NorthWest Healthcare Properties REIT (NWHP REIT). Subsequent to the quarter end, the REIT and NWHP REIT obtained overwhelming support from its unitholders in approving the proposed combination and on May 15th, 2015, the combination with NWHP REIT was completed creating a leading global diversified healthcare real estate investment trust with over $2.0 billion in assets. The combination increases both the scale of the REIT and its exposure to NWHP REIT's large and stable portfolio of Canadian medical office buildings. We believe the combined entity will have enhanced flexibility and greater access to liquidity to pursue high growth opportunities around the world, and to continue to deliver value to our combined unitholders.

Focusing on the first quarter of 2015, you will note that the REIT's financial results now reflect the consolidation of financial results of Vital Healthcare Properties Trust (Vital Trust), a New Zealand listed entity of which the REIT holds a 24% interest. The consolidation of financial results reflects both the REIT's significant strategic investment in Vital Trust as well as its newly acquired ownership of the asset manager to Vital Trust, a result of the completion of the internalization transaction at the commencement of the year. The REIT's first quarter of 2015 delivered financial results consistent with management's expectations and with Q4 2014, posting Adjusted Funds From Operations ("**AFFO**") of $0.05 per unit.

Key highlights from the REIT's financial and operating results for the three months ended March 31, 2015 include:

- Recognition of a $14.0 million valuation gain in our Brazilian portfolio of 5 infrastructure hospital assets in Q1'15, driven by increased accrued rents that are indexed to inflation;
- NOI of $24.1 million in Q1'15. Excluding the impact of the consolidation of Vital Trust, NOI was $10.4 million representing a 12.4% increase over the same quarter last year;
- AFFO per unit (basic) of $0.05 for Q1'15, consistent with management's expectations and Q4'14;
- Same property NOI growth, in source currency, relative to the same quarter last year, of 1.3% in Germany and 5.8% in Brazil for Q1'15 for the assets directly held by the REIT in each region driven by the indexation of the REIT's international property revenues; offset by declines in the Euro and Real relative to the Canadian dollar;
- Leading portfolio occupancy at 95.7% on a proportionate share basis (Canada = 91.4%; International = 98.1%), consistent with the fourth quarter of 2014; (96.0% as at December 31, 2014; International 98.3%; and Canada 91.9%); and
- Weighted average lease term to maturity of 11.3 years on a proportionate share basis (Canada = 4.6 years; International = 15.0 years), consistent with the fourth quarter of 2014; (11.4 years as at December 31, 2014; International 15.1 years; and Canada 4.5 years).

This is my last CEO message for the REIT, closing off 10 quarters of unprecedented growth as NorthWest International. We look forward to the remainder of 2015 as we start a new chapter as the combined NorthWest Healthcare Properties REIT, a larger, stronger company with a solid Canadian foundation complimented by high growth infrastructure international healthcare assets. We believe this asset mix provides investors with a compelling investment vehicle and we look forward to building our global healthcare portfolio and creating value for unitholders.

Sincerely,

(signed) Paul Dalla Lana
Chief Executive Officer

PART I - BASIS OF PRESENTATION

This Management's Discussion and Analysis of the results of operations and financial condition ("**MD&A**") of NorthWest International Healthcare Properties REIT ("**NorthWest International REIT**" or the "**REIT**") should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2015, prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are in Canadian dollars, except where otherwise stated.

This MD&A should also be read in conjunction with the Annual Information Form of the REIT dated March 10, 2015 (the "**Annual Information Form**"). This MD&A is current as of May 29, 2015 unless otherwise stated. Additional information relating to the REIT, including its continuous disclosure documents required by the securities regulators, is filed as required on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed electronically at www.sedar.com.

FORWARD-LOOKING INFORMATION ADVISORY

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

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

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

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

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

NOTICE REGARDING INFORMATION CONCERNING OTHER PUBLIC ENTITIES

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

MARKET AND INDUSTRY DATA

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

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

PERFORMANCE MEASUREMENT

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

- Funds from operations ("**FFO**");
- Adjusted funds from operations ("**AFFO**");
- Weighted average lease expiry ("**WALE**");
- Weighted average interest rate;
- Occupancy levels;
- Debt – Declaration of Trust;
- Debt – Including Convertible Debentures; and
- Net operating income ("**NOI**").

<u>Explanation of Non-GAAP measures used in this MD&A</u>

FFO and AFFO are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. FFO and AFFO are supplemental measures of a Canadian real estate investment trust's performance and the REIT believes that FFO and AFFO are relevant measures of its ability to earn and distribute cash returns to Unitholders. The IFRS measurement most directly comparable to FFO and AFFO is net income (loss).

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

"**AFFO**" is defined as FFO, subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on mortgages acquired; (ii) amortization of deferred financing charges; (iii) compensation expense related to deferred unit incentive plans; (iv) differences, if any, resulting from recognizing property revenues on a straight line basis as opposed to contractual rental amounts, (v) asset management fees, including any incentive amounts, paid through the issuance of units rather than cash; (vi) amortization and adjustments relating to assets expected to provide an economic benefit to the REIT; (vii) incentive amount expense, and (viii) deducting amounts for tenant inducements, leasing costs, and sustaining capital expenditures, as determined by the REIT. Other adjustments may be made to AFFO as determined by the Trustees in their discretion.

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

FFO and AFFO should not be construed as alternatives to net income (loss), or cash flow from operating activities, determined in accordance with IFRS as indicators of the REIT's performance. The REIT's method of calculating FFO and AFFO may differ from other issuers' methods and accordingly may not be comparable to measures used by other issuers.

"WALE" is a measurement of the average term (expressed in years) remaining in each of the REIT's leases, weighted by the size of the gross leasable area ("GLA") each lease represents of the total GLA of the REIT's portfolio. WALE is a common performance measure used in the real estate industry which is useful in measuring the vacancy risk and the stability of future cash flows of the REIT's properties.

The REIT's "**weighted average interest rate**" in Table 5: Financial Highlights includes secured debt with fixed interest rates and excludes secured debt with floating interest rates. This calculation is a useful measure because it allows management to compare movements in interest rates period over period and to compare the average rate to the current market rates at that point in time.

"Occupancy levels" are presented in different manners depending on its context. It could be presented as a weighted average portfolio occupancy, based on the area weightings, when analyzing the overall operating performance of the REIT's portfolio, or as a point-in-time reference when analyzing future lease expiries, or as an assessment of the performance of each property period over period. Management considers this a useful measure in assessing the overall performance of its portfolio and is an essential tool to determine which properties require further investigation if performance lags.

"**Debt – Declaration of Trust**" is a non-GAAP financial measure that represents the indebtedness definition outlined in the REIT's Declaration of Trust, includes the sum of the principal balance of mortgages, securities lending agreements, margin facilities, term loans, line of credit, and deferred consideration and excludes the Class B LP and Class D GP exchangeable units of NWI LP and the REIT's convertible debentures. The Debt – Declaration of Trust is measured as a percentage of total assets or Gross Book Value. The REIT's Declaration of Trust provides an operating guideline that sets a maximum level of indebtedness relative to Gross Book Value of 65%. The REIT measures Debt-Declaration of Trust each reporting period to ensure that the REIT remains compliant with the operating guidelines of the REIT's Declaration of Trust in respect of indebtedness. The definition of indebtedness and maximum indebtedness ratio relative to Gross Book Value of the REIT's declaration of trust may differ from the declarations of trust of other issuers and accordingly may not be comparable to similar measures used by other issuers.

"**Debt – Including Convertible Debentures**" is a non-GAAP financial measure and represents the sum of the REIT's indebtedness as defined by the REIT's declaration of Trust (Debt – Declaration of Trust, defined above) plus the amount of convertible debentures outstanding stated at fair value. The Debt – Including Convertible Debentures amount is intended to measure total leverage which is commonly reported by other issuers in the industry and is used an important measure in the management of debt levels. The Debt – Including Convertible Debentures is also stated as a ratio to total assets or Gross Book Value. The ratio is an important measure in determining the REITs capacity for incremental indebtedness to finance operations, maturing obligations or capital expenditures, as required. The definition of Debt – Including Convertible Debentures and its ratio relative to Gross Book Value of the REIT's Declaration of Trust may differ and may not be comparable to similar measures used by other issuers.

Explanation of additional IFRS measure used in this MD&A

"**NOI**" is an industry term in widespread use. The REIT includes NOI as an additional IFRS measure in its consolidated statement of income and comprehensive income. NOI as calculated by the REIT may not be comparable to similar titled measures reported by other issuers. The REIT considers NOI a meaningful additional measure of operating performance of its property assets, prior to financing considerations. NOI is defined as income from properties after operating expenses have been deducted, computed in accordance with IFRS, but before deducting interest expense, finance costs, depreciation and amortization expense, general and administrative expenses, income taxes, leasehold improvement and leasing costs, and unrecoverable capital costs.

We have provided an analysis of NOI under "Part III – Results of Operations"

KEY PERFORMANCE DRIVERS

In addition to monitoring and analyzing the performance of operations through such measures as NOI, FFO and AFFO, management considers the following to be key drivers of current and future financial performance:

- the ability to access equity capital at a competitive/reasonable cost;
- the ability to access debt with terms and conditions that are cost effective; and
- the ability to acquire new properties on a yield accretive basis that enhance the REIT's portfolio.

PART II – BUSINESS OVERVIEW

BUSINESS OVERVIEW AND STRATEGIC DIRECTION

The REIT

The REIT 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, and further amended on January 3, 2014, February 3, 2014 and January 28, 2015 (the "**Declaration of Trust**"). The REIT's Trust Units trade on the TSX Venture Exchange ("**TSXV**") under the symbol "MOB.UN". The REIT's focus is to invest in healthcare real estate globally.

The REIT's objectives are to:

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

Strategic Direction

<u>Market Opportunity</u>

The REIT provides an opportunity for investors to gain exposure to healthcare real estate internationally. The REIT intends to provide sustainable monthly cash distributions, while allowing investors to not only participate in the Canadian market but also to diversify their real estate holdings beyond Canada and into the international marketplace. The REIT is the only publicly-listed real estate investment trust in Canada dedicated to investing in healthcare real estate globally.

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

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

- Demographics: growing or aging population, increasing life expectancy, all key drivers in the need for healthcare;
- Economics: a balance of economic growth and stability, stabilized and/or increasing GDP per capita, and increasing healthcare spending as % of GDP or on an absolute basis; and

- Real estate and healthcare trends: fragmented healthcare real estate markets, healthcare operators focusing on "core business", demand for new infrastructure, and growing public and private healthcare services.

Target Markets

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

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

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

TABLE 1 - KEY MARKET DATA

	Australasia	Brazil	Germany	Canada
Population	28.2 Million	198.2 Million	81.9 Million	35.6 Million
GDP Growth (1)	2.50%	-0.20%	1.60%	2.40%
Inflation (2)	1.30%	8.13%	0.30%	1.20%
5 Yr. Government Bond Yield (2)	1.87%	13.75%	-0.10%	0.77%
Health Care System	Hybrid public and private healthcare	Hybrid public and private healthcare	Hybrid public and private healthcare	Publicly-funded healthcare system

Notes
(1) Annualized, as at December 31, 2014
(2) As at March 31, 2015

Sources: Trading Economics; Bloomberg; investing.com

Operating in an Emerging Market

In accordance with OSC Staff Notice 51-720 *Issuer Guide for Companies Operating in Emerging Markets* ("SN 51-720"), the Brazil region is considered an "emerging market" and therefore subject to potential risks. The REIT believes the risks of operating in the Brazil market are minimized as a result of the following:

- The REIT's business activities in Brazil are limited to the ownership of five well established, reputable and institutional quality hospitals in the urban centres of Sao Paulo, Brasilia and Rio de Janeiro.

- Each of the REIT's Brazilian hospitals are leased to investment grade single tenants.

- Each of the Brazil leases are "net leases", which in effect transfers the operating risk of the property to the tenant. As a result, the REIT's business in Brazil is not operationally intensive.

- The REIT is represented on local corporate and real estate legal matters by two of Brazil's leading law firms. On non-legal matters, the REIT only engages with leading, global service providers that perform at the highest governance levels; and all banking is conducted through leading global banks.

- The REIT's Brazilian leases have terms that mitigate any title risk on its assets whereby should expropriation of the assets occur, the lessee remains liable for all payments under the lease. The REIT believes there is a limited risk of the REIT's Brazilian assets being subject to government expropriation and nationalization.

Further, the REIT considers the Brazilian healthcare industry to be economically and politically stable, and free of many of the risks associated with other industries and emerging market jurisdictions. The Brazil healthcare market operates under a dual public and private system where approximately 23% of healthcare expenditures are made by the private healthcare insurance market, 30% of expenditures are made through private users and the remaining 47% of expenditures made by the public sector. Brazil is the third biggest private healthcare market, globally, behind the United States and China (source: *Anahp (associacao nacional de hospitals privados), 2010*). Due to positive macroeconomic indicators, including the size of Brazil's economy with a population nearing 200 million (seventh largest economy globally), low unemployment (~6.5% fourth quarter 2014, *source: IBGE*), rising wages, increasing consumer consumption and a growing middle class, the outlook for the Brazilian healthcare market is optimistic. Further, the increasing demand for private healthcare (since 2009, beneficiaries of private medical plans increased 17%) has resulted in the consolidation of private healthcare operators, resulting in larger, financially stable and technologically advanced, leading operators (source: *PwC "The Healthcare market in Brazil", 2013*).

In January 2015, the government in Brazil sanctioned measures authorizing foreign investments in national hospitals and clinics which will have a positive impact to the healthcare sector. Healthcare operators such as the REIT's key tenant in Brazil, Rede D'or, stand to benefit through increased capital availability to meet growth and operating needs.

Owning and operating investment properties in Brazil poses unique risks. For example, the REIT considers Brazilian inflation to be a key risk, but believes it has mitigated this risk by having the payments due under the Brazilian leases indexed to inflation, annually over the term of the leases. The REIT also believes that it is subject to risks involving currency fluctuations, which it attempts to mitigate through obtaining Brazilian domiciled debt on the assets. Further, Portuguese is the primary language in which business is conducted in Brazil, however the majority of the REIT's service providers (legal, audit and tax) are fluent in English. The REIT's local Brazilian consultants are fluent in Portuguese and English. Language risk is mitigated through requiring all material documentation to be translated into English. Further, all correspondence with management and the Board of Trustees in Canada is provided in both English and Portuguese.

The REIT's trustees retain effective control over the REIT's Brazilian operations through the REIT's corporate structure. The REIT's Brazilian assets are all owned by Brazilian domiciled entities (the "**Brazilian Subsidiaries**"), which in turn are all indirectly wholly-owned by NWI Healthcare Properties LP, the REIT's operating limited partnership. The Brazilian Subsidiaries are all corporate entities under Brazilian law, meaning they must conduct business at the highest governance levels and adhere to applicable regulatory requirements that include annual filings, disclosures and preparation of audited financial statements.

Because the Brazilian Subsidiaries are wholly-owned, the REIT controls the operations of these entities. Among other things:

- The REIT can remove or replace any of the directors or officers of the Brazilian Subsidiaries at any time pursuant to director or shareholder resolutions, as applicable.

- The REIT maintains complete control over the books and records of the Brazilian Subsidiaries.

- The REIT can transfer funds from the Brazilian Subsidiaries to Canada at any time, subject to compliance with applicable withholding tax laws and regulatory requirements of the central bank of Brazil.

The REIT also maintains stringent controls over cash and banking that mitigate risk on its Brazil operations. All payments follow normal accounts payable process, which includes adequate segregation of duties from approvals to payment and all wires and cheques are fully traceable.

The REIT's officers and trustees believe that the REIT's Brazilian operational structure represents a proper discharge of their stewardship responsibilities. Management updates the REIT's trustees on a regular basis on the regulatory, business and operating environment of the REIT's business in Brazil.

The REIT's Chief Executive Officer (CEO) has extensive experience in conducting business in Brazil. The REIT's CEO has been conducting business in Brazil since 2011. During that time the REIT's CEO has developed a deep familiarity with Brazil's real estate industry, regulatory environment, operating environment, financial markets, and culture and business practices. The REIT's CEO has developed the key relationships with the REIT's tenants and advisors locally. As noted above, the REIT's management team also relies heavily on the expertise of its reputable third party advisors with respect to legal, regulatory, tax and other matters in Brazil.

The REIT does not believe that geographical distance and cultural differences associated with operating in Brazil present significant operating risks to the REIT. However, it has adopted several formal procedures to address risks faced by the REIT, including certain risks related to Brazil. For example, the REIT has adopted a Code of Business Conduct and Ethics policy which requires all personnel to comply with applicable laws and explicitly prohibits improper payments to domestic and foreign officials. And as noted above, the REIT requires all significant contracts to be translated into English by a reputable legal translator prior to execution.

Lastly, as a matter of practice, all material Brazilian-based transactions are approved by the REIT's trustees, with input from the REIT's management team and Brazilian personnel as appropriate.

RELATIONSHIP WITH NWVP

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 Trust Units) of the REIT through a combination of Trust Units of the REIT and Class B LP exchangeable units of NWI LP. Affiliates of NWVP served as the REIT's asset manager, property manager and developer up to December 31, 2014, pursuant to certain management and partnership agreements that are filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. Established in 1994, Toronto-based NWVP is one of Canada's leading privately owned healthcare real estate companies. The scope of its business includes real estate development, ownership and management, in Canada and internationally with a significant focus on the healthcare sector. Principals of NWVP serve as officers and trustees of the REIT. On January 28, 2015 the REIT announced that it had completed the transaction with NWVP to internalize the external management of the REIT with an effective date of January 1, 2015 ("the **Internalization Transaction**"). See "Highlights for the Quarter".

HIGHLIGHTS FOR THE QUARTER

Internalization Transaction

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.

Combination Transaction

On March 10, 2015, the REIT entered into an agreement with NWHP REIT to combine and create a leading global diversified healthcare real estate investment trust with over $2 billion of assets (the "Combination Transaction"). The Combination Transaction was to be affected by a plan of arrangement pursuant to which NWHP REIT would acquire all of the assets of the REIT. The unitholders of the REIT would receive 0.208 of a NWHP REIT unit for each REIT Trust Unit held, on a tax-deferred basis. The Combination Transaction was approved by the REIT's Board of Trustees (excluding interested trustees) based on a unanimous recommendation by an independent committee of the REIT's Board of Trustees, after consultation with the independent committee's financial and legal advisors. 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. See "Subsequent Events".

Other

In March 2015, in relation to the interest rate subsidy on the margin facilities assumed by the REIT pursuant to the acquisition of the investment in NWHP REIT, NWVP and the REIT agreed to 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 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.

As a result of costs incurred by the REIT following completion of the Internalization Transaction, 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.

SUBSEQUENT EVENTS

Combination Transaction

- On May 5, 2015, the Combination Transaction was approved by more than 66 2/3% of the votes cast at special meetings 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 application for the Final Order occurred on May 13, 2015, and at this time the plan of arrangement was approved.

- On May 15, 2015, the Combination Transaction closed as all other necessary regulatory approvals had been obtained and conditions met.

- As a result of the Combination Transaction closing:
    - All of the REIT's Trust Units, the Class B LP exchangeable units, and deferred units (with the exception of the Vital Manager deferred units) outstanding that were eligible for the exchange into NWHP REIT trust units 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 ceased to trade on the TSX Venture Exchange at the close of business on May 19, 2015;
    - The REIT's convertible debentures, 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;
    - Using proceeds from a new $50 million blanket mortgage facility borrowed by NWHP REIT and NWHP REIT's existing credit facility, the REIT's Canadian margin facilities, 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 $68,1 million, and cancelled;
    - The REIT's net balances owing from related parties 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.

  See Note 30 (Subsequent Events) of the REIT's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2015, for the pro forma purchase equation and pro forma financial impact of the Combination Transaction. The full analysis of the impact of the transaction, including risks and uncertainties, has not been completed as at the date the MD&A. As such disclosures in this MD&A have not been updated to reflect the impact of this subsequent event.

Other

- 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.

ASSETS OF THE REIT

Summary

The following table highlights certain information about the REIT's assets as at March 31, 2015:

TABLE 2 - SUMMARY OF ASSETS

Property	Date Acquired	Year Built	Approximate Area (sf)	# of Tenants	Occupancy %	WALE (1)
Brazil						
Sabará Children's Hospital	Nov 16 2012	2010	104,915	1	100.0%	9.5
Hospital e Maternedade Brasil	Dec 27 2012	1970 - 2007	342,000		100.0%	22.8
Hospital Santa Luzia	Dec 23 2013	2003	185,139		100.0%	23.8
Hospital Do Coracao	Dec 23 2013	2007	96,875	1	100.0%	23.8
Hospital Caxias	Dec 23 2013	2013	290,626		100.0%	23.8
			1,019,555	**2**	**100.0%**	**22.0**
Germany						
Adlershof 1	Nov 16 2012	2004	57,603	41	99.8%	3.7
Adlershof 2	Nov 16 2012	2010	48,539	33	96.9%	5.4
Berlin Neukölln	Nov 16 2012	2000	36,370	16	100.0%	3.8
Königs Wusterhausen 1	Nov 16 2012	2001	40,365	23	91.8%	1.5
Fulda	Mar 31 2013	2010	99,515	33	98.1%	5.0
Polimedica Centre	Jun 25 2014	2007	101,020	31	95.8%	8.3
Hollis Centre	Jun 25 2014	1996	79,029	34	96.5%	3.6
Leipzig	Jun 25 2014	1975-1989	169,576	88	88.7%	4.2
Hohenschonhausen	Aug 30 2014	1996	57,695	37	94.3%	4.4
			689,712	**336**	**94.7%**	**4.7**
Australasia - Vital Interest (2)			**1,629,053**	**106**	**99.3%**	**15.0**
Canada - NWHP REIT Interest (3)			**4,549,848**	**1,460**	**91.4%**	**4.6**
Portfolio Totals / Weighted Averages			**7,888,168**	**1,904**	**94.4%**	**9.0**
Portfolio Totals / Weighted Averages - Proportionate Consolidation (4)			**3,258,503**		**95.7%**	**11.3**

Notes

(1) As at March 31, 2015. Weighted average lease expiry in years.
(2) Represents 100% of Vital Trust. The REIT has an exposure to an approximate 24% interest in Vital Trust.
(3) Represents 100% of NWHP REIT. The REIT has an exposure to an approximate 25% interest in NWHP REIT.
(4) Calculation is based on the REIT's proportionate interest in Vital Trust and NWHP REIT.

Australasia – Exposure to Vital Trust

The REIT's investments in Australasia are held through its strategic shareholding by way of exposure to an equity interest in Vital Trust. Table 2 above highlights certain information about Vital Trust as at March 31, 2015, on a 100% basis; noting, however, that the REIT has exposure to an approximate 24% interest in Vital Trust.

On January 1, 2015, in connection with the Internalization Transaction, the REIT acquired all of the rights and obligations relating to the management of Vital Trust (the "Vital Manager"). As a result of the acquisition of the Vital Manager and its management rights, it was determined that the REIT obtained control with respect to its investment in Vital Trust. 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.

Overview of Vital Trust

Vital Trust is a New Zealand Stock Exchange (**"NZSX"**) listed investment fund that invests in high-quality health and medical-related properties in New Zealand and Australia. As at March 31, 2015 Vital Trust owned a portfolio of 25 properties in New Zealand and Australia. Approximately 75% of Vital Trust's property portfolio is located in Australia with the remaining 25% located in New Zealand. Across both regions, Vital Trust's portfolio is tenanted by hospital and healthcare operators who provide a wide range of medical and health services.

<u>The REIT's interest in Vital Trust</u>

On April 1, 2013, the REIT announced its intention to increase its interest in Vital Trust to slightly less than 25% through the acquisition of additional units of Vital Trust in the open market over the NZSX.

During the three months ended March 31, 2015, through the Internalization Transaction, the REIT acquired an additional 405,036 units of Vital Trust, which are held by the Vital Manager (defined herein). As at March 31, 2015, the REIT owned 82,064,902 units which represented a 24.02 % interest in Vital Trust.

<u>The REIT's interest in the Vital Manager</u>

As part of the Internalization Transaction, the REIT acquired the Vital Manager. In exchange for its services, the Vital Manager earns management fees, activity-based fees for acquisitions and development activity, as well as an incentive fee. Management fees are calculated at 0.75% of the monthly average of the gross value of the assets of Vital Trust for the quarter ended on the last day of the month. Incentive fees are earned when there is an average annual increase in the gross value of the assets of Vital Trust over the relevant financial year and the two preceding years. The incentive fee is 10% of the amount of the increase with payment being received by way of subscribing for new units of Vital Trust. The management and incentive fees shall not exceed an amount equal to 1.75% per annum of the gross value of the trust.

Brazil – Long term net leases to private hospital operators

<u>Sabará Children's Hospital</u>

The Sabará Children's Hospital, located in São Paulo, is a 104,915 square foot private hospital facility. The facility is leased for 15 years (9.5 years remaining) and operated by a single tenant, Hospital Sabará (the "**Sabará Tenant**"), who uses the property to operate one of the region's largest private children's hospitals.

*<u>Hospital e Maternedade Brasil ("**HMB**")</u>*

HMB, located in a Santo Andre – a suburb of Sao Paulo, is a 342,000 square feet full-service hospital with 305 beds. The facility is leased for 25 years (22.8 years remaining) and operated by a single tenant, Rede D'Or Sao Luiz, a privately owned Brazilian hospital operator with 26 hospitals across the country.

<u>Hospital Santa Luzia</u>

Hospital Santa Luzia is a 190 bed, 185,139 square feet, private hospital located in Brasilia's South Wing, one of its two primary healthcare nodes. The facility is leased for 25 years (23.8 years remaining) and is operated by a single tenant, Rede D'Or Sao Luiz.

<u>Hospital do Coração do Brasil</u>

Hospital do Coração do Brasil is a 56 bed, 98,875 square feet, specialized cardiovascular hospital located in Brasilia's South Wing, one of its two primary healthcare nodes. The facility is leased for 25 years (23.8 years remaining) and is operated by a single tenant, Rede D'Or Sao Luiz.

<u>Hospital Caxias D´Or</u>

Hospital Caxias D'Or is a 190 bed, 290,625 square feet, private hospital located in suburban Rio de Janeiro. The facility is leased for 25 years (23.8 years remaining) and is operated by a single tenant, Rede D'Or Sao Luiz.

Germany – Initial focus on medical office buildings

Adlershof 1

Adlershof 1 is a five-storey, purpose-built medical office building completed in 2004. The approximately 100% occupied building has a gross leasable area (including storage) of 57,603 square feet and offers 34 below grade parking stalls. A large atrium invites visitors to the ground floor where tenant signage identifying a wide range of medical/dental service providers and a pharmacy is located. Adlershof is a district in the Berlin borough of Treptow-Köpenik, an area commonly known as the "city of science, technology and media".

Adlershof 2

Adlershof 2 is a four-storey, purpose-built medical office building directly adjacent to Adlershof 1 which was completed in 2010. The 97% occupied building has a gross leasable area (including storage) of 48,539 square feet and offers 66 below grade parking stalls. A ground floor physiotherapy tenant includes a swimming pool as well as a private elevator and staircase to the second floor demise. A large atrium invites visitors to the ground floor where tenant signage reflecting a wide range of medical/dental service providers can be found.

Berlin Neukölln

Berlin Neukölln is a six-storey terraced building with prominent corner location completed in 2000. The 100% occupied building has a gross leasable area (including storage) of 36,370 square feet and underground parking for 10 vehicles. Tenants include a wide range of medical service providers including a ground floor pharmacy. The property is located in Neukölln, one of the 12 boroughs of Berlin in the southeastern part of the city.

Königs Wusterhausen 1

Königs Wusterhausen 1 comprises a three-storey (with additional attic space), detached, purpose built medical office building completed in 2001. The building is 92% occupied and has a gross leasable area (including storage) of 40,365 square feet. An underground garage park contains 66 stalls. Tenants include a range of medical service providers as well as municipal agencies and legal practices. The property is located in Königs Wusterhausen, a town in the Dahme-Spreewald district of the state of Brandenburg.

Fulda

Fulda is a newly constructed medical office complex located in Fulda, Germany, approximately 100km northeast of Frankfurt, Germany. At approximately 99,515 square feet, Fulda is 98% occupied with a diversified tenant base focused on healthcare related users and orthopedic services which benefit from the building's close proximity to the Klinikum Fulda – one of region's leading hospitals.

Polimedica Centre

Polimedica Centre is a three-storey, multi-tenanted, purpose built medical office building completed in 2007 located in a suburb of Berlin adjacent to significant commercial infrastructure. Polimedica Centre is 96% occupied and has a gross leasable area of approximately 101,020 square feet.

Hollis Centre

Hollis Centre is a three-storey, multi-tenanted, purpose built medical office building located in Ingolstadt and is adjacent to the local hospital and healthcare campus. Hollis Centre is 97% occupied and has a gross leasable area of approximately 79,029 square feet. Ingolstadt is approximately 80 kilometres north of Munich and is home to the headquarters of German automobile manufacturer Audi.

Leipzig Portfolio

A portfolio of 11 multi-tenanted, low-rise medical office buildings located in Leipzig, a city approximately 150km south of Berlin that houses large automobile manufacturing plants for both BMW and Porsche. The Leipzig portfolio comprises over 100 tenancies including a range of medical practitioners and pharmacies, totals approximately 169,576 square feet of gross leasable area, and is approximately 89% occupied.

Hohenschoenhausen

Hohenschoenhausen is a five-storey, multi-tenanted, medical office building located in the City of Berlin. Hohenschoenhausen is 94% occupied and has a gross leasable area of approximately 57,695 square feet.

Canada – Exposure to NWHP REIT

The REIT's investments in Canada are held through its strategic shareholding by way of exposure to an equity interest in NWHP REIT. Table 2 above highlights certain information about NWHP REIT as at March 31, 2015, on a 100% basis; noting, however, that the REIT has exposure to an approximate 25% interest in NWHP REIT. Subsequent to quarter end, the Combination Transaction was approved and therefore, effective May 15, 2015, the REIT and NWHP REIT will combine to form a single healthcare real estate investment trust. See Subsequent Events.

Overview of NWHP REIT

NWHP REIT is a Toronto Stock Exchange (**"TSX"**) listed real estate investment trust and is Canada's largest non-government owner and manager of medical office buildings and healthcare facilities. As at March 31, 2015, NWHP REIT owned a portfolio of 74 properties located in seven provinces of Canada. The NWHP REIT portfolio has a well-diversified tenant profile, reflecting an attractive mix of healthcare-related tenants, including regional health authorities, primary care networks, family health teams, medical and diagnostic imaging clinics, medical practitioners, pharmacies and laboratories, as well as institutional and non-healthcare tenants.

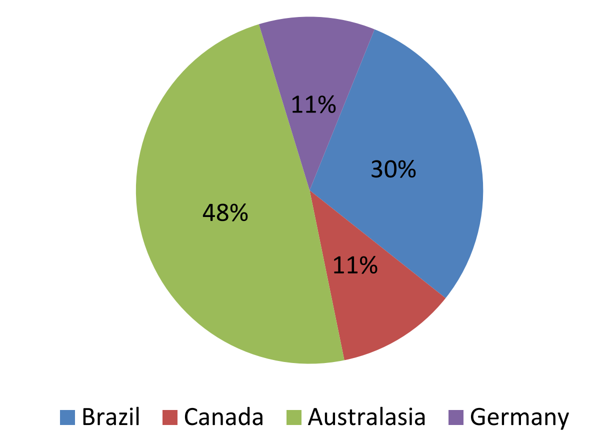
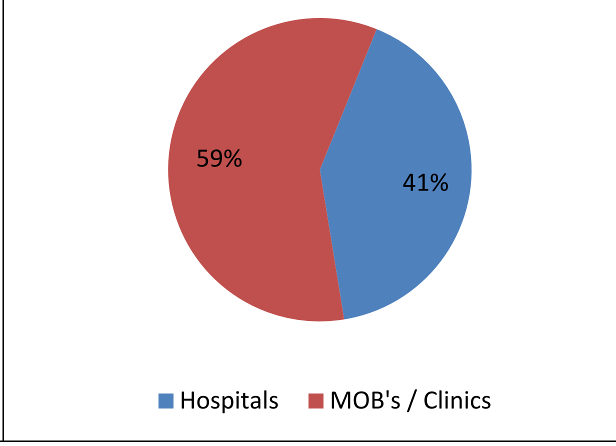
On May 12, 2015, NWHP REIT reported its audited consolidated financial results for the three months ended March 31, 2015. For the three months ended March 31, 2015, NWHP REIT reported AFFO per unit (basic) of $0.21, which was consistent with the three months and year ended December 31, 2014. For the three months ended March 31, 2015, NWHP reported $20.2 million of net operating income, which represents less than a 1% increase over the prior year. NWHP REIT's portfolio occupancy decreased from 91.9% to 91.4% from December 31, 2014 to March 31, 2015, which is largely a result of the expiry of IPO head leases of certain of NWHP REIT's properties. In the three months ended March 31, 2015, NWHP REIT underwent a refinancing to take advantage of favourable market and interest rates, which resulted in gross mortgage proceeds of $70.3 million and net cash proceeds of $18.5 million. The new mortgages have a weighted average term to maturity of 6.5 years and a weighted average interest rate of 2.95%. In addition, during the quarter, NWHP REIT completed a series of transactions including the internalization of development, as part of its on-going portfolio optimization strategy, which improve portfolio quality and position NWHP REIT for growth.

The REIT's interest in NWHP REIT

As at March 31, 2015, the REIT indirectly owned an approximate 25% interest in NWHP REIT. The REIT's interest in NWHP REIT consists of 4,345,900 units of NWHP REIT and 7,551,546 class B limited partnership units of NHP Holdings LP ("**NHP LP**"), which are exchangeable for trust units of NWHP REIT.

Diversification of Assets

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

Geographic Profile by Investment Value (1)(2)	Asset Mix (3)
	

Notes:
1. As at March 31, 2015
2. Based on investment value, defined as Investment Properties, Investment in Associates and Intangible Assets
3. Based on proportionate share of Total GLA, which includes NWI REIT’s proportionate interest in Vital Trust (approximately 24%) and NWHP REIT (approximately 25%).

Geographic Diversification

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

Asset Mix

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

Hospitals:

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

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

Medical office buildings (“**MOB**”):

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

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

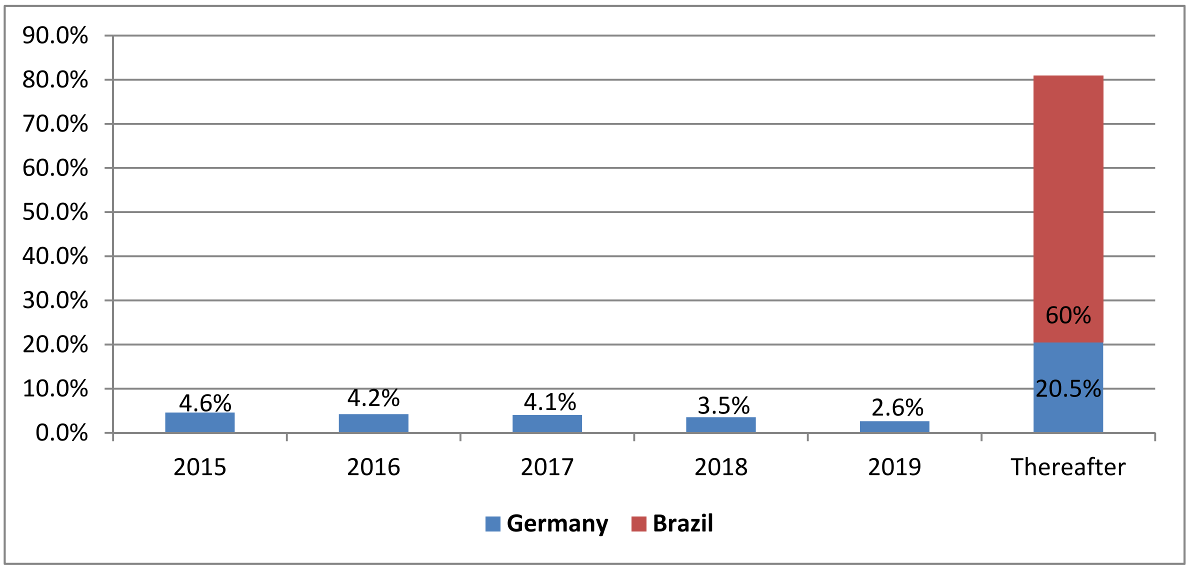
As at March 31, 2015 and including the REIT's interest in Vital Trust and NWHP REIT on a 100% basis, the REIT had interests in 22 hospitals and 101 medical office buildings.

Lease Maturities

As at March 31, 2015 and including the REIT's interest in Vital Trust and NWHP REIT on a 100% basis, the REIT's asset diversification is complemented by a long term maturity profile, with a weighted average lease expiry of 9.0 years.

A summary of lease expiries in respect of the REIT's direct property holdings in Brazil and Germany is presented below:

Lease Maturities by Year (as a % of GLA)



Notes:
- As at March 31, 2015
- Excludes the REIT's interest in Vital Trust and NWHP REIT

As illustrated above, an average of 3.8% of the GLA related to the REIT's direct property holdings in Brazil and Germany is maturing each year, between 2015 and 2019. In addition to the strong lease profile, the REIT's investment in Vital Trust and NWHP REIT are underpinned by weighted average lease expiries of 15.0 years and 4.6 years, respectively. NWHP REIT's maturity profile reflects the shorter term nature of MOB tenants as opposed to larger hospital tenants embedded within the Vital Trust portfolio. NWHP REIT's diverse tenant base is complemented by a balanced lease maturity profile, with an average of 12% of its GLA maturing each year between 2015 and 2019.

The REIT's longer term lease expiries primarily relate to its five hospital properties in Brazil, which are each occupied by single tenants that are leading hospital operators and have leases expiring on September 30, 2024 and December 31, 2038.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

TABLE 5 - FINANCIAL HIGHLIGHTS		
	As at Mar. 31, 2015	**As at Dec. 31, 2014**
Operational Information [(1)]		
Number of Properties - 100% of associates	123	122
Gross Leasable Area (sf) - 100% of associates	7,888,168	7,841,695
Occupancy % - 100% of associates	94.4%	94.8%
Summary of Financial Information		
Gross Book Value [(2)]	$ 1,369,932,560	$ 846,271,088
Debt - Declaration of Trust [(3)]	$ 618,461,689	$ 436,431,589
Debt to Gross Book Value - Declaration of Trust	45.1%	51.6%
Debt - Including convertible debentures [(3)]	$ 694,718,574	$ 508,351,099
Debt to Gross Book Value - Including convertible debentures	50.7%	60.1%
Percentage of Mortgages and Loans Payable at Fixed Rates	75.7%	64.9%
Weighted-Average Effective Interest Rate on Fixed Rate Mortgages and Loans Payable	5.58%	5.82%
Adjusted Units Outstanding - period end [(4)]		
Basic	179,371,213	178,983,681
Diluted [(7)]	181,453,355	179,355,950
	For the three months ended Mar. 31, 2015	**For the three months ended Dec. 31, 2014**
Operating Results		
Net Income / (Loss)	$ 2,893,222	$ 21,164,556
NOI	$ 24,104,503	$ 10,043,592
Funds From Operations ("FFO") [(5)]	$ 2,259,128	$ 3,217,163
Adjusted Funds From Operations ("AFFO") [(5)]	$ 8,702,279	$ 7,847,230
Distributions [(6)]	$ 9,861,985	$ 9,577,589
Per Unit Amounts [(4)]		
FFO per unit - Basic	$ 0.01	$ 0.02
FFO per unit - fully diluted [(7)]	$ 0.01	$ 0.02
AFFO per unit - Basic	$ 0.05	$ 0.05
AFFO per unit - fully diluted [(7)]	$ 0.05	$ 0.05
Distributions per unit	$ 0.06	$ 0.06
Adjusted Weighted Average Units Outstanding [(4)]		
Basic	179,264,297	170,427,954
Diluted [(7)]	181,278,050	170,677,808

Notes follow on next page.

TABLE 5 - FINANCIAL HIGHLIGHTS CONT.

Notes

(1) Operational information includes 100% of Vital Trust and NWHP REIT. The REIT has an exposure to an approximate 24% interest in Vital Trust and approximate 25% interest in NWHP REIT.

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

(3) Indebtedness as defined in the Declaration of Trust includes the principal balance of mortgages, margin facilities, term loans, and deferred consideration. The REIT's total debt also includes convertible debentures (at fair value).

(4) Under IFRS the REIT's Class B LP and Class D GP exchangeable units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP and Class D GP exchangeable units in basic and diluted units outstanding/weighted average units outstanding. There were 92,250,303 Class B LP units outstanding as at March 31, and 91,068,320 Class B LP and 1,110,580 Class D GP exchangeable units outstanding as at December 31, 2014.

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

(6) Represents distributions to Unitholders and Class B LP and Class D GP exchangeable unitholders on an accrual basis. Distributions are payable as at the end of the period in which they are declared by the Board of Trustees, and are paid on or around the 15th day of the following month.

(7) Diluted units include the conversion of the REIT's convertible debentures if the closing price of the Trust Unit is greater than conversion price or exercise price as at the end of the reporting period. Otherwise the convertible debentures are considered anti-dilutive.

PART III – RESULTS FROM OPERATIONS

NET INCOME

The following is a summary of selected financial information from the consolidated statements of income and comprehensive income for the three months ended March 31, 2015 and March 31, 2014.

TABLE 6 - RESULTS FROM OPERATIONS

	Three months ended	
	March 31, 2015	**March 31, 2014**
	(Unaudited)	**(Unaudited)**
Net Operating Income [1]		
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		
Share of profit (loss) from associates	1,562,674	4,882,568
Management fee participation	-	417,091
Interest income	457,251	438,184
	2,019,925	**5,737,843**
	26,124,429	**14,968,654**
Other expenses		
Mortgage and loan interest expense	(10,513,999)	(6,910,818)
General and administrative expenses	(5,312,713)	(1,046,406)
Transaction costs	(4,375,404)	-
Other Finance costs	(7,050,724)	(28,187,674)
Foreign exchange gain (loss)	(2,166,732)	(4,219,344)
Amortization of intangible asset	-	(390,319)
Income / (Loss) before the undernoted items	**(3,295,143)**	**(25,785,907)**
Fair value adjustment of DUP liability	352,860	(23,712)
Fair value adjustment of investment properties	13,924,212	115,714
Net loss on disposal of investment properties	-	(88,768)
Gain / (Loss) on derivative financial instruments	(1,276,855)	(104,916)
Income / (Loss) before taxes	**9,705,074**	**(25,887,589)**
Income tax expense	(6,811,852)	(1,132,087)
Net income (loss)	**$ 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)**

Notes

(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A and analyzed in greater detail in section "Net Operating Income"

Revenue from investment properties

Revenue from investment properties for the three months ended March 31, 2015 was $27,456,096 which is $17,297,468 greater than the three months ended March 31, 2014. Of this variance, $15,734,709 is attributable to the acquisition of control of Vital Trust effective January 1, 2015, whereby the REIT now consolidates the results of Vital Trust. The remaining variance of $1,562,759 is a result of the acquisitions of 13 medical office buildings acquired in June 2014 ("the Core German MOB Portfolio") and Hohenschoenhausen which increased revenues for the three months ended March 31, 2015 by $1,537,817 and $390,441 respectively; and partially offset by foreign exchange due to the Euro and Brazilian Real depreciating against the Canadian dollar in the three months ended March 31, 2015 as compared to March 31, 2014, as well as reduced revenue due to the disposed property in February 2014 in Germany (Marktredwitz) of $9,424.

See also "Net Operating Income".

Property operating costs

In Germany, property operating costs are comprised of amounts recoverable from tenants (including property taxes, maintenance, utilities and insurance) and non-recoverable expenses including certain property management costs. In Brazil, property operating costs are comprised of social taxes levied on revenues. The nature of the leases in Brazil is such that the tenant is responsible for all operating costs of the property, excluding social taxes.

Property operating costs for the three months ended March 31, 2015 were $3,351,593 as compared to $927,817 for the three months ended March 31, 2014. Of the variance of $2,423,766, $2,004,173 is attributable to the acquisition of control of Vital Trust effective January 1, 2015, whereby the REIT now consolidates the results of Vital Trust. The remaining increase is a result of the acquisitions of the Core German MOB Portfolio and Hohenschoenhausen which increased property operating costs for the three months ended March 31, 2015 by $425,658 and $138,942 respectively and were partially offset by the operating cost savings from the disposed property in Germany (Marktredwitz) of $11,387.

See also "Net Operating Income".

Share of profit (loss) of associates

As a result of the acquisition of control of Vital Trust on January 1, 2015, the REIT now accounts for its approximate 24% investment in Vital Trust as a directly controlled subsidiary, and therefore consolidates the results of Vital Trust.

The share of profit (loss) of associates relates to the REIT's investments in NWHP REIT and Vital Trust (up to December 31, 2014) and represents its proportionate share of the underlying net income.

The REIT accounts for its approximate 25% ownership of NWHP REIT using the equity method. During the three months ended March 31, 2015, the REIT recorded equity income from NWHP REIT of $1,562,674. For the three months ended March 31, 2014 the REIT recorded equity income from its investment in Vital Trust of $1,209,521 and $3,673,047 for its investment in NWHP REIT. The lower income pick up from NWHP REIT for the three months ended March 31, 2015 compared to the three months ended March 31, 2014 is a result of NWHP REIT expensing transaction costs of $1,903,000 during the three months ended March 31, 2015, as well as NWHP recording a fair value gain on its Class B exchangeable units of $6,721,000 during the three months ended March 31, 2014 as compared to only $1,208,000 during the three months ended March 31, 2015.

During the three months ended March 31, 2015 the REIT received cash distributions of $1,530,347 from Vital Trust and $2,379,608 from NWHP REIT. During the three months ended March 31, 2014 the REIT received cash distributions of $1,543,127 from Vital Trust and $2,379,608 from NWHP REIT.

Management Fee Participation

In connection with the Internalization Transaction, the Management Fee Participation Agreement was cancelled effective January 1, 2015. As a result, the REIT did not earn the management fees under this agreement for the three months ended March 31, 2015.

Interest income

Interest income represents amounts earned on invested cash balances and related party balances (see "Related Party Transactions"). For the three months ended March 31, 2015, the REIT recorded interest income of $457,251, which is consistent with the three months ended March 31, 2014.

Mortgage and loan interest expense

Mortgage and loan interest expense for the three months ended March 31, 2015 was $10,513,999, which is $3,603,181 greater than the mortgage and loan interest expense for the three months ended March 31, 2014. The variance is primarily due to the acquisition of control of Vital Trust whereby the results of Vital Trust are being consolidated from January 1, 2015.

For the three months ended March 31, 2015, interest on the mortgages on the German properties was $447,462 as compared to $258,170 for the three months ended March 31, 2014. The increase is primarily a result of the 2014 acquisitions of the Core German MOB Portfolio and Hohenschoenhausen, partially offset by the sale of the Marktredwitz property in February 2014 and repayment of the related mortgage. As at March 31, 2015, the weighted average effective interest rate of the mortgages on the German properties was 2.35% (December 31, 2014 – 2.35%).

In Brazil, for the three months ended March 31, 2015, the REIT incurred interest expense of $2,980,405 as compared to $3,094,314 for the three months ended March 31, 2014 on the outstanding term loans on HMB and the three hospital portfolio acquired December 23, 2013 (the "Rede D'Or Hospital Portfolio"). The slightly lower interest expense in Brazil is a result of an increase to the interest rate in December 2014 from 6.87% to 7.30%, offset by the impact of foreign exchange due to the depreciation of the Brazilian Real from 2014 to 2015.

Interest related to the REIT's debt on its investment in Vital Trust for the three months ended March 31, 2015 was $832,217. For the three months ended March 31, 2014, interest on the debt related to the REIT's investment in Vital Trust was $773,072. The increase in interest expense for the three months March 31, 2015 as compared to March 31, 2014 is a result of the rising prime rate in New Zealand, which increased the weighted average interest rate on the debt on the REIT's investment in Vital Trust from 6.56% to 6.86% from March 31, 2014 to March 31, 2015. The increase is also a result of foreign exchange due to the appreciation of the New Zealand dollar during the same period.

Interest related to the REIT's debt on its investment in NWHP REIT for the three months ended March 31, 2015 was $1,481,907. For the three months March 31, 2014 interest on the debt related to the REIT's debt on its investment in NWHP REIT was $1,613,956. The decrease from 2014 to 2015 is a result of the lower average balance outstanding on the debt related to the REIT's investment in NWHP REIT as the REIT repaid approximately $6,500,000 of its margin loans throughout 2014. As part of the acquisition of the investment in NWHP REIT, NWVP has committed, by means of a capital contribution, that the effective interest rate payable by the REIT on the assumed margin facilities shall not exceed (a) 4.25% for the balance of 2013, and (b) 6.00% for the first three months of 2014, which has been recorded as a receivable from NWVP at the date of acquisition of the investment in NWHP REIT. 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.

For the three months ended March 31, 2015, the REIT recorded interest of $1,378,572 on the Series MOB.DB (issued March 25, 2013), Series MOB.DB.A Debentures (issued August 29, 2013, and Series MOB.DB.B Debentures (issued September 23, 2014) (each Series defined herein) which bear interest at 6.5% per annum, 7.5% per annum, and 7.25% per annum, respectively. Interest on the debentures is payable semi-annually. For the three months ended March 31, 2014, the REIT accrued interest of $686,046 on the Series MOB.DB Debentures and MOB.DB.A Debentures.

Interest related to the REIT's acquisition facility for the three months ended March 31, 2015 was $485,260 which is consistent with the three months ended March 31, 2014.

Vital Trust's interest expense for the three months ended March 31, 2015 was $2,905,164. Vital Trust has a syndicated revolving multi-currency facility, which bears interest at a weighted average effective interest rate of 5.42% at March 31, 2015 (no comparative information available for 2014).

General and administrative expenses

General and administrative expenses for the three months ended March 31, 2015 were $5,312,713 as compared to $1,046,406 in the comparable period in 2014. Vital Trust's general and administrative expenses for the three months ended March 31, 2015 were $296,559 (net of management fees payable to the Vital Manager of $1,203,178, which are eliminated on consolidation). The remaining increase of $3,969,748 primarily relates to the Internalization Transaction, which resulted in incremental general and administrative expenses of $3,892,743, which includes non-cash compensation expenses relating to the REIT's deferred unit plan of $2,335,651.

Transaction costs

For the three months ended March 31, 2015 the REIT incurred transaction costs of $4,375,404 which are comprised of $690,466 related to the Internalization Transaction and $3,684,938 related to costs incurred to date for the Combination Transaction. As both the Internalization and Combination Transactions are assumed to be business combinations, the transaction costs incurred are expensed in the period incurred. For the three months ended March 31, 2014, there were no transaction costs incurred.

Other Finance costs

Other finance costs for the three months ended March 31, 2015 and 2014 consisted of the following:

TABLE 7 - OTHER FINANCE COSTS				
	Three months ended			
	March 31, 2015		**March 31, 2014**	
	(Unaudited)		**(Unaudited)**	
Distributions on Class B LP and Class D GP exchangeable units	$	5,073,674	$	5,008,667
Loss on revaluation of financial liabilities		5,866,559		5,441,140
Amortization of deferred financing costs		1,921,734		2,348,753
Fair value adjustment of convertible debentures		4,337,375		3,547,000
Convertible debenture issuance costs		1,058		3,232
Class B LP and Class D GP exchangeable units – Fair value adjustment		(10,149,675)		11,838,882
Total Finance Costs	**$**	**7,050,724**	**$**	**28,187,674**

Distributions on Class B LP and Class D GP Exchangeable Units

Under IFRS, the Class B LP and Class D GP exchangeable unit (the "Exchangeable Units") distributions are treated as a finance cost. The Exchangeable Units receive distributions on an equivalent per unit basis to the distributions declared on the Trust Units. During the three months ended March 31, 2015, the REIT declared distributions of $5,073,674 on the Exchangeable Units as compared to $5,008,667, for the three months ended March 31, 2014. The increase in distributions is a result of the additional 1,181,983 Exchangeable Units issued from April 1, 2014 to March 31, 2015.

Loss on revaluation of financial liabilities

On maturity, the principal balance of both of the Brazilian term loans and the holdbacks payable in respect of HMB and Rede D'Or Hospital Portfolio acquisitions (included in deferred consideration) were to be or will be adjusted by the inflation rate (IPCA or CDI) from the date of inception of these liabilities to their respective maturities. For the three months ended March 31, 2015, a revaluation loss of $5,866,559 was recorded to account for the related inflation adjustment to the term loans and holdback payable for the period, which is an increase of $425,419 over the three months ended March 31, 2014. The increase is due to the higher inflation rate for the three months ended March 31, 2015 as compared to the three months ended March 31, 2014. The annual inflation rate for March 31, 2014 was 6.15% as compared to 8.13% for March 31, 2015, partially offset by foreign exchange as a result of the Brazilian Real depreciating against the Canadian dollar from March 31, 2014 to March 31, 2015.

Amortization of deferred financing costs

Included in Finance Costs is amortization of deferred financing costs incurred to arrange mortgage or debt financing. For the three months ended March 31, 2015, amortization of deferred financing costs totaled $1,921,734. For the three months ended March 31, 2014, the REIT recorded amortization of deferred financing charges in the amount of $2,348,753. The decrease in deferred financing costs relative to 2014 reflects the refinancing of the Brazilian term loans in December 2014, resulting in lower upfront fees as compared to the fees incurred in December 2013 when the loans were initially entered into.

Fair value adjustment of convertible debentures

Under IFRS, the REIT has elected to measure convertible debentures at fair value. The fair value of the Series MOB.DB Debentures, Series MOB.DB.A Debentures, and Series MOB.DB.B Debentures is based on the trading price of the REIT's listed convertible debentures (the "Debentures"). Table 7A summarizes the closing prices of the REIT's listed Debentures at each quarter end for the last nine quarters:

TABLE 7A - CLOSING PRICE OF CONVERTIBLE DEBENTURES

	Mar-15	**Dec-14**	**Sep-14**	**Jun-14**	**Mar-14**	**Dec-13**	**Sep-13**	**Jun-13**	**Mar-13**
Month-end closing price ($)									
MOB.DB	960.10	900.10	945.60	905.10	950.00	855.00	870.00	920.50	1,000.00
MOB.DB.A	970.00	998.70	1,020.00	959.90	1,000.00	920.00	900.00	N/A	N/A
MOB.DB.B	969.90	880.00	975.00	N/A	N/A	N/A	N/A	N/A	N/A

For the three months ended March 31, 2015 the trading price of the Series MOB.DB and MOB.DB.B Debentures increased, while the trading price of the Series MOB.DB.A Debentures decreased, resulting in a net fair value loss of $4,337,375.

For the three months ended March 31, 2014 the trading price of the Series MOB.DB and MOB.DB.A Debentures increased, resulting in a fair value loss of $3,547,000.

Convertible debenture issuance costs

Included in finance costs for the three months ended March 31, 2015 are costs related to the issuance of the Series MOB.DB.B Debentures which totaled $1,058. Included in finance costs for the three months March 31, 2014 are costs related to the issuance of the Series MOB.DB.A Debentures which totaled $3,232.

Class B LP and Class D GP Exchangeable Units – Fair value adjustment

The Class B LP and Class D GP exchangeable units (the "Exchangeable Units"), under IFRS, are measured at fair value. The fair value of the Exchangeable Units mirrors the trading price of the REIT's listed Trust Units. Table 7B summarizes the closing prices of the REIT's listed Trust Units at each quarter end for the last nine quarters:

TABLE 7B - CLOSING PRICE OF MOB.UN									
	Mar-15	**Dec-14**	**Sep-14**	**Jun-14**	**Mar-14**	**Dec-13**	**Sep-13**	**Jun-13**	**Mar-13**
Month-end closing price ($)	1.89	2.00	2.19	2.04	2.15	2.02	1.86	2.04	1.91

For the three months ended March 31, 2015 the value of the Exchangeable Units liability decreased by $10,149,675, reflecting the decrease in the trading price of the REIT's Trust Units during the period from $2.00 to $1.89 per unit. During the three months ended March 31, 2014, the value of the Class B LP exchangeable unit liability increased by $11,838,882 which is reflected as a fair value loss as a result of the $0.13 per unit decrease in the trading price of the REIT's Trust Units during the period.

Foreign exchange gain/loss

The REIT's financial assets and liabilities denominated in foreign currencies are revalued at the end of each period at the prevailing balance sheet rate. For the three months ended March 31, 2015, the REIT recorded a foreign exchange loss of $2,166,732, which is made up of a realized exchange gain of $28,133 and an unrealized exchange loss of $2,194,865. The unrealized foreign exchange loss for the three months ended March 31, 2015 is primarily a result of the revaluation of the indebtedness related to the REIT's investment in Vital Trust which is denominated in New Zealand dollars. During the three months ended March 31, 2015, the New Zealand dollar strengthened by approximately 5% relative to the Canadian dollar, thus increasing the value of the New Zealand debt.

For the three months ended March 31, 2014, the REIT recorded a foreign exchange loss of $4,219,344, which relates primarily to the revaluation of the indebtedness related to the REIT's investment in Vital Trust which is denominated in New Zealand dollars, and which is predominantly an unrealized loss. During the three months ended March 31, 2014, the New Zealand dollar strengthened by approximately 10% relative to the Canadian dollar, thus increasing the value of the New Zealand debt.

See also "Foreign Exchange and Currency Management".

Amortization of 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, the REIT acquired the rights to 100% of the management fees paid by Vital Trust through its acquisition of 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.

Prior to the Internalization Transaction, for the three months ended March 31, 2014, the previously recorded intangible asset, relating to the Management Fee Participation Agreement, was being amortized on a straight line basis over its determined useful life of 10 years. For the three months ended March 31, 2014, the REIT had recorded $390,319 of amortization.

Fair value adjustment of DUP liability

The REIT's unit-based deferred unit compensation liability ("DUP liability"), under IFRS, is measured at fair value. The fair value of the DUP liability mirrors the trading price of the REIT's listed Trust Units.

The fair value adjustment on revaluation of the DUP liability for the three months ended March 31, 2015 was a gain of $352,860 due to the decline in the REIT's unit price during this period, as compared to a fair value loss of $23,712 for the three months ended March 31, 2014.

Fair value adjustment of investment properties

For the three months ended March 31, 2015, the REIT recorded a fair value gain on investment properties of $13,924,212 primarily related to the revaluation of the Brazilian portfolio.

The revaluation of the Brazil portfolio during the three months ended March 31, 2015 is related to the increase in rents for inflation, increasing the portfolio's net operating income. Assumptions in respect of capitalization rates and discount rates remain unchanged from December 31, 2014.

For the three months ended March 31, 2014, the REIT recorded a fair value gain on investment properties of $115,714 primarily related to the investment property in Germany that was disposed in February 2014 to bring the investment property value to its disposition selling price.

See also "Part IV-Capitalization and Liquidity – Investment Properties".

Net loss on disposal of investment properties

During the three months ended March 31, 2014, the REIT recognized a loss on sale of its leasehold interest in a building in Marktredwitz, Germany of $88,768 due to transaction costs incurred on the sale.

Gain/Loss on derivative financial instruments

During the three months ended March 31, 2015, the REIT recorded a loss on derivative financial instruments of $1,276,855, which represents a gain on derivative financial instruments from the REIT excluding Vital Trust of $1,588,570 and a loss on derivative financial instruments from Vital Trust of $2,865,425. The gain during the three months ended March 31, 2015 relates primarily to the REIT's interest rate swaps related to the Brazil portfolio refinancing in December, 2014 expiring on March 31, 2015 and April 1, 2015. Vital Trust's loss on derivative financial instruments for the three months ended March 31, 2015 is made up of a fair value loss on interest rate swaps of $3,250,823, partially offset by a fair value gain on foreign exchange derivatives of $161,266 and receipts from foreign exchange contracts of $224,132.

During the three months ended March 31, 2014, the REIT recorded a loss on derivative financial instruments of $104,916. The loss relates to the change in the increase to the fair value of the warrant liability by $114,593, partially offset by the decrease in fair value of the interest rate swap relating to one of the REIT's New Zealand margin facilities.

Income tax expense

The combined current tax and deferred tax expense of the REIT for the three months ended March 31, 2015 was $6,811,852. The current taxes primarily relate to the income taxes payable by subsidiaries of the REIT in Brazil as well as the Vital Manager and Vital Trust.

For the three months ended March 31, 2015, the REIT incurred current income tax expense of $1,508,599 compared to current income tax expense of $60,741 for the three months ended March 31, 2014. The increase in current tax expense is a result of the current taxes incurred by the Vital Manager of $160,752 and by Vital Trust of $1,292,721.

The REIT records deferred tax liabilities in Germany and Brazil arising primarily due to the difference between the book value and tax cost of its investment properties. The deferred tax expense of the REIT for the three months ended March 31, 2015 related to the German and Brazil investment properties was $5,775,454. Vital Trust recorded a deferred tax recovery for the three months ended March 31, 2015 of $472,201, which relates to the net effect of an increase in the fair value of the interest rate swap liability and a decrease to the foreign exchange contract asset as a result of realization.

For the three months ended March 31, 2014, the REIT recorded deferred tax expense of $1,071,346. The driver of the deferred tax expense during the three months ended March 31, 2015 is the Brazil and German property revaluations which increased the carrying values of the assets in Brazil and Germany but not the tax values.

NET OPERATING INCOME

NOI is an additional IFRS measure of the REIT's operating performance, defined as property and property related revenue less operating expenses, inclusive of property management recovery fees and amortization of straight line rent. The REIT uses NOI to assess its property operating performance on an unleveraged basis. Same property NOI for the three months ended March 31, 2015 represents income from investment properties held prior to January 1, 2014.

The REIT's NOI for the three months ended March 31, 2015 is summarized below on a same property basis consolidated in Canadian dollars (Table 6A) and then separately by region in source currency (Table 6B - Germany and Table 6C- Brazil):

TABLE 6A - SAME PROPERTY NOI

	Three months ended					
	March 31, 2015		March 31, 2014		Variance	
	(Unaudited)		(Unaudited)		(Unaudited)	
Same property NOI [1]						
Same propety revenue from investment properties	$	9,802,553	$	10,069,806	$	(267,253)
Same property operating costs		(794,207)		(878,938)		84,731
		9,008,346		**9,190,868**		**(182,522)**
NOI of Vital Trust [2]		13,730,536		-		13,730,536
Acquisitions		1,363,658		-		1,363,658
Dispositions		1,963		39,943		(37,980)
NOI [1]	**$**	**24,104,503**	**$**	**9,230,811**	**$**	**14,873,692**

Notes

(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

(2) 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.

TABLE 6B - SAME PROPERTY NOI - GERMANY

	Three months ended					
	March 31, 2015		March 31, 2014		Variance	
in Euro	(Unaudited)		(Unaudited)		(Unaudited)	
Same property NOI [1] - in Euro						
Same propety revenue from investment properties	€	892,648	€	931,286	€	(38,638)
Same property operating costs		(201,473)		(249,258)		47,785
		691,175		**682,028**		**9,147**
Acquisitions - in Euro		976,343		-		976,343
Dispositions - in Euro		1,406		26,423		(25,017)
NOI [1] - in Euro	**€**	**1,668,924**	**€**	**708,451**	**€**	**960,473**
FX Rate		**1.3967**		**1.5117**		
NOI [1] - in CAD	**$**	**2,330,986**	**$**	**1,070,964**	**$**	**1,260,022**

Notes

(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

TABLE 6C - SAME PROPERTY NOI - BRAZIL			
	Three months ended		
	March 31, 2015	March 31, 2014	Variance
in BRL	(Unaudited)	(Unaudited)	(Unaudited)
Same property NOI [1] - in BRL			
Same propety revenue from investment properties	$ 19,654,932	$ 18,544,167	$ 1,110,765
Same property operating costs	(1,178,060)	(1,075,005)	(103,055)
	18,476,872	**17,469,162**	**1,007,710**
Acquisitions - in BRL	-	-	-
Dispositions - in BRL	-	-	-
NOI [1] - in BRL	**$ 18,476,872**	**$ 17,469,162**	**€ 1,007,710**
FX Rate	**0.4353**	**0.4671**	
NOI [1] - in CAD	**$ 8,042,981**	**$ 8,159,847**	**$ (116,866)**

Notes

(1) NOI is an additional IFRS measure presented on the consolidated statement of income and comprehensive income. NOI is defined in this MD&A.

Revenue from investment properties

Germany

Table 6B summarizes the REIT's NOI from Germany in source currency (Euro). Same property revenue from Germany's investment properties was lower by €38,638 for the three months ended March 31, 2015 as compared to actual results for the three months ended March 31, 2014. The lower same property revenue during the three months ended March 31, 2015 compared to the same period in 2014, is primarily related to the Fulda property, which recorded a catch up rent adjustment in the three months ended March 31, 2014 of approximately €16,000, and is further affected by a tenant credit of approximately €13,000 recorded during the three months ended March 31, 2015 for over recovery of charges for property operating costs.

Brazil

Table 6C summarizes the REIT's NOI from Brazil in source currency (Brazilian Real). In Brazil, same property revenues for the three months ended March 31, 2015 was R$19,654,932 as compared to R$18,544,167for the three months ended March 31, 2014. The increase in same property revenue is a result of inflationary adjustments which are implemented annually across the portfolio, in accordance with the REIT's leasing contracts. The rental increases imposed in the first quarter of 2015 were between 6.41% and 7.7%, which reflects the annualized inflation rate at the time of the rental increase.

Property operating costs

Germany

Same property operating costs for the three months ended March 31, 2015 for the German portfolio were €201,473 as compared to €249,258 for the three months ended March 31, 2014. For the three months ended March 31, the property operating costs in 2014 were higher than 2015 primarily as a result of the Internalization Transaction that occurred with an effective date of January 1, 2015 whereby the properties are no longer being charged property management fees from the external manager.

Brazil

In Brazil, same property operating costs for the three months ended March 31, 2015 were R$1,178,060 as compared to R$1,075,005 for the three months ended March 31, 2014. The increase in property operating costs on a same store basis is directly attributable to the increase in revenue from investment properties as the social taxes are calculated as a percentage of revenues.

FUNDS FROM OPERATIONS ("FFO")

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

TABLE 8 - FUNDS FROM OPERATIONS

			Three months ended		
			March 31, 2015		**March 31, 2014**
			(Unaudited)		**(Unaudited)**
Net (loss) income attributable to unitholders		$	(1,541,285)	$	(27,019,676)
Add / (Deduct):					
(i)	Fair market value losses (gains)		(18,812,517)		15,398,796
	Less: Non-controlling interests' share of fair market value losses (gains)		(2,176,559)		-
(ii)	Finance cost - Class B LP and Class D GP exchangeable unit distributions		5,073,674		5,008,667
(iii)	Revaluation of financial liabilities		5,866,559		5,441,140
(iv)	Unrealized foreign exchange loss (gain)		2,194,865		4,219,344
	Less: Non-controlling interests' share of unrealized foreign exchange loss (gain)		193,508		-
(v)	Deferred taxes		5,303,253		1,071,346
	Less: Non-controlling interests' share of deferred taxes		358,681		-
(vi)	Non-recurring transaction costs		4,375,404		-
(vii)	Convertible debenture issuance costs		1,058		3,232
(viii)	Net adjustments for equity accounted entities		1,422,487		(628,464)
(ix)	Net loss on disposal of investment properties		-		88,768
Funds From Operations ("FFO") (1)		**$**	**2,259,128**	**$**	**3,583,153**
FFO per Unit - Basic		$	0.01	$	0.02
FFO per Unit - fully diluted (3)		$	0.01	$	0.02
Adjusted weighted average units outstanding: (2)					
Basic			179,264,297		147,043,933
Diluted (3)			181,278,050		147,249,723

Notes

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

(2) Under IFRS the REIT's Class B LP and Class D GP exchangeable units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP and Class D GP exchangeable units in basic and diluted units outstanding/weighted average units outstanding. There were 92,250,303 Class B LP units outstanding as at March 31, 2015 and 91,068,320 Class B LP exchangeable units outstanding as at March 31, 2014.

(3) Diluted units include the conversion of the REIT's convertible debentures if the closing price of the Trust Unit is greater than conversion price or exercise price as at the end of the reporting period. Otherwise the convertible debentures are considered anti-dilutive.

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

(i) Fair market value gains/ losses

For the three months ended March 31, 2015 the net fair market value gain comprised of (a) $1,276,855 fair value loss on derivative financial instruments; (b) $10,502,535 fair value gain on the Exchangeable Units and unit based compensation liabilities; (c) $13,924,212 fair value gain on investment properties; and (d) $4,337,375 fair value loss on the convertible debentures.

For the three months ended March 31, 2014 fair market value loss comprised of (a) $104,916 fair value loss on derivative financial instruments; (b) $11,862,594 fair value loss on the Exchangeable Units and unit based compensation liabilities; (c) $115,714 fair value gain on investment properties; and (d) $3,547,000 fair value loss on the convertible debentures.

Additional details are below:

(a) Derivative financial instruments

Under IFRS derivative financial instruments are measured at fair value and any related unrealized fair value changes in re-measuring the derivative financial instrument impact net income. Consistent with the REALpac White Paper on Funds From Operations dated April 2014 ("REALpac guidance") and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to derivative financial instruments have been added back to the REIT's net income.

(b) Class B LP exchangeable units and unit based compensation liabilities

The REIT has extended this guidance to the Class D GP units of NWI LP which are also exchangeable units similar to the Class B LP exchangeable units (the "**Exchangeable Units**"). Under IFRS the REIT's Exchangeable Units and unit based compensation liabilities are classified as financial liabilities and any related unrealized fair value changes in re-measuring the financial liability impact net income. Consistent with REALpac guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, fair value changes related to Exchangeable Units and unit based compensation liabilities have been added back to the REIT's net income.

(c) Investment properties

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

(d) Convertible debentures

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

(ii) Finance cost – Exchangeable Unit distributions

Under IFRS the REIT's Exchangeable Units are classified as financial liabilities and any related distributions on the Exchangeable Units are regarded as finance costs. Consistent with REALpac guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, distributions related to the Exchangeable Units have been added back to the REIT's net income.

(iii) Revaluation of financial liabilities

On maturity, the principal balance of both the term loans and holdback payables (included in deferred consideration) will be adjusted by the inflation rate from the date of inception of these liabilities to their respective maturities. For the three months ended March 31, 2015 and 2014, revaluation losses of $5,866,559 and $5,441,140 respectively was recorded to account for the related inflation adjustments to the term loans and holdback payable for the period. The accretion expense is treated as a fair value adjustment to the Brazilian term loans and holdbacks payable related to the acquisition of HMB and Rede D'or portfolio, and therefore adjusted for to arrive at FFO. Although this adjustment is not consistent with REALpac guidance, the REIT believes the adjustment is consistent with industry practice.

(iv) Unrealized foreign exchange losses

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

(v) Deferred taxes

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

(vi) Non-recurring transaction costs

Under IFRS the REIT expensed non-recurring transaction costs related to the Internalization and Combination Transactions which have been determined to be business combinations. To allow for consistent treatment of transaction costs incurred whether a transaction be recorded as an asset acquisition or business combination, and to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, transaction costs related to the REIT's Internalization and Combination Transaction have been added back to net income. Although this adjustment is not consistent with REALpac guidance, the REIT believes the adjustment is consistent with industry practice.

(vii) Convertible debenture issuance costs

In accordance with IFRS, because the REIT measures its convertible debentures at fair value, the REIT expenses the costs related to the issuance of the convertible debentures. Although this adjustment is not consistent with REALpac guidance, these non-recurring finance costs related to the issuance of the convertible debentures, have been added back to the REIT's net income which the REIT believes is consistent with industry practice.

(viii) Net adjustments for equity accounted entities

Under IFRS the REIT's investment in associates, which from January 1, 2015 onwards solely represents its approximate 25% indirect interest in NWHP REIT, is accounted for using the equity method of accounting. As such, the REIT's share of its associate's post acquisition net income / (loss) is recognized in its net income / (loss), and its share of post-acquisition movements in other comprehensive income / (loss) is recognized in other comprehensive income / (loss). Consistent with REALpac guidance and in order to enhance the usefulness and comparability of FFO as a supplemental measure of the operating performance of the REIT, the REIT's share of its associate's post acquisition net income / (loss) has been added/(deducted) to/(from) net income and FFO is presented after including the REIT's proportionate share of the associates' FFO.

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

TABLE 9 - NET ADJUSTMENTS FOR EQUITY ACCOUNTED ENTITIES

	Three months ended			
	March 31, 2015		March 31, 2014	
	(Unaudited)		(Unaudited)	
Vital Trust - FFO [1][2]		-	$	5,577,017
average % of Vital Trust owned during the period		-		24%
Vital Trust Proportionate FFO		**-**		**1,343,689**
NWHP REIT - FFO [2][3]	$	11,733,000	$	11,327,000
average % of NWHP REIT owned during the period		25%		26%
NWHP REIT Proportionate FFO	**$**	**2,985,161**		**2,910,415**
Funds From Operations from Associates ("FFO") [2]	**$**	**2,985,161**	**$**	**4,254,104**
Less: Share of profit (loss) of associates		(1,562,674)		(4,882,568)
Net adjustments for equity accounted entities	**$**	**1,422,487**	**$**	**(628,464)**

Notes

(1) Represents the net distributable income of Vital Trust's calculated from their unaudited results for nine months ended March 31, 2014, and deducting the net distribuable income reported for the six months ended December 31, 2013, converted to Canadian dollars using the average rate during the period

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

(3) Represents the FFO as reported by NWHP REIT for the three months ended March 31, 2015 and March 31, 2014.

For the three months ended March 31, 2014, the REIT has included $2,985,161 of FFO related to its approximate 25% proportionate indirect interest in NWHP REIT, which is a slight increase of $74,746 over the three months ended March 31, 2014. NWHP REIT's FFO was positively impacted by same property NOI performance and lower finance costs due to the portfolio refinancing that occurred in January 2015.

ADJUSTED FUNDS FROM OPERATIONS (“AFFO”)

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

TABLE 10 - ADJUSTED FUNDS FROM OPERATIONS

		Three months ended	
		March 31, 2015 (Unaudited)	**March 31, 2014 (Unaudited)**
Funds From Operations ("FFO") [1]		$ 2,259,128	$ 3,583,153
Add / (Deduct):			
(i)	Asset management fees to be paid in units	-	782,352
(ii)	Amortization of intangible asset	-	390,319
(iii)	Instalment note	-	214,562
(iv)	Interest rate subsidy	669,041	669,041
(v)	Amortization of deferred financing charges	1,921,734	2,348,753
	Less: Non-controlling interests' share of amortization of deferred financing charges	(56,664)	-
(vi)	Straight line revenue	52,131	(7,676)
(vii)	Actual capex and leasing costs	(16,670)	(44,252)
(viii)	Unit-based compensation expense	2,488,580	46,914
(ix)	Internalization contribution	1,385,000	-
Adjusted Funds From Operations ("AFFO") [1]		**$ 8,702,279**	**$ 7,983,166**
AFFO per Unit - Basic		0.0485	0.05
AFFO per Unit - fully diluted [3]		0.0480	0.05
Distributions per Unit - Basic		0.055	0.06
Adjusted weighted average units outstanding: [2]			
Basic		179,264,297	147,043,933
Diluted [3]		181,278,050	147,249,723

Notes

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

(2) Under IFRS the REIT’s Class B LP and Class D GP exchangeable units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP and Class D GP exchangeable units in basic and diluted units outstanding/weighted average units outstanding. There were 92,250,303 Class B LP units outstanding as at March 31, 2015 and 91,068,320 Class B LP and 1,110,580 Class D GP exchangeable units outstanding as at December 31, 2014.

(3) Diluted units include the conversion of the REIT’s convertible debentures if the closing price of the Trust Unit is greater than conversion price or exercise price as at the end of the reporting period. Otherwise the convertible debentures are considered anti-dilutive.

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

(i) Asset management fees to be paid in units

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

(ii) Amortization of intangible asset

Under IFRS, the REIT has recorded $390,319 for the three months ended March 31, 2014 of amortization related to the Management Fee Participation Agreement and Vital Management Rights. As amortization is non-cash, the REIT has included an adjustment in AFFO.

(iii) Instalment note

As part of the REIT's acquisition of the Initial International Assets, NWVP agreed to provide an effective interest rate subsidy on the securitization facility related to the Sabara Children's Hospital to reduce the in place interest rate of 9.25% plus IPCA (the consumer price inflation measure used by the Central Bank of Brazil for guiding monetary policy) to 8% to April 2014.

Under IFRS, payments received in relation to the instalment note decrease the REIT's instalment note receivable. To date, no payments have been received in relation to the instalment note. To account for the economic impact of the reduced rate on the securitization facility related to the Sabara Children's Hospital, the REIT includes an accrual of the amount to be received in respect of the instalment note in AFFO.

(iv) Interest rate subsidy

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

Under IFRS, the value of the interest rate subsidy has been recorded as a capital contribution (direct charge to Unitholders' Equity) and a corresponding receivable from NWVP. Subsequent cash payments made by NWVP will be recorded as a reduction of the receivable balance. To account for the economic impact of the reduced rate on the margin facilities related to the investment in NWHP REIT, the REIT includes an accrual of the cash to be received in respect of the interest rate subsidy in AFFO. To date, no cash payments have been made by NWVP in respect of the capital contributions.

(v) Amortization of deferred financing charges

Under IFRS, the REIT has recorded amortization of deferred financing charges of $1,921,734 for the three months ended March 31, 2015 and $2,348,753 for the three months ended March 31. As the amortization is a non-cash item, the REIT has included an adjustment in AFFO.

(vi) Securitized rent adjustment

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

For the three months ended March 31, 2015 the REIT recorded revenue of $521,187 related to Sabara Children's Hospital, while the actual rent received, less interest on the securitization, totaled $573,318. As such, the REIT has increased net income reported under IFRS in AFFO by $52,131 for the three months ended March 31, 2015.

For the three months ended March 31, 2014 the REIT recorded revenue of $563,964 related to Sabara Children's Hospital, while the actual rent received, less interest on the securitization, totaled $556,288. As such, the REIT has reduced net income reported under IFRS in AFFO by $7,676 for the three months ended March 31, 2014.

(vii) Actual maintenance capital expenditures and leasing costs

For the three months ended March 31, 2015 the REIT incurred $16,670 of non-recoverable maintenance capital expenditures and leasing costs. For the three months ended March 31, 2014 the REIT incurred $44,252 respectively of non-recoverable capital expenditures and leasing costs, primarily related to new leases signed at the Berlin Neukölln and Adlershof 2 properties in Berlin. The new lease at Berlin Neukölln increased the occupancy of this property from 94.9% to 98.9%. The new lease at Adlershof 2 did not impact occupancy of the building as the lease replaced the existing head lease that did not expire until October 2014.

(viii) Unit-based compensation expense

For the three months ended March 31, 2015 the REIT incurred unit-based compensation expense of $2,488,580 related to employee and trustee compensation made by means of deferred Trust Units. The compensation expense reflects the amortization of the fair value of the deferred units outstanding over the relevant vesting period. For the three months ended March 31, 2014 the REIT incurred unit-based compensation expense of $46,914 related to trustee compensation issued in deferred Trust Units. As the unit-based compensation is a non-cash item, the REIT has included an adjustment in AFFO.

(ix) Internalization contribution

As a result of costs incurred by the REIT following completion of the Internalization Transaction, 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. To account for the economic impact of the internalization contribution, the REIT includes an accrual of the cash to be received in AFFO.

DISTRIBUTIONS

For the three months ended March 31, 2015, the REIT declared a total of $9,861,985 in distributions, reflecting an annualized distribution rate of $0.22 per unit per annum. For the three months ended March 31, 2014, the REIT declared a total of $8,094,715 in distributions, reflecting an annualized distribution rate of $0.22 per unit per annum. Distributions paid over the last twelve months are summarized below:

TABLE 11 - MONTHLY DISTRIBUTIONS

	Mar-15	Feb-15	Jan-15	Dec-14	Nov-14	Oct-14	Sep-14	Aug-14	Jul-14	Jun-14	May-14	Apr-14
Monthly distribution ($)	0.0183	0.0183	0.0183	0.0183	0.0183	0.0183	0.0183	0.0183	0.0183	0.0183	0.0183	0.0183
Month-end closing price ($)	2.00	2.12	2.26	2.19	2.25	2.10	2.04	1.99	2.15	2.15	2.16	2.24
Date of Record	31-Mar-15	28-Feb-15	31-Jan-15	31-Dec-14	30-Nov-14	31-Oct-14	30-Sep-14	31-Aug-14	31-Jul-14	30-Jun-14	30-May-14	30-Apr-14
Date Paid	15-Apr-15	16-Mar-15	16-Feb-15	15-Jan-15	15-Dec-14	17-Nov-14	15-Oct-14	15-Sep-14	15-Aug-14	15-Jul-14	16-Jun-14	15-May-14

During the three months ended March 31, 2015, a total of 172,591 trust units were issued under the REIT's distribution reinvestment plan (the "DRIP") (three months ended March 31, 2014 – 73,074).

As required by National Policy 41-201 "Income Trusts and Other Indirect Offerings", the following table outlines the differences between cash flow from operating activities and cash distributions, as well as the differences between net income and cash distributions, in accordance with the guidelines.

TABLE 12 - DIFFERENCES BETWEEN CASH FLOW FROM OPERATIONS/NET INCOME AND CASH DISTRIBUTIONS				
	Three months ended			
	March 31, 2015		March 31, 2014	
	(Unaudited)		(Unaudited)	
Net (loss) income attributable to unitholders	$	(1,541,285)	$	(27,019,676)
Cash flow from operating activities attributable to unitholders	$	(124,347)	$	516,563
Distributions paid and payable				
Trust Units	$	4,788,311	$	3,086,048
Class B LP and Class D GP Exchangeable Units	$	5,073,674	$	5,008,667
	$	9,861,985	$	8,094,715
Surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	$	(9,986,332)	$	(7,578,152)
Surplus (shortfall) of net income attributable to unit holders over distributions paid and payable	$	(11,403,270)	$	(35,114,391)

TABLE 12A - ADJUSTMENT FOR DISTRIBUTION INCOME FROM ASSOCIATES				
	Three months ended			
	March 31, 2015		March 31, 2014	
	(Unaudited)		(Unaudited)	
Surplus (shortfall) of cash flow from operating activities attributable to unitholders over distributions paid and payable	$	(9,986,332)	$	(7,578,152)
Add: Distribution income from associates	$	3,909,955	$	3,922,735
Adjusted surplus (shortfall) of cash flow from operating activities attributable to unithodlers over distributions paid and payable	$	(6,076,377)	$	(3,655,417)

For the three months ended March 31, 2015, distributions paid and payable exceeded cash flow from operations (attributable to unitholders) by $9,986,332compared to $7,578,152 for the three months ended March 31, 2014. For the three months ended March 31, 2015 the REIT's distributions paid and payable exceeded net income attributable to unitholders by $11,403,270 compared $35,114,391 for the three months ended March 31, 2014.

Cash flow from operating activities attributable to unitholders excludes the distribution income from NWHP REIT and Vital Trust which is classified as cash flows from investing activities under IFRS, and therefore is not considered in the surplus (shortfall) relative to the distributions paid. The distributions earned from its investment in associates are considered by management to be an integral part of the REIT's cash flow from operations due to the strategic nature of these equity investments. After considering the distribution income earned from the REIT's investments in associates, Table 12A therefore identifies that a remaining $6,076,377 of distributions paid and payable for the three months ended March 31, 2015 ($3,655,417 for the three months ended March 31, 2014), were financed from other sources. The remaining distributions paid and payable not funded by cash flow from operations or from distribution income earned from associates, were funded through i) the deferral of the payment of distributions owing on the Class B LP Units of $2,231,572 for the three months ended March 31, 2015 ($4,408,667 for the three months ended March 31, 2014); ii) the receipt of $2,800,000 as partial repayment of related party receivables, and iii) a portion of the REIT's financing activities including the issuance of Trust Units in November 2014 where a total of 13,954,000 Trust Units were issued for gross proceeds of $30.0 million. See section "Part IV – Capitalization and Liquidity".

In assessing its distribution policy, the REIT considers not only cash flows from operating activities (attributable to unitholders) but also AFFO. Due to the timing of cash receipts relating to certain adjustments affecting AFFO and the fact that certain AFFO adjustments are non-cash, a portion of the 2015 and 2014 distributions are funded by the deferral of payment of distributions owing on the Class B LP Units and financing activities. The REIT believes that it will be able to sustain distributions in the near term as the REIT measures distributions in relation to the AFFO and the REIT believes it will be able to obtain new financing to meet its cash flow requirements.

The shortfall in net income attributable to unitholders is due to the fact that net income already includes a deduction for the distributions on the Class B LP exchangeable units which are considered finance costs under IFRS, and where the same Class B LP distributions are included in distributions paid and payable. Net income attributable to unitholders for the period also reflects material non-cash items such as fair value adjustments to investment properties and financial instruments and deferred taxes, which do not impact cash flow and are not considered in the REIT's distribution policy. In establishing distribution payments, the REIT does not take fluctuations in working capital into consideration.

In the fiscal years 2012, 2013 and 2014, 100% of the REIT's distributions were deemed a return of capital for tax purposes. As the REIT has a relatively short operating history (being October 1, 2012, the effective date of the vend-in of the initial international assets), the real estate assets of the REIT have a relatively higher tax base. As such, the REIT will experience a lower taxable income due to tax deductions available to it. Over time, as the REIT grows, its taxable income is expected to grow, and a greater proportion of the REIT's distributions will be allocated to a return on capital (and less a return of capital) for tax purposes. The REIT has chosen to make distributions partly representing an economic return on capital for tax purposes as its distribution policy is based on AFFO earned rather than the expected tax attributes of the distributions.

The REIT believes that distributions can continue to be funded from a combination of cash flows from operations of the combined REIT after the Combination Transaction, the cash distributions received from Vital Trust and future financing activities. However, distributions paid may be in excess of cash available to the REIT from AFFO from time to time due to the timing of certain items affecting AFFO. The REIT may be required to use part of its debt capacity to fund such shortfalls through new financing. There can be no assurance that the REIT shall have sufficient debt capacity or the ability to raise new financing to meet its cash obligations, and as such the REIT may reduce distributions in order to accommodate such cash shortfalls.

Pursuant to National Policy 41-201 "Income Trusts and Other Indirect Offerings", the following table, Table 12B, reconciles the REIT's cash flow from operations to AFFO:

TABLE 12B - RECONCILIATION OF CASH FLOW FROM OPERATIONS TO AFFO

	Three months ended	
	March 31, 2015	**March 31, 2014**
	(Unaudited)	**(Unaudited)**
Cash flow from operating activities	$ 3,448,032	$ 516,563
Add (deduct):		
Non-cash interest expense	412,742	605,850
Non-cash current taxes	268,196	468,319
Changes in non-cash working capital balances	743,452	307,432
FFO of equity accounted entities	2,985,161	4,254,104
Asset management fees to be paid in units	-	782,352
Instalment note	-	214,562
Interest rate subsidy	669,041	669,041
Non-recurring transaction costs	4,375,404	-
Actual capex and leasing costs	(16,670)	(44,252)
Internalization contribution	1,385,000	-
Amortization of deferred revenue	852,326	347,144
Straight line revenue	52,131	(7,676)
Redemption of units issued under deferred unit plan	(30,000)	-
Amortization of furniture and office equipment	(16,932)	-
Convertible debenture issuance costs	1,058	3,232
Foreign exchange	(311,120)	(133,505)
AFFO attibutable to non-controlling interest	(6,115,541)	-
	5,254,247	7,466,603
AFFO	$ 8,702,279	$ 7,983,166

QUARTERLY PERFORMANCE

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

TABLE 13 - QUARTERLY PERFORMANCE

	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13
Summary of Financial information								
Gross Book Value ("GBV") (1)	$ 1,369,932,560	$ 846,271,088	$ 863,768,660	$ 821,503,979	$ 793,358,386	$ 756,258,230	$ 560,867,595	$ 517,126,358
Debt - Declaration of Trust ("DOT") (2)	$ 618,461,689	$ 436,431,589	$ 483,808,250	$ 492,630,516	$ 463,946,840	$ 437,642,389	$ 238,475,203	$ 230,180,937
Debt to GBV - DOT	45.1%	51.6%	56.0%	60.0%	58.5%	57.9%	42.5%	44.5%
Debt - Including convertible debentures (2)	$ 694,718,574	$ 508,351,099	$ 557,153,810	$ 529,884,026	$ 502,916,810	$ 473,065,389	$ 273,887,203	$ 250,984,237
Debt to GBV - Incl. convertible debentures	50.7%	60.1%	64.5%	64.5%	63.4%	62.6%	48.8%	48.5%
Operating results								
Net income / (loss)	$ 2,893,222	$ 21,164,556	$ (11,922,697)	$ (8,899,911)	$ (27,019,676)	$ (26,809,534)	$ 32,116,236	$ 4,168,473
NOI	$ 24,104,503	$ 10,043,592	$ 10,470,000	$ 9,659,644	$ 9,230,811	$ 4,855,484	$ 4,282,008	$ 4,545,692
FFO (3)	$ 2,259,128	$ 3,217,163	$ 3,878,945	$ 4,069,349	$ 3,583,153	$ (815,635)	$ 4,242,955	$ 3,656,092
AFFO (3)	$ 8,702,279	$ 7,847,230	$ 8,620,918	$ 8,552,032	$ 7,983,166	$ 5,639,399	$ 6,064,083	$ 4,820,943
Distributions (4)	$ 9,861,985	$ 9,577,589	$ 8,981,352	$ 8,635,814	$ 8,094,715	$ 5,590,562	$ 5,463,249	$ 4,472,101
Per Unit amounts								
FFO per unit - Basic	$ 0.01	$ 0.02	$ 0.02	$ 0.03	$ 0.02	$ (0.01)	$ 0.03	$ 0.04
FFO per unit - fully diluted (6)	$ 0.01	$ 0.02	$ 0.02	$ 0.03	$ 0.02	$ (0.01)	$ 0.03	$ 0.04
AFFO per unit - Basic	$ 0.05	$ 0.05	$ 0.05	$ 0.06	$ 0.05	$ 0.04	$ 0.04	$ 0.05
AFFO per unit - fully diluted (6)	$ 0.05	$ 0.05	$ 0.05	$ 0.06	$ 0.05	$ 0.04	$ 0.04	$ 0.05
Distributions	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.04	$ 0.04	$ 0.04
Adjusted Weighted Average units outstanding (5)								
Basic	179,264,297	170,427,954	162,384,317	154,012,230	147,043,933	138,120,778	136,566,427	103,506,425
Diluted (6)	181,278,050	170,677,808	162,612,832	154,218,763	147,249,723	138,228,362	136,661,749	103,598,923

Notes

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

(2) Indebtedness as defined in the Declaration of Trust includes the principal balance of mortgages, margin facilities, term loans, and deferred consideration. The REIT's total debt also includes convertible debentures (at fair value).

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

(4) Represents distributions to Unitholders and Class B LP and Class D GP exchangeable unitholders on an accrual basis. Distributions are payable as at the end of the period in which they are declared and are paid on or around the 15th day of the following month.

(5) Under IFRS the REIT's Class B LP and Class D GP exchangeable units are treated as a financial liability rather than equity. The REIT has chosen to present an adjusted basic and diluted per unit measure that includes the Class B LP and Class D GP exchangeable units in basic and diluted units outstanding/weighted average units outstanding. There were 92,250,303 Class B LP units outstanding as at March 31, and 91,068,320 Class B LP and 1,110,580 Class D GP exchangeable units outstanding as at December 31, 2014.

(6) Diluted units include the conversion of the REIT's convertible debentures if the closing price of the Trust Unit is greater than conversion price or exercise price as at the end of the reporting period. Otherwise the convertible debentures are considered anti-dilutive.

PART IV – CAPITALIZATION AND LIQUIDITY

INVESTMENT PROPERTIES

The fair value of investment properties as at March 31, 2015 was $1,098,624,360 representing an implied weighted average capitalization rate of 9.10% (as at December 31, 2014 – 8.57%).

TABLE 14 - INVESTMENT PROPERTIES

	As at Mar. 31, 2015 (Unaudited)	As at Dec. 31, 2014 (Audited)
Opening Balance, January 1	$ 524,230,496	$ 448,832,353
Acquisition of control of Vital Trust	571,430,620	-
Acquisitions of investment properties	-	72,467,560
Disposition of investment properties	-	(6,923,586)
Addition 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)
Closing Balance	**$ 1,098,624,360**	**$ 524,230,496**

On January 1, 2015, as a result of the acquisition of control of Vital Trust, the REIT acquired the investment properties of Vital Trust having a value of $571,430,620, During the three months ended March 31, 2015 the REIT capitalized development related costs for properties under development at Vital Trust in the amount of $10,073,370 and leasing costs and building improvements totaling $107,787 related to the German portfolio. From January 1, 2015 to March 31, 2015, the value of the REIT’s investment properties decreased by $21,142,125 as a result of foreign exchange movements caused by the weakening Brazilian Real and Euro relative to the Canadian dollar offset by the strengthening New Zealand dollar relative to the Canadian dollar. The value of investment properties increased as a result of fair value adjustments on the revaluation of the Brazil portfolio of $14,032,000, partially offset by the fair value loss recognized as a result of the write-off of leasing costs and building improvements related to the German portfolio of $107,787.

The fair values of the investment properties at March 31, 2015 and December 31, 2014 were determined based on a combination of internal valuation models incorporating available market evidence and external appraisals. During the three months ended March 31, 2015, the REIT’s investment properties were valued by internal valuation models. During the year ended December 31, 2014, the full portfolio of the REIT’s investment properties were valued by external valuation professionals with recognized and relevant professional qualifications. Estimates and assumptions used in determining the fair value of the investment properties include discount rates, terminal capitalization rates, inflation rates, vacancy rates, and property level net operating income. See note 9 of the REIT’s unaudited condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014 for additional details.

CAPITAL STRUCTURE

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

The REIT monitors its debt regularly for compliance with debt covenants contained in its loan agreements. At the date of this MD&A, the REIT is in compliance with its loan covenants.

The following table shows the REIT's total capital as at March 31, 2015 and December 31, 2014:

TABLE 15 - CAPITAL STRUCTURE

	As at Mar. 31, 2015 (Unaudited)	As at Dec. 31, 2014 (Audited)
Mortgages and loans payable	$ 573,368,613	$ 388,311,734
Deferred consideration	37,905,237	41,280,380
Convertible debentures	76,256,885	71,919,510
Class B LP exchangeable units	174,353,072	184,357,800
Unit-based compensation liability	6,317,242	457,463
Unitholders' equity	129,321,010	99,968,971
Total Capitalization	**$ 997,522,060**	**$ 786,295,858**

Unitholders' Equity

For the three months ended March 31, 2015 the number of Trust Units outstanding increased from 86,804,781 to 87,120,910. The increase in Trust Units was a result of (i) the issuance of 143,538 Trust Units for gross proceeds of $291,836 which were used to settle the outstanding asset management fees payable to a subsidiary of NWVP and (ii) the issuance of 172,591 Trust Units under the REIT's DRIP at a cost of $327,018.

For the year ended December 31, 2014 the number of Trust Units outstanding increased from 54,978,385 to 86,804,781. The increase in Trust Units was a result of (i) the issuance of 852,070 Trust Units on January 14, 2014 for gross proceeds of $1,704,140 before transaction costs of $85,769; (ii) the issuance of 11,219,513 Trust Units on May 21, 2014 for gross proceeds of $23,000,002 before transaction costs of $1,880,142; (iii) the issuance of 13,954,000 Trust Units on November 25, 2014 for gross proceeds of $30,001,100 before transaction costs of $2,018,169; (iv) the issuance of 1,526,212 Trust Units for gross proceeds of $3,287,922 which were used to settle the outstanding asset management fees payable to a subsidiary of NWVP; (v) the conversion of 780,488 Class D GP exchangeable units to Trust Units with a value of $1,689,303; (vi) the issuance of 494,113 Trust Units under the REIT's DRIP at a cost of $1,011,107; and (viii) the issuance of 3,000,000 Trust Units on September 2, 2014 for gross proceeds of $6,450,000 before transaction costs of $570,786 relating to the exercise of warrants.

Under IFRS the REIT's Class B LP and Class D GP exchangeable units are treated as a financial liability rather than equity. As the Class B LP and Class D LP exchangeable units are convertible into Trust Units at the option of the holder, the REIT considers the Exchangeable Units equity for capital management purposes.

Immediately prior to the closing of the Internalization Transaction, on January 28, 2015, the independent trustees of the REIT determined that the Class C Amount for the year ended December 31, 2014 was $144,948. The incentive fee was settled through the issuance of Class D GP Units to an affiliate of NWVP, which resulted in the issuance of 71,403 Class D GP Units. Pursuant to the Internalization Transaction, the NWI LP Agreement was amended and restated on January 28, 2015 whereby the Class C Amount was eliminated. Further, all Class D GP units outstanding at that time (1,181,983 units) were exchanged for Class B LP exchangeable units and the Class D GP unit certificates were cancelled.

For the year ended December 31, 2014 there was no change to the number of Class B LP exchangeable units outstanding.

In April 2014, the independent trustees of the REIT determined that the Class C Amount, earned by an affiliate of NWVP, for the 2013 financial year was $4,103,617 in accordance with the terms of the NWI LP partnership agreement. The NWVP affiliate elected to receive such incentive amount in the form of Class D GP units from a general partner of NWI LP which is also an affiliate of NWVP, which resulted in the issuance of 1,891,068 Class D GP units. Each Class D GP unit is exchangeable for one Trust Unit and carries one Trust level voting right. On April 23, 2014 and on May 15, 2014, 744,187 and 36,301, respectively, for a total of 780,488 of the Class D GP units were exchanged into Trust Units.

Liabilities

The following table summarizes the mortgages and loans payable and convertible debentures by region as at March 31, 2015:

TABLE 16 - DEBT

		As at March 31, 2015 (Unaudited)	Weighted average interest rate	Maturity
Brazil - Loans	$	155,041,707	7.30%	December 2015 - January 2016
Australasia - Loans		254,912,370	5.69%	December 2015 - March 2019
Germany -Mortgages		72,873,525	2.35%	November 2017 - June 2021
Canada - Margin and acquisition facilities		90,541,011	8.69%	September 2015 - January 2017
Total Mortgages and Loans Payable		**573,368,613**	**6.18%**	
Canada - Convertible debentures		76,256,885	7.09%	March 2018 - October 2019
Total Debt Excluding Deferred Consideration	**$**	**649,625,498**	**6.28%**	

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

Brazil – Loans:

In December 2014, the REIT entered into contracts to refinance the existing Brazil term loans for approximately $172,000,000 (R$395,000,000) for one year maturing between December 22, 2015 and January 2, 2016. The term loans are interest-only and bear a floating interest rate of CDI plus 0.75%. The REIT entered into swap arrangements that fix the interest rate to 7.30% annually plus an IPCA adjustment to the loan balance at the time the swaps matured, March 31, 2015 and April 1, 2015.

On maturity of the swaps, the principal balance of the term loans were 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 was recorded to account for the related IPCA adjustment for the period, which was paid in cash between March 31, 2015 and April 1, 2015.

On November 19, 2014, the REIT entered into a term sheet with a Brazilian financial institution for long-term financing for a portion of its Brazilian portfolio consisting of a combination of three of four of the REIT's Brazilian properties: Hospital e Maternedade Brasil, Hospital do Coração do Brasil, Hospital Santa Luzia, and Hospital Caxias D´Or. The financing is for an amount of up to $170 million (R$370 million) with a term of 12 years and is subject to due diligence and regulatory approvals. The REIT continues to analyze the long term-financing option where net proceeds would be used to refinance the current term loans associated with the properties referenced above. No formal commitments had been made in respect of the long-term financing as of the date of this MD&A.

Australasia – Vital Margin Facilities and Vital Trust Term Loans:

The REIT has margin facilities related to the units it owns of Vital Trust. These margin facilities bear interest at a rate that fluctuates with the one-month rate for New Zealand dollar bills of exchange (the "BKBM" rate) and requires a minimum loan-to-fair market value of the Vital Trust units pledged of 50%. The margin facility matures on December 31, 2015.

As at March 31, 2015, the REIT has pledged 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 one of the margin facilities secured by the Vital Trust units to limit its exposure to fluctuations in the interest rates on approximately $4,460,000 (NZ $4,700,000) of the outstanding loan balance. The interest rate swap fixes the interest rate at 4.03% and terminates on March 29, 2016.

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) 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) both 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.

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.

Vital Trust has entered into interest rate swaps on the syndicated facility which mature over the next 9 years and have fixed interest rates ranging from 2.98% to 5.72%.

Germany – Loans & Mortgages:

As at March 31, 2015, loans and mortgages related to the REIT's investment properties in Germany comprised of $73,857,095 (€54,215,000) fixed rate mortgages maturing between November 2017 and June 2021 with an effective interest rate of 2.35% per annum.

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

Canadian Margin and Credit Facilities

The debt related to the REIT's investment in NWHP REIT consists of various revolving margin facilities with two separate financial institutions. The margin facilities allow the REIT to borrow funds against the market value of the units of NWHP REIT. The REIT has pledged substantially all of the units it acquired of NWHP REIT as security for the margin facilities.

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

As at March 31, 2015, the REIT has pledged 4,345,900 units of NWHP REIT and 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, expiring between September 1, 2015 and November 1, 2015, with respect to the REIT's investment in NWHP REIT was $67,927,409.

On December 19, 2013, in connection with the Rede D'Or Hospital Portfolio Acquisition, the REIT obtained an interest-only credit facility which has a principal of $24,000,000. The credit facility bears interest at the greater of 8.20% per annum or the Canadian prime rate plus 4.00% per annum, payable monthly. The credit facility is secured by a general security agreement (with the exclusion of certain specific assets) and matures on January 1, 2017.

Deferred Consideration

Deferred consideration relates to proceeds and transaction costs not yet paid related to previously completed acquisitions.

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 on December 23, 2013 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 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 not to be resolved as of the date of this MD&A.

On August 29, 2014, in connection with the acquisition of Hohenschoenhausen, the REIT held back a portion of the purchase price for potential working capital adjustments and information deficiencies. As at March 31, 2015, the balance remaining to be paid is $190,722. Settlement of the holdback is due no later than 1 year from closing.

LIQUIDITY AND CASH RESOURCES

Cash resources and Liquidity

TABLE 17 - CASH AND LIQUIDITY

	As at Mar. 31, 2015 (Unaudited)	As at Dec. 31, 2014 (Audited)
Cash	$ 5,542,971	$ 18,370,275
Restricted Cash	1,613,292	2,577,674
Total	**$ 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 and a margin facility related to the REIT's investment in NWHP REIT.

The REIT also has margin facilities that provide additional liquidity. The liquidity of the margin facilities fluctuates based on the market price (as defined in the respective agreements) of the pledged units securing the facilities.
On the assumption that occupancy levels remain strong, the price of NWHP REIT and Vital Trust units do not decrease materially, and that the REIT will be able to obtain financing on reasonable terms, the REIT anticipates meeting all current and future obligations as they come due. Management expects to refinance maturing debt and finance future acquisitions from: (i) existing cash balances, and (ii) a mix of mortgage debt secured by investment properties, bridge facilities, operating facilities, issuance of equity and convertible/unsecured debentures. Cash flow generated from operating activities and distribution income received from investments in associates are sources of liquidity to service debt (except maturing debt), sustain maintenance capital expenditures, leasing costs and unit distributions.

Contractual cash flows

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

The following table sets out the REIT's contractual cash flows as at March 31, 2015:

TABLE 18 - CONTRACTUAL CASH FLOWS

	Carrying amount	Contractual cash flow	2015	2016	2017	2018	2019	Thereafter
Accounts payable and accrued liabilities	$ 30,140,486	$ 30,140,486	$ 30,140,486	$ -	$ -	$ -	$ -	$ -
Distributions payable	1,597,188	1,597,188	1,597,188	-	-	-	-	-
Income tax payable	11,393,278	11,393,278	11,393,278	-	-	-	-	-
Deferred consideration	37,905,237	37,905,237	37,905,237	-	-	-	-	-
Convertible debentures	76,256,885	97,899,823	2,795,438	5,590,875	5,590,875	43,529,635	40,393,000	-
Mortgages and loans payable	573,368,613	598,696,764	233,878,744	54,972,662	168,036,741	10,490,451	111,766,113	19,552,053
Total	**$ 730,661,687**	**$ 777,632,775**	**$ 317,710,370**	**$ 60,563,537**	**$ 173,627,616**	**$ 54,020,086**	**$ 152,159,113**	**$ 19,552,053**

The REIT currently intends to distribute a high percentage of its AFFO to Unitholders. As such, the REIT will not retain a material amount, or possibly none of operating cash flows or any distribution income earned from its investments in associates to finance other capital requirements, such as acquisitions, maturing debt principal, and significant capital expenditures. Instead, the REIT intends to finance such initiatives through the issuance of additional equity or debt securities. From time to time, the REIT may also consider other financing initiatives, such as the refinancing of mortgages on existing properties and entering into of additional credit facilities.

As at March 31, 2015 the REIT's current liabilities totaled $349,744,575, exceeding current assets of $43,375,434, resulting in a working capital deficiency of $306,396,141.

The current liabilities are represented in part by Brazil term loans totaling $158,767,070, that mature in December 2015 and January 2016. The REIT is actively in negotiations to refinance the Brazil term loans with long-term financing and expects to refinance the loans prior to the loan maturity dates.

Also forming part of the current liabilities are the REIT's three margin facilities in Canada and one margin facility in New Zealand totaling $107,898,139 with maturities occurring from September 1, 2015 to December 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 (see Subsequent Events). The margin loans related to the REIT's investment in Vital Trust have historically been renewed and are expected to continue to roll over each one year period. The nature of most margin loans are that they have terms no longer than one year and are renewed consistently each year. The REIT expects to renew its margin facilities for another one year term upon maturity with very few substantial changes to the terms as the loans remain in good standing and are fully secured by Vital Trust units which are highly liquid securities.

There are no assurances that the timing, amounts and/or terms of any refinancing, or other efforts will be on terms favourable or otherwise satisfactory to the REIT. If the terms of any such refinancing or other efforts are less favourable than the terms of the existing loans, then the financial condition of the REIT, as well as the REIT's ability to continue to meet required interest and principal payments, meet capital commitments, or to continue to make distributions at current levels, may be materially adversely affected.

Changes in Cash

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

TABLE 19 - NET CHANGE IN CASH				
	Three months ended			
	March 31, 2015		March 31, 2014	
	(Unaudited)		(Unaudited)	
Cash provided by / (used in):				
Operating activities	$	3,448,032	$	516,563
Investing activities		1,781,614		9,078,557
Financing activities		(16,109,127)		(9,764,930)
Net increase / (decrease) in cash during the period		**(10,879,481)**		**(169,810)**
Effect of foreign currency translation		(1,947,824)		167,007
Net increase / (decrease) in cash during the period	**$**	**(12,827,304)**	**$**	**(2,803)**

Operating activities

Cash provided by operating activities totaled $3,448,032 for the three months ended March 31, 2015 as compared to $516,563 for the three months ended March 31, 2014. Operating cash flow increased for the three months ended March 31, 2015 as compared to the prior period as a result of the acquisition of control of Vital Trust, which generated cash flow from operating activities of $4,703,011 for the three months ended March 31, 2015, partially offset by the incremental general and administrative expenses being incurred as a result of internalization of management as well as incremental interest expense incurred on the Series MOB.DB.B Debentures (issued in September 2014)..

Investing activities

Cash provided by investing activities totaled $1,781,614 for the three months ended March 31, 2015, which is a result of additions to investment properties and furniture and office equipment of $10,181,157 and $77,789 respectively, offset by working capital acquired as part of the Internalization Transaction of $468,290, cash acquired on the acquisition of control of Vital Trust of $1,055,435, receipts from foreign exchange contracts held by Vital Trust of $7,327,293, a decrease to restricted cash related to the NWHP REIT margin facilities of $809,934, and by the cash distributions received from NWHP REIT of $2,379,608.

Cash provided by investing activities totaled $10,685,274 for the three months ended March 31, 2014, cash distributions received from Vital Trust and NWHP REIT totaling $3,922,735 and net proceeds on the disposal of the German property of $6,834,818, partially offset by additions to investment properties of $72,279.

Financing activities

Cash used in financing activities totaled $16,109,172 for the three months ended March 31, 2015 as compared to $9,764,930 during the three months ended March 31, 2014.

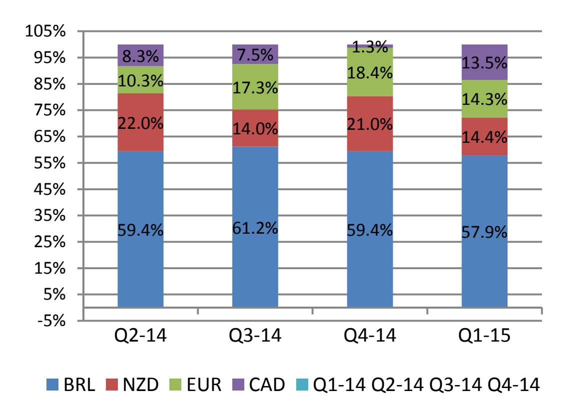
During the three months ended March 31, 2015, the REIT made net repayments of mortgages and loans payable and credit facilities of $6,198,410, paid financing fees of $1,695,180, received net advances from related parties of $3,604,341, paid distributions to REIT unitholders of $7,630,413, and paid distributions to non-controlling unitholders of Vital Trust of $4,189,466.

During the three months ended March 31, 2014, the REIT discharged the mortgage related to the disposal of the German property of $4,886,613, raised $1,618,371 of cash through the issuance of Trust Units (net of costs), made net repayments of mortgages and loans payable and credit facilities of $1,594,651, paid deferred consideration of $1,261,699, paid financing fees of $723,687, received net advances from related parties of $1,533,516, and paid distributions of $4,450,167.

FOREIGN EXCHANGE AND CURRENCY MANAGEMENT

For the three months ended March 31, 2015, approximately 87% of the REIT's AFFO was conducted in currencies other than Canadian dollars, while its distributions to Unitholders, certain general and administrative expenses, interest expenses and interest income were denominated in Canadian dollars. A summary of the REIT's currency exposure by quarter for the last four quarters is presented below:

AFFO by Currency by Quarter [2]



Trading Range [1] [3]

(Against CAD)	**BRL**	**EUR**	**NZD**
High	0.4840	1.4357	0.9551
Low	0.3869	1.3471	0.9042
Average	0.4353	1.3967	0.9324
Balance Sheet:			
December 31, 2014	0.4365	1.4038	0.9043
March 31, 2015	0.3984	1.3623	0.9493
Profit & Loss:			
Q1 2015 Average Rate	0.4353	1.3967	0.9324
Q1 2014 Average Rate	0.4671	1.5117	0.9235

Notes:
1. For the three months ended March 31, 2015
2. Canadian Dollar AFFO represents the REIT's proportionate share of FFO from NWHP REIT and interest income less interest expense paid on Canadian-denominated debt and certain general and administrative expenses, net of subsidies.
3. Rates are presented against the Canadian Dollar

For the three months ended March 31, 2015, a portion of the AFFO generated in foreign currencies was retained in those foreign currencies to provide funds for operations, future acquisitions in those foreign jurisdictions and to minimize currency conversion costs, while a portion has been repatriated back to Canada to fund distributions, interest payments and other corporate expenses. A significant portion of the funds previously raised in Canadian dollars from the equity and convertible debenture offerings were converted into foreign currencies to fund acquisitions or repayments of debt and deferred consideration in foreign jurisdictions.

For the three months ended March 31, 2015, Canadian dollar AFFO was $1,172,149 (three months ended March 31, 2014 – $271,209) while Canadian dollar distributions paid in cash to Unitholders totaled $7,630,413 (distributions declared of $9,861,985 less $2,231,572 withheld on the Class B LP Units), (for the three months March 31, 2014 - $4,450,167). Any deficiencies were funded from cash repatriated to Canada from Brazil, Germany and New Zealand and the existing working capital and receivables from related parties.

As at March 31, 2015 the REIT held approximately $27,115,257 of cash and receivables denominated in Canadian Dollars (December 31, 2014 - $31,956,642).

The REIT monitors its foreign exchange exposure and its hedging strategy on an ongoing basis. The REIT has not executed any formal foreign currency hedging arrangements in the past year, however, Vital Trust has in place a proactive currency management policy which aims to reduce volatility in the Australian dollar relative to the New Zealand dollar. Vital Trust's transaction hedging policy framework minimizes earnings volatility by means of coverage on forecasted Australian dollar profits. Vital Trust's translation hedging is managed both through natural hedges as Vital Trust has Australian based investment properties and Australian denominated borrowings and through rolling foreign exchange contracts.

The REIT intends to implement its formal hedging policy, when necessary, practicable and economically feasible to do so, to mitigate the impact of foreign currency fluctuations and to provide more certainty regarding the payment of distributions to Unitholders if the Canadian dollar increases in value compared to foreign currencies. The REIT's current hedging arrangements includes natural currency hedges through local-currency denominated debt, inflation-indexed leases that provide protection against currency devaluation, and exposure to a diversified basket of currencies. Future hedging arrangements may include implementing specific foreign currency hedging transactions. The REIT (with the exception of Vital Trust) does not currently have any specific foreign currency hedging transactions in place.

PART V – RELATED PARTY TRANSACTIONS

a) 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.

b) 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, 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:

	Three months ended March 31, 2015	2014
Base asset management fees [1]	-	782,352
Property management fees	-	53,799
Management fee participation	-	(417,091)
Reimbursement of out-of-pocket costs	251,999	750,153
Shared services agreement	360,808	-
	$ 612,807	$ 1,169,213

(1) During the three months ended March 31, 2015, the REIT issued 143,538 trust units respectively to settle outstanding asset management fees owing to a subsidiary of NWVP (three months ended March 31, 2014 – 355,260).

c) The following table summarizes the balance owing from NWVP and its subsidiaries:

	As at Mar. 31, 2015 (Unaudited)	As at Dec. 31, 2014 (Audited)
Working capital and closing adjustment receivable (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
Promissory note receivable (iv)	1,490,612	-
Vital Management Fee Participation	4,936,282	4,702,285
Interest (i)	3,245,957	2,940,957
Internalization subsidy (v)	1,385,000	-
Other	(395,479)	56,909
Total	**$ 30,663,561**	**$ 30,207,845**

(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. 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 (during the year ended December 31, 2014 - $1,270,000). The working capital and closing adjustment receivable is unsecured and 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. For the three months ended March 31, 2015, NWVP has agreed to pay interest of $305,000 (for the three months ended March 31, 2015 – $340,000).

(ii) Interest rate subsidy

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

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. To reflect the extension of the interest rate subsidy in 2014 and again in March 2015, the REIT recorded an additional receivable from NWVP of $2,281,589 and $669,041 respectively with the offset recorded directly to equity as a capital contribution. In connection with the Combination Transaction the margin facilities related to the REIT’s investment in NWHP REIT were repaid in full and cancelled.

(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 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 as of the date of this MD&A. 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 was initially recorded at the present value of the future cash flows.

(iv) Promissory note

The promissory note receivable arose on closing of the Internalization Transaction, which represented the difference between the agreed upon termination fee payable to NWVP less the deferred unit plan liability (vested and unvested deferred units) assumed by the REIT. The promissory note is non-interest bearing and is due on demand.

(v) Internalization contribution

As a result of costs incurred by the REIT following completion of the Internalization Transaction, 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.

In connection with the Combination Transaction, approximately $26.7 million of the related party balances were settled. See Subsequent Events.

d) 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, 2015 - $13,376,804).

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

PART VI – RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Trust Units and in the activities of the REIT which current and prospective Unitholders should carefully consider. The REIT faces a variety of significant and diverse risks, many of which are inherent in the business conducted by the REIT. The REIT's annual information form dated March 10, 2015 (the "AIF") and the REIT's regulatory filings with securities regulators, contain a detailed summary of risk factors pertaining to the REIT and its business. There have been no material changes in the nature or the number of risk factors outlined in the AIF and the 2014 Financials and MD&A, which can be found on SEDAR at www.sedar.com.

PART VII – CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of significant accounting policies is described in note 3 of the REIT's condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2015.

The preparation of financial statements in conformity with IFRS requires the REIT to make judgements, estimates, and assumptions that affect the reported amounts recognized in the financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the financial statements. Actual results could differ from estimates. Please refer to note 3 in the REIT's condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2015 and its audited consolidated financial statements and accompanying notes for the year ended December 31, 2014.

PART VIII – OUTLOOK

During the three months ended March 31, 2015, there have not been any material changes to the operating or economic environments in which the REIT operates.

Through the remainder of 2015, the REIT will focus on the integration with NWHP REIT, continue to pursue new acquisitions and accretive development opportunities in the REIT's existing markets, and continue to execute on a focused investor relations outreach program.

Looking forward, the REIT remains committed to its key 2015 initiatives as outlined below:

1. Successfully integrate with NWHP REIT to strengthen and stabilize Canada's only global healthcare REIT;
2. Continue to enhance our management platform and its operational performance where possible;
3. Expand the portfolio and augment its quality through reinvestment in existing assets and acquiring new assets in each of our core markets;
4. Optimize the combined REIT's capital structure;
5. Increase investor liquidity by raising new capital and broadening our investor base; and,
6. Increase our profile through measured investor relations and communication strategies.