Interim Condensed Consolidated Financial Statements of

ARTIS REAL ESTATE INVESTMENT TRUST

Three months ended March 31, 2015 and 2014
(Unaudited)

(In Canadian dollars)

Interim Condensed Consolidated Balance Sheets

(Unaudited)

(In thousands of Canadian dollars)

	Note		March 31, 2015		December 31, 2014
ASSETS					
Non-current assets:					
Investment properties	4	$	5,286,316	$	5,201,489
Investment properties under development	4		80,827		81,682
Investments in joint ventures	12		119,543		98,072
Property and equipment			3,501		3,405
Notes receivable			17,884		18,239
			5,508,071		5,402,887
Current assets:					
Deposits on investment properties			800		50
Prepaid expenses and other assets			7,891		6,671
Notes receivable			2,596		2,509
Accounts receivable and other receivables			11,160		10,955
Cash held in trust			6,340		5,973
Cash and cash equivalents			102,333		49,807
			131,120		75,965
		$	5,639,191	$	5,478,852
LIABILITIES AND UNITHOLDERS' EQUITY					
Non-current liabilities:					
Mortgages and loans payable	5	$	1,865,760	$	1,868,857
Senior unsecured debentures	6		199,553		199,527
Convertible debentures	7		199,182		189,573
Other long-term liabilities			1,573		1,144
			2,266,068		2,259,101
Current liabilities:					
Mortgages and loans payable	5		426,097		393,197
Security deposits and prepaid rent			34,866		30,546
Accounts payable and other liabilities			73,300		66,703
Bank indebtedness	8		85,000		300
			619,263		490,746
			2,885,331		2,749,847
Unitholders' equity			2,753,860		2,729,005
Commitments and guarantees	14				
Subsequent events	17				
		$	5,639,191	$	5,478,852

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Operations

(Unaudited)

(In thousands of Canadian dollars, except unit and per unit amounts)

	Note		Three months ended March 31, 2015		2014
Revenue		$	132,258	$	123,653
Property operating expenses			49,159		46,318
Net operating income			83,099		77,335
Other income (expenses):					
Corporate expenses			(2,862)		(2,530)
Interest expense			(27,896)		(26,590)
Interest income			363		391
Net (loss) income from investments in joint ventures	12		(624)		754
Fair value loss on investment properties	4		(48,566)		(10,707)
Foreign currency translation loss			(10,547)		(4,355)
Transaction costs			(435)		(88)
Loss on financial instruments			(5,629)		(3,224)
Net (loss) income			(13,097)		30,986
Other comprehensive income that may be reclassified to net income in subsequent periods:					
Unrealized foreign currency translation gain			70,119		18,502
Other comprehensive loss that will not be reclassified to net income in subsequent periods:					
Unrealized loss from remeasurements of net pension obligation			(42)		-
Comprehensive income		$	56,980	$	49,488
Basic (loss) income per unit attributable to common unitholders	9 (d)	$	(0.13)	$	0.21
Diluted (loss) income per unit attributable to common unitholders	9 (d)	$	(0.13)	$	0.21
Weighted-average number of common units outstanding:	9 (d)				
Basic			136,618,279		127,368,853
Diluted			136,618,279		127,748,848

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Unitholders' Equity

(Unaudited)

(In thousands of Canadian dollars)

	Common units capital contributions (note 9)	Equity component of convertible debentures	Equity	Accumulated other comprehensive income	Contributed surplus	Total common equity	Total preferred equity	Total
Unitholders' equity, December 31, 2013	$ 1,638,219	$ 11,154	$ 478,718	$ 25,317	$ 5,216	$ 2,158,624	$ 325,623	$ 2,484,247
Changes for the period:								
Issuance of units, net of issue costs	11,276	-	-	-	(205)	11,071	-	11,071
Unit-based compensation	-	-	-	-	180	180	-	180
Redemption of convertible debentures	-	(82)	-	-	-	(82)	-	(82)
Net income	-	-	30,986	-	-	30,986	-	30,986
Other comprehensive income	-	-	-	18,502	-	18,502	-	18,502
Distributions	-	-	(38,845)	-	-	(38,845)	-	(38,845)
Unitholders' equity, March 31, 2014	1,649,495	11,072	470,859	43,819	5,191	2,180,436	325,623	2,506,059
Changes for the period:								
Issuance of units, net of issue costs	131,179	-	-	-	(395)	130,784	-	130,784
Unit-based compensation	-	-	-	-	429	429	-	429
Redemption of convertible debentures	-	(49)	-	-	-	(49)	-	(49)
Net income	-	-	166,900	-	-	166,900	-	166,900
Other comprehensive income	-	-	-	48,342	-	48,342	-	48,342
Distributions	-	-	(123,460)	-	-	(123,460)	-	(123,460)
Unitholders' equity, December 31, 2014	1,780,674	11,023	514,299	92,161	5,225	2,403,382	325,623	2,729,005
Changes for the period:								
Issuance of units, net of issue costs	10,116	-	-	-	(458)	9,658	-	9,658
Unit-based compensation	-	-	-	-	80	80	-	80
Net loss	-	-	(13,097)	-	-	(13,097)	-	(13,097)
Other comprehensive income	-	-	-	70,077	-	70,077	-	70,077
Distributions	-	-	(41,863)	-	-	(41,863)	-	(41,863)
Unitholders' equity, March 31 2015	$ 1,790,790	$ 11,023	$ 459,339	$ 162,238	$ 4,847	$ 2,428,237	$ 325,623	$ 2,753,860

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands of Canadian dollars)

	Note	Three months ended March 31, 2015	2014
Cash provided by (used in):			
Operating activities:			
Net (loss) income		$ (13,097)	$ 30,986
Adjustments for non-cash items:			
Fair value loss on investment properties	4	48,566	10,707
Depreciation of property and equipment		209	138
Net loss (income) from investments in joint ventures	12	624	(754)
Distributions from joint ventures		-	172
Tenant inducements amortized to revenue		3,016	2,446
Amortization of above- and below-market mortgages, net		(413)	(459)
Accretion on liability component of debentures		(172)	(97)
Straight-line rent adjustment	4	(912)	(1,335)
Unrealized foreign currency translation loss (gain)		12,186	(3,387)
Loss on financial instruments		5,629	3,224
Unit-based compensation expense		542	473
Amortization of financing costs included in interest		767	773
Other long-term employee benefits		395	-
Changes in non-cash operating items		187	(1,361)
		57,527	41,526
Investing activities:			
Proceeds from dispositions of investment properties, net of costs	3	-	3,464
Additions to investment properties	4	(4,364)	(1,288)
Additions to investment properties under development	4	(7,620)	(5,465)
Additions to joint ventures	12	(13,300)	(10,584)
Additions to tenant inducements		(3,633)	(3,840)
Additions to leasing commissions	4	(2,695)	(2,057)
Notes receivable principal repayments		448	427
Additions to property and equipment		(305)	(203)
Change in deposits on investment properties		(750)	(1,351)
Change in cash held in trust		(72)	(843)
		(32,291)	(21,740)
Financing activities:			
Issuance of common units, net of issue costs		9,658	11,071
Issuance of senior unsecured debentures, net of financing costs		-	124,138
Repayment of convertible debentures		-	(2,500)
Change in bank indebtedness		84,700	-
Distributions paid on common units		(37,233)	(34,367)
Distributions paid on preferred units		(4,568)	(4,408)
Mortgages and loans principal repayments		(15,164)	(14,697)
Repayment of mortgages and loans payable		(19,987)	(2,403)
Advance of mortgages and loans payable, net of financing costs		8,436	-
		25,842	76,834
Foreign exchange gain on cash held in foreign currency		1,448	8,461
Increase in cash and cash equivalents		52,526	105,081
Cash and cash equivalents at beginning of period		49,807	48,222
Cash and cash equivalents at end of period		$ 102,333	$ 153,303
Supplemental cash flow information:			
Interest paid		$ 27,174	$ 23,805
Interest received		363	391

See accompanying notes to interim condensed consolidated financial statements.

(In thousands of Canadian dollars, except unit and per unit amounts)

Note 1. Organization:

Artis Real Estate Investment Trust (the "REIT") is an unincorporated closed-end real estate investment trust created under, and governed by, the laws of the Province of Manitoba. The REIT was created pursuant to the Declaration of Trust dated November 8, 2004, as most recently amended and restated on August 2, 2012 (the "Declaration of Trust"). The purpose of the REIT is to directly, or indirectly, own, manage, lease and (where appropriate) develop retail, industrial and office properties in Canada and the United States (the "U.S."). The registered office of the REIT is 360 Main Street, Suite 300, Winnipeg, Manitoba, R3C 3Z3.

The Declaration of Trust provides that the REIT may make cash distributions to unitholders of the REIT. The amount distributed annually (currently $1.08 per common unit, $1.3125 per Series A preferred unit, US$1.3125 per Series C preferred unit, $1.1875 per Series E preferred unit and $1.25 per Series G preferred unit) will be set by the Board of Trustees.

Note 2. Significant accounting policies:

(a) Basis of presentation and measurement:

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*. Accordingly, certain information and note disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2014 except for those standards adopted as described in note 2 (c). The consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated.

These interim condensed consolidated financial statements should be read in conjunction with the REIT's consolidated financial statements for the year ended December 31, 2014.

(b) Use of estimates and judgments:

The preparation of the consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The critical accounting estimates and judgments have been set out in note 2 to the REIT's consolidated financial statements for the year ended December 31, 2014.

(c) New or revised accounting standards adopted during the period:

In November 2013, the IASB amended IAS 19 - *Employee Benefits*. The amendment clarifies the requirements that relate to how contributions should be attributed to periods of service, and is effective for annual periods beginning on or after July 1, 2014. This amendment did not result in a material impact on the consolidated financial statements.

(d) Future changes in accounting policies:

In May 2014, the IASB amended IFRS 11 - *Joint Arrangements.* The amendment clarifies the accounting for acquisitions of interests in joint operations, and is effective for annual periods beginning on or after January 1, 2016. The REIT is currently evaluating the impact of this amendment.

The IASB issued IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15") in May 2014. IFRS 15 provides a single, principles based five-step model to be applied to the recognition of revenue from contracts with customers. IFRS 15 replaces IAS 11 – *Construction Contracts*, IAS 18 – *Revenue*, IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate* and SIC 31 – *Revenue - Barter Transactions Involving Advertising Services*. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The REIT is currently evaluating the impact of this new standard.

In May 2014, the IASB amended IAS 16 – *Property, Plant and Equipment*. The amendment clarifies acceptable methods of depreciation and amortization, and is effective for annual periods beginning on or after January 1, 2016. The REIT is currently evaluating the impact of this amendment.

The final version of IFRS 9 - *Financial Instruments* ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 - *Financial Instruments: Recognition and Measurement ("IAS 39").* IFRS 9 establishes principles for the recognition, classification and measurement of financial assets and liabilities. IFRS 9 sets out a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. This approach is based on how an entity manages its financial instruments and the contractual cash flow characteristics of its financial assets. IFRS 9 retains most of the IAS 39 requirements for financial liabilities. The most significant change is when an entity elects to measure a financial liability at fair value, gains or losses due to changes in the credit risk of the instrument must be recognized in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The REIT is currently evaluating the impact of this new standard.

Note 3. Acquisitions and dispositions of investment properties:

Acquisitions:

The REIT acquired the following property during the three months ended March 31, 2015:

Property	Property count	Location	Acquisition date	Asset class
The Point at Inverness [(1)]	1	Greater Denver Area, CO	March 26, 2015	Office

[(1)] The REIT acquired a 50% interest in this joint venture (see note 12).

The REIT acquired the following parcel of development land during the three months ended March 31, 2014:

Property	Location	Acquisition date	Asset class
Park Lucero [(1)]	Phoenix Metropolitan Area, AZ	March 7, 2014	Industrial

[(1)] The REIT acquired a 90% interest in this joint venture.

Dispositions:

The REIT did not dispose of any properties during the three months ended March 31, 2015.

The REIT disposed of the following property during the three months ended March 31, 2014:

Property	Location	Disposition date	Asset class
15 Blair Drive	Greater Toronto Area, ON	March 31, 2014	Industrial

The proceeds from the sale of the above property, net of costs, were $3,464. The assets and liabilities associated with this property were derecognized.

Note 4. Investment properties and investment properties under development:

	Three months ended March 31, 2015	
	Investment properties	Investment properties under development
Balance, beginning of period	$ 5,201,489	$ 81,682
Additions:		
Capital expenditures	4,364	7,620
Leasing commissions	2,695	-
Reclassification of investment properties under development	8,953	(8,953)
Foreign currency translation gain	114,844	1,486
Straight-line rent adjustment	890	22
Tenant inducement additions, net of amortization	627	(10)
Fair value loss	(47,546)	(1,020)
Balance, end of period	$ 5,286,316	$ 80,827

	Year ended December 31, 2014	
	Investment properties	Investment properties under development
Balance, beginning of year	$ 4,851,877	$ 47,281
Additions:		
Acquisitions	187,028	14,560
Capital expenditures	21,522	21,178
Leasing commissions	8,240	1,146
Dispositions	(20,407)	-
Reclassification of investment properties under development	2,338	(2,338)
Foreign currency translation gain	97,707	1,089
Straight-line rent adjustment	4,655	22
Tenant inducement additions, net of amortization	8,816	510
Contingent consideration adjustment	(884)	-
Fair value gain (loss)	40,597	(1,766)
Balance, end of year	$ 5,201,489	$ 81,682

External valuations are performed quarterly on a rotational basis over a four year cycle. For the three months ended March 31, 2015, 18 investment properties of the total portfolio of 247 properties at March 31, 2015 (7.29%) were appraised by qualified external valuation professionals. The REIT uses similar assumptions and valuation techniques in its internal valuations as used by the external valuation professionals.

The REIT determined the fair value of investment properties based upon either the discounted cash flow method or the overall capitalization method, which are generally accepted appraisal methodologies. There were no changes to the REIT's internal valuation methodology during the three months ended March 31, 2015 and the year ended December 31, 2014.

Under the fair value hierarchy, the fair value of the REIT's investment properties is considered a Level 3, as described in note 16 (b).

The REIT has used the following rates and investment horizons in estimating the fair value of investment properties:

	March 31, 2015			December 31, 2014		
	Maximum	Minimum	Weighted-average	Maximum	Minimum	Weighted-average
Western Canada:						
Discount rate	9.50%	6.25%	7.29%	8.75%	6.25%	7.26%
Terminal capitalization rate	8.00%	4.50%	6.46%	8.00%	4.50%	6.41%
Capitalization rate	7.50%	4.50%	6.19%	7.50%	4.50%	6.14%
Investment horizon (years)	12.0	10.0	10.3	17.0	10.0	10.7
Central Canada:						
Discount rate	9.00%	7.25%	7.75%	9.00%	7.25%	7.76%
Terminal capitalization rate	8.50%	6.00%	6.66%	8.50%	6.00%	6.68%
Capitalization rate	8.25%	5.75%	6.41%	8.25%	5.75%	6.42%
Investment horizon (years)	13.0	10.0	10.2	13.0	10.0	10.2
Eastern Canada:						
Discount rate	7.75%	6.50%	7.25%	7.75%	6.75%	7.28%
Terminal capitalization rate	7.00%	5.75%	6.53%	7.00%	5.75%	6.55%
Capitalization rate	7.00%	5.75%	6.33%	7.00%	5.50%	6.30%
Investment horizon (years)	12.0	10.0	10.4	14.0	10.0	10.6
U.S.:						
Discount rate	9.50%	7.00%	8.17%	9.50%	7.00%	8.15%
Terminal capitalization rate	9.00%	6.00%	7.14%	9.00%	6.00%	7.13%
Capitalization rate	8.75%	6.00%	6.87%	8.75%	6.00%	6.88%
Investment horizon (years)	20.0	9.0	11.2	20.0	9.0	11.2
Overall:						
Discount rate	9.50%	6.25%	7.56%	9.50%	6.25%	7.55%
Terminal capitalization rate	9.00%	4.50%	6.65%	9.00%	4.50%	6.63%
Capitalization rate	8.75%	4.50%	6.39%	8.75%	4.50%	6.37%
Investment horizon (years)	20.0	9.0	10.5	20.0	9.0	10.7

The above information represents the REIT’s entire portfolio of investment properties.

At March 31, 2015, investment properties with a fair value of $4,654,454 (December 31, 2014, $4,653,391) are pledged as security under mortgage agreements.

Note 5. Mortgages and loans payable:

		March 31, 2015		December 31, 2014
Mortgages and loans payable	$	2,297,347	$	2,267,285
Net above- and below-market mortgage adjustments		2,773		3,186
Financing costs		(8,263)		(8,417)
		2,291,857		2,262,054
Current portion		426,097		393,197
Non-current portion	$	1,865,760	$	1,868,857

The majority of the REIT's assets have been pledged as security under mortgages and other security agreements. 70.6% of the REIT's mortgages and loans payable bear interest at fixed rates, and a further 18.0% of the REIT's mortgages and loans payable bear interest at variable rates with interest rate swaps in place. The weighted-average effective rate on all mortgages and loans payable is 4.14% and the weighted-average nominal rate is 3.98% at March 31, 2015 (December 31, 2014, 4.18% and 4.04%, respectively). Maturity dates range from April 1, 2015 to February 14, 2032.

The REIT's mortgage providers have various financial covenants. The REIT monitors these covenants, which are primarily debt service coverage ratios, and was in compliance with these requirements at March 31, 2015.

Note 6. Senior unsecured debentures:

Particulars of the REIT's outstanding senior unsecured debentures are as follows:

Senior unsecured debenture issue	Issue date	Maturity date	Interest rate
Series A	March 27, 2014, September 10, 2014	March 27, 2019	3.753%

Senior unsecured debenture issue		Face value		Unamortized accretion		Unamortized financing costs		Carrying value		Current portion		Non-current portion
Series A	$	200,000	$	825	$	(1,272)	$	199,553	$	-	$	199,553
March 31, 2015	$	200,000	$	825	$	(1,272)	$	199,553	$	-	$	199,553
December 31, 2014		200,000		872		(1,345)		199,527		-		199,527

During the three months ended March 31, 2015, accretion to the liability of $47 and financing cost amortization of $73 were recorded (2014, $nil and $2, respectively).

In accordance with the Series A senior unsecured debenture supplemental indenture, the REIT must maintain various financial covenants. As at March 31, 2015, the REIT was in compliance with these requirements.

Note 7. Convertible debentures:

Particulars of the REIT's outstanding convertible debentures are as follows:

Convertible redeemable debenture issue	Issue date	Maturity date	Interest rate
Series F	April 22, 2010	June 30, 2020	6.00%
Series G	April 21, 2011	June 30, 2018	5.75%

Convertible redeemable debenture issue	Face value	Equity portion	Liability portion	Accretion	Carrying value	Current portion	Non-current portion
Series F	$ 86,170	$ 11,023	$ 84,841	$ 377	$ 85,218	$ -	$ 85,218
Series G	111,610	-	115,628	(1,664)	113,964	-	113,964
March 31, 2015	$ 197,780	$ 11,023	$ 200,469	$ (1,287)	$ 199,182	$ -	$ 199,182
December 31, 2014	188,259	11,023	190,605	(1,032)	189,573	-	189,573

During the three months ended March 31, 2015, accretion of $125 reduced the carrying value of the liability component (2014, $99).

Note 8. Bank indebtedness:

On December 17, 2014, the REIT entered into two unsecured revolving term credit facilities in the aggregate amount of $125,000, which can be utilized for general corporate and working capital purposes, short term financing of investment property acquisitions and the issuance of letters of credit. The credit facilities mature on December 15, 2017. Amounts drawn on the facilities bear interest at prime plus 0.70% or at the bankers' acceptance rate plus 1.70%. At March 31, 2015, the REIT had $85,000 drawn on the facilities.

For purposes of the credit facilities, the REIT must maintain various financial covenants. As at March 31, 2015, the REIT was in compliance with these requirements.

Note 9. Unitholders' equity:

(a) Common units:

(i) Authorized:

In accordance with the Declaration of Trust, the REIT may issue an unlimited number of common units, with each unit representing an equal undivided interest in any distributions from the REIT, and in the net assets in the event of termination or wind-up of the REIT. All units are of the same class with equal rights and restrictions.

(ii) Issued and outstanding:

	Number of units		Amount
Balance at December 31, 2013	126,938,476	$	1,638,219
Public offerings, net of issue costs of $5,028	7,147,250		110,043
Options and restricted units exercised	200,164		2,986
Distribution Reinvestment and Unit Purchase Plan	1,678,573		24,957
At-the-market equity financing	320,000		4,469
Balance at December 31, 2014	136,284,463		1,780,674
Options and restricted units exercised	170,913		2,704
Distribution Reinvestment and Unit Purchase Plan	515,216		7,412
Balance at March 31, 2015	136,970,592	$	1,790,790

The REIT has a Distribution Reinvestment and Unit Purchase Plan which allows unitholders the option to elect to receive all or a portion of their regular monthly distributions in additional REIT units.

(b) Preferred units:

In accordance with the Declaration of Trust, the REIT may issue an unlimited number of preferred units.

Particulars of the REIT's outstanding preferred units are as follows:

Preferred unit series	Issue date	Number of units outstanding		Gross proceeds	Annual distribution rate	Distribution rate reset date
Series A	August 2, 2012	3,450,000	$	86,250	5.25 %	September 30, 2017
Series C (1)	September 18, 2012	3,000,000		US75,000	5.25 %	March 31, 2018
Series E	March 21, 2013	4,000,000		100,000	4.75 %	September 30, 2018
Series G	July 29, 2013	3,200,000		80,000	5.00 %	July 31, 2019

(1) The Series C Preferred Units are denominated in US dollars.

The REIT may redeem the Series A, Series C, Series E or Series G Units on the respective distribution rate reset date and every five years thereafter. The holders of the Series A, Series C, Series E and Series G Units have the right to reclassify their Units into Series B, Series D, Series F and Series H Units, respectively, on the distribution rate reset date and every five years thereafter.

The Series A Units, Series C Units, Series E Units and Series G Units rank equally with each other and with the outstanding Series B Units, Series D Units, Series F Units and Series H Units into which they may be reclassified, and rank in priority to the trust units.

(c) Short form base shelf prospectus:

On July 17, 2014, the REIT issued a short form base shelf prospectus. The REIT may from time to time during the 25-month period that this short form base shelf prospectus is valid, offer and issue the following securities up to a maximum of $2,000,000 of initial offering price: (i) trust units of the REIT; (ii) preferred trust units, which may be issuable in series; (iii) debt securities, which may consist of debentures, notes or other types of debt and may be issuable in series; (iv) unit purchase warrants; and (v) subscription receipts to purchase trust securities. As at March 31, 2015, the REIT has issued senior unsecured debentures under one offering in the amount of $75,000 under this short form base shelf prospectus.

(d) Weighted-average common units:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Net (loss) income	$ (13,097)	$ 30,986
Adjustment for distributions to preferred unitholders (note 10)	(4,568)	(4,408)
Net (loss) income attributable to common unitholders	(17,665)	26,578
Adjustment for restricted units	-	31
Diluted net (loss) income attributable to common unitholders	$ (17,665)	$ 26,609

The weighted-average number of common units outstanding was as follows:

	2015	2014
Basic common units	136,618,279	127,368,853
Effect of dilutive securities:		
Unit options	-	174,678
Restricted units	-	205,317
Diluted common units	136,618,279	127,748,848
Net (loss) income per unit attributable to common unitholders:		
Basic	$ (0.13)	$ 0.21
Diluted	$ (0.13)	$ 0.21

The computation of diluted net (loss) income per unit attributable to common unitholders includes unit options, convertible debentures, restricted units and deferred units when these instruments are dilutive. For the three months ended March 31, 2015, all the instruments are anti-dilutive. For the three months ended March 31, 2014, out-of-the-money options and convertible debentures are anti-dilutive.

Note 10. Distributions to unitholders:

Total distributions declared to unitholders are as follows:

	Three months ended March 31, 2015		Three months ended March 31, 2014	
	Total distributions	Distributions per unit	Total distributions	Distributions per unit
Common unitholders	$ 36,916	$ 0.27	$ 34,437	$ 0.27
Preferred unitholders - Series A	1,132	0.33	1,132	0.33
Preferred unitholders - Series C	1,248	0.42	1,088	0.36
Preferred unitholders - Series E	1,188	0.30	1,188	0.30
Preferred unitholders - Series G	1,000	0.31	1,000	0.31

Note 11. Related party transactions:

The REIT may issue unit-based awards to trustees, officers, employees and consultants.

Other related party transactions are outlined as follows:

	Three months ended March 31, 2015	2014
Property management fees	$ 82	$ 83
Capitalized leasing commissions	21	2
Capitalized project management fees	-	10
Capitalized building improvements	2,765	1,137
Capitalized development projects	2,245	2,925
Capitalized office furniture and fixtures	154	65
Capitalized tenant inducements	40	1
Property tax assessment consulting fees	355	289
Rental revenues	(42)	(44)

The REIT incurred property management fees, leasing commission fees and project management fees under property management agreements with Marwest Management Canada Ltd. (''Marwest Management''), a company related to certain trustees and officers of the REIT, for three properties owned by the REIT. The amount payable at March 31, 2015 is $29 (December 31, 2014, $29).

The REIT incurred costs for building improvements, development projects and tenant inducements paid to Marwest Construction Ltd. (''Marwest Construction'') and Marwest Development Corporation, companies related to certain trustees and officers of the REIT. The amount payable at March 31, 2015 is $1,203 (December 31, 2014, $3,253).

The REIT incurred costs for office furniture and fixtures paid to Marwest Construction. The amount payable at March 31, 2015 is $nil (December 31, 2014, $45).

The REIT incurred costs for property tax assessment consulting paid to Fairtax Realty Advocates, a company under control of close family members of key management personnel. The amount payable at March 31, 2015 is $nil (December 31, 2014, $nil).

The REIT collects office rents from Marwest Management.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

New subsidiaries and joint arrangements of the REIT, excluding bare trustees, during the three months ended March 31, 2015 are as follows:

		Ownership interest	
Name of entity	Country	March 31, 2015	December 31, 2014
ARTIS HRA Inverness Point GP, LLC	U.S.	50%	- %
ARTIS HRA Inverness Point, LP	U.S.	50%	- %

Note 12. Joint arrangements:

The REIT had interests in the following joint arrangements:

			Ownership interest	
Property	Principal purpose	Type of arrangement	March 31, 2015	December 31, 2014
Corridor Park	Investment property	Joint venture	90%	90%
Park Lucero I	Investment property	Joint venture	90%	90%
Park Lucero II	Investment property	Joint venture	90%	90%
1700 Broadway	Investment property	Joint venture	50%	50%
Centrepoint	Investment property	Joint venture	50%	50%
Hudson's Bay Centre	Investment property	Joint venture	50%	50%
The Point at Inverness	Investment property	Joint venture	50%	- %
Centre 70 Building	Investment property	Joint operation	85%	85%
Whistler Hilton Retail Plaza	Investment property	Joint operation	85%	85%
Westbank Hub Centre North	Investment property	Joint operation	75%	75%
Westbank Hub Shopping Centre	Investment property	Joint operation	75%	75%
Cliveden Building	Investment property	Joint operation	50%	50%
Kincaid Building	Investment property	Joint operation	50%	50%

The REIT has assessed the above investment properties as joint arrangements as decisions about the relevant activities require unanimous consent of the parties sharing control. The REIT has determined the type of arrangement based upon the ownership structure of each individual investment property.

During the three months ended March 31, 2015, the REIT entered into one joint venture arrangement for The Point at Inverness, an office property in the Greater Denver Area, Colorado. The REIT contributed $12,356 to this joint venture arrangement, inclusive of transaction costs of $417, which were expensed during the three months ended March 31, 2015.

The REIT also contributed $1,361 during the three months ended March 31, 2015 to the Park Lucero I, Park Lucero II and Corridor Park joint venture arrangements.

The REIT is contingently liable for the obligations of certain joint arrangements. As at March 31, 2015, the co-owners' share of mortgage liabilities is $100,302 (December 31, 2014, $82,376). Management believes that the assets available from its joint arrangements are sufficient for the purpose of satisfying such obligations.

Summarized financial information of the REIT's share in its joint venture arrangements is as follows:

	March 31, 2015	December 31, 2014
Non-current assets:		
Investment properties	$ 120,725	$ 87,746
Investment properties under development	84,742	72,262
Current assets:		
Prepaid expenses and other assets	213	230
Accounts receivable and other receivables	669	620
Cash held in trust	1,346	1,337
Cash and cash equivalents	3,490	3,025
	211,185	165,220
Non-current liabilities:		
Mortgages and loans payable	66,316	46,487
Current liabilities:		
Mortgages and loans payable	17,219	15,116
Security deposits and prepaid rent	606	497
Accounts payable and other liabilities	7,501	5,048
	91,642	67,148
Investments in joint ventures	$ 119,543	$ 98,072

	Three months ended March 31,	
	2015	2014
Revenue	$ 2,488	$ 1,541
Property operating expenses	1,055	698
Net operating income	1,433	843
Other income (expenses):		
Interest expense	(371)	(213)
Fair value (loss) gain on investment properties	(1,686)	124
Net (loss) income from investments in joint ventures	$ (624)	$ 754

Note 13. Segmented information:

The REIT owns and operates various properties located in Canada and the U.S. These properties are managed by geographical regions. Information related to these regions is presented below. Western Canada includes British Columbia and Alberta; Central Canada includes Saskatchewan and Manitoba; and Eastern Canada includes Ontario. REIT expenses, as well as interest relating to debentures, have not been allocated to the segments.

	Three months ended March 31, 2015					
	Western Canada	Central Canada	Eastern Canada	U.S.	REIT	Total
Revenue	$ 56,756	$ 24,909	$ 15,684	$ 34,870	$ 39	$ 132,258
Property operating expenses	18,441	9,949	6,608	14,161	-	49,159
Net operating income	38,315	14,960	9,076	20,709	39	83,099
Other income (expenses):						
Corporate expenses	-	-	-	-	(2,862)	(2,862)
Interest expense	(10,511)	(4,174)	(2,865)	(5,507)	(4,839)	(27,896)
Interest income	288	12	9	14	40	363
Net (loss) income from investments in joint ventures	-	(635)	-	11	-	(624)
Fair value (loss) gain on investment properties	(49,340)	(3,829)	4,099	504	-	(48,566)
Foreign currency translation loss	-	-	-	-	(10,547)	(10,547)
Transaction costs	(33)	-	-	(402)	-	(435)
Loss on financial instruments	-	-	-	-	(5,629)	(5,629)
Net (loss) income	$ (21,281)	$ 6,334	$ 10,319	$ 15,329	$ (23,798)	$ (13,097)
Acquisitions of investment properties	$ -	$ -	$ -	$ -	$ -	$ -
Additions to investment properties and investment properties under development	3,564	3,956	2,756	1,708	-	11,984
Additions to tenant inducements	1,560	710	313	1,050	-	3,633
Additions to leasing commissions	1,243	573	193	686	-	2,695

	March 31, 2015					
	Western Canada	Central Canada	Eastern Canada	U.S.	REIT	Total
Total assets	$ 2,433,994	$ 1,015,305	$ 604,924	$ 1,511,739	$ 73,229	$ 5,639,191
Total liabilities	1,032,032	372,386	278,703	685,269	516,941	2,885,331

	Three months ended March 31, 2014					
	Western Canada	Central Canada	Eastern Canada	U.S.	REIT	Total
Revenue	$ 54,803	$ 24,039	$ 15,919	$ 28,757	$ 135	$ 123,653
Property operating expenses	18,479	10,315	6,209	11,315	-	46,318
Net operating income	36,324	13,724	9,710	17,442	135	77,335
Other income (expenses):						
Corporate expenses	-	-	-	-	(2,530)	(2,530)
Interest expense	(10,978)	(4,551)	(3,127)	(5,065)	(2,869)	(26,590)
Interest income	313	13	9	14	42	391
Net (loss) income from investments in joint ventures	-	(3,243)	-	3,997	-	754
Fair value (loss) gain on investment properties	(9,774)	2,136	(2,168)	(901)	-	(10,707)
Foreign currency translation loss	-	-	-	-	(4,355)	(4,355)
Transaction costs	-	-	-	(88)	-	(88)
Loss on financial instruments	-	-	-	-	(3,224)	(3,224)
Net income (loss)	$ 15,885	$ 8,079	$ 4,424	$ 15,399	$ (12,801)	$ 30,986
Acquisitions of investment properties	$ -	$ -	$ -	$ -	$ -	$ -
Additions to investment properties and investment properties under development	1,930	2,257	3	2,563	-	6,753
Additions to tenant inducements	1,961	896	20	963	-	3,840
Additions to leasing commissions	563	224	630	640	-	2,057

	December 31, 2014					
	Western Canada	Central Canada	Eastern Canada	U.S.	REIT	Total
Total assets	$ 2,479,177	$ 1,014,079	$ 596,876	$ 1,361,790	$ 26,930	$ 5,478,852
Total liabilities	1,045,130	381,923	282,158	625,860	414,776	2,749,847

Note 14. Commitments and guarantees:

(a) Letters of credit:

As of March 31, 2015, the REIT had issued letters of credit in the amount of $834 (December 31, 2014, $821).

(b) Guarantees:

AX L.P. has guaranteed certain debt assumed by a purchaser in connection with the disposition of a property. This guarantee will remain until the debt is modified, refinanced or extinguished. Credit risk arises in the event that the purchaser defaults on repayment of their debt since it is guaranteed by the REIT. This credit risk is mitigated as the REIT has recourse under this guarantee in the event of default by the purchaser, in which case the REIT would have a claim against the underlying property. The estimated amount of debt subject to the guarantee at March 31, 2015 is $5,219 (December 31, 2014, $5,262), with an estimated weighted-average remaining term of 2.7 years (December 31, 2014, 2.9 years). No liability in excess of the fair value of the guarantee has been recognized in these interim condensed consolidated financial statements as the estimated fair value of the borrower's interests in the underlying property is greater than the mortgage payable for which the REIT provided the guarantee.

Note 15. Capital management:

The REIT's objectives when managing capital are to safeguard the ability to continue as a going concern, and to generate sufficient returns to provide unitholders with stable cash distributions. The REIT defines capital as mortgages and loans payable, senior unsecured debentures, convertible debentures, bank indebtedness and unitholders' equity.

The REIT's Declaration of Trust permits the REIT to incur indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of such indebtedness of the REIT is not more than 70% of the gross book value of the REIT's total assets. Gross book value as defined in the Declaration of Trust includes the consolidated book value of the assets of the REIT, plus the amount of accumulated depreciation and amortization recorded in the books and records of the REIT, plus the amount of any deferred tax liability arising out of any indirect acquisitions, calculated in accordance with generally accepted accounting principles. As at March 31, 2015, the ratio of such indebtedness to gross book value was 45.7% (December 31, 2014, 44.9%), which complies with the requirement in the Declaration of Trust and is consistent with the REIT's objectives.

The total managed capital for the REIT is summarized below:

	Note	March 31, 2015	December 31, 2014
Mortgages and loans payable	5	$ 2,291,857	$ 2,262,054
Senior unsecured debentures	6	199,553	199,527
Convertible debentures	7	199,182	189,573
Bank indebtedness	8	85,000	300
Total debt		2,775,592	2,651,454
Unitholders' equity		2,753,860	2,729,005
		$ 5,529,452	$ 5,380,459

Note 16. Risk management and fair values:

(a) Risk management:

In the normal course of business, the REIT is exposed to a number of risks that can affect its operating performance. The most significant of these risks, and the actions taken to manage them, are as follows:

(i) Interest rate risk:

The REIT is exposed to interest rate risk on its borrowings. It minimizes the risk by restricting debt to 70% of the gross book value of the REIT's total assets and by monitoring the amount of variable rate debt. The REIT has the majority of its mortgage payable and debentures in fixed rate terms. In addition, management considers the weighted-average term to maturity of long-term debt relative to the remaining average lease terms. At March 31, 2015, the REIT is a party to $761,287 of variable rate debt, including bank indebtedness (December 31, 2014, $637,842). At March 31, 2015, the REIT had entered into interest rate swaps to hedge the interest rate risk associated with $414,148 of variable rate debt (December 31, 2014, $394,960).

(ii) Foreign currency risk:

The REIT owns properties located in the U.S., and therefore, the REIT is subject to foreign currency fluctuations that may impact its financial position and results. In order to mitigate this risk, the REIT's debt on U.S. properties as well as the Series G convertible debentures are held in US dollars to act as a natural hedge. The REIT's Series C Units are also denominated in US dollars.

A $0.10 weakening in the US dollar against the average Canadian dollar exchange rate of 1.2438 for the three months ended March 31, 2015, and the period end exchange rate of 1.2683 at March 31, 2015 would have decreased the net loss by approximately $8,240 for the three months ended March 31, 2015. A $0.10 weakening in the US dollar against the Canadian dollar would have decreased other comprehensive income by approximately $63,894 for the three months ended March 31, 2015. Conversely, a $0.10 strengthening in the US dollar against the Canadian dollar would have had an equal but opposite effect. This analysis assumes that all variables, in particular interest rates, remain constant.

(b) Fair values:

The REIT uses a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements of its financial instruments and its investment properties. Level 1 of the fair value hierarchy uses quoted market prices in active markets for identical assets or liabilities to determine the fair value of assets and liabilities. Level 2 includes valuations using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 valuations are based on inputs for the asset or liability that are not based on observable market data.

There were no transfers of assets or liabilities between hierarchy levels during the three months ended March 31, 2015.

		March 31, 2015		December 31, 2014	
	Fair value hierarchy	Carrying value	Fair value	Carrying value	Fair value
Assets:					
Investment properties	Level 3	$ 5,286,316	$ 5,286,316	$ 5,201,489	$ 5,201,489
Investment properties under development	Level 3	80,827	80,827	81,682	81,682
Notes receivable	Level 2	20,480	22,103	20,748	22,277
Mortgage interest rate swaps	Level 2	-	-	172	172
		5,387,623	5,389,246	5,304,091	5,305,620
Liabilities:					
Mortgages and loans payable	Level 2	2,291,857	2,356,232	2,262,054	2,312,929
Senior unsecured debentures	Level 2	199,553	204,803	199,527	202,750
Convertible debentures	Level 1	199,182	204,677	189,573	193,827
Mortgage interest rate swaps	Level 2	12,570	12,570	6,852	6,852
		2,703,162	2,778,282	2,658,006	2,716,358
		$ 2,684,461	$ 2,610,964	$ 2,646,085	$ 2,589,262

The fair value of the REIT's accounts receivable and other receivables, accounts payable and other liabilities, and bank indebtedness approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair value of notes receivable has been determined by discounting the cash flows of these financial assets using period end market rates for assets of similar terms and credit risks.

The fair value of mortgages and loans payable has been determined by discounting the cash flows of these financial obligations using period end market rates for debt of similar terms and credit risks.

The fair values of the senior unsecured debentures and the convertible debentures are based on the market price of the debentures, or if no market price exists, the fair values are determined by discounting the cash flows of these financial obligations using period end market rates for debt of similar terms and credit risks.

The REIT entered into interest rate swaps on a number of mortgages. The swaps are not designated in a hedge relationship. An unrealized loss of $5,629 was recorded for the three months ended March 31, 2015 (2014, loss of $3,350) in relation to the fair value of these interest rate swaps.

Note 17. Subsequent events:

The following events occurred subsequent to March 31, 2015:

- The REIT repaid eight maturing mortgages in the aggregate amount of $88,346.
- The REIT drew $28,000 on its revolving term credit facility.
- The REIT declared a monthly cash distribution of $0.09 per unit for the month of April 2015.
- The REIT declared a quarterly cash distribution of $0.3125 per Series G Unit for the quarter ending April 30, 2015.

Note 18. Approval of financial statements:

The interim condensed consolidated financial statements were approved by the Board of Trustees and authorized for issue on May 7, 2015.